



Instructions for Form CT-40

Claim for Alternative Fuels Credit

General information

The claim for alternative fuels tax credit expired on December 31, 2010. For tax years beginning after December 31, 2010, you may only claim a tax credit carryover or recapture from previous years.

Chapter 59 of the Laws of 2013 enacted another alternative fuels and electric vehicle recharging property credit. You must use Form CT-637, *Alternative Fuels and Electric Vehicle Recharging Property Credit*, to claim this credit.

Credit calculation

Only use Form CT-40 to claim any carryover credit or to calculate any recapture of credit. You cannot request a refund for any unused portion of this credit.

S corporations: Fill out this form **only** if you are reporting a recapture of the alternative fuels credit.

You **cannot**:

- reduce your tax below the fixed dollar minimum tax, or the minimum tax due.
- apply the credit against the metropolitan transportation business tax (MTA surcharge).

If you previously claimed this credit for alternative fuels vehicle refueling property, or it was transferred to you, and that property ceases to be qualifying property at any time before the end of the recovery period, you must recapture all or part of the credit you claimed.

Additional forms: If you have more entries than will fit on the lines provided in Section 1 or Section 2, Parts A or B, submit additional Forms CT-40, completing only the necessary schedules. Include your name and taxpayer identification number on each form. On the indicated lines of the first Form CT-40, include the totals from all additional Forms CT-40. Place the extra forms behind the first Form CT-40 and submit them with your return.

Line instructions

Credit summary information (S corporations: Do not complete this section)

Note: Before you continue, complete the following:

- to recapture credit previously allowed, complete Section 1; or
- if you are transferring any credit between affiliates, complete Section 2.

Line 1: Enter your claim for alternative fuels credit from preceding tax years. Utility and pipeline corporations must enter any portion of the claim for alternative fuels credit that they did not apply against the tax due under Tax Law sections 183, 184, or 186 in tax years ending on or before December 31, 1999.

Line 2: (Article 9-A filers **only**) From line 21, enter the amount of claim for alternative fuels credit that you received from an affiliated corporation. The affiliate who transferred the credit to you must:

- be an Article 9-A taxpayer; and
- consent to transferring the credit (see Section 2).

Line 4: (Article 9-A filers **only**) From line 25, enter the amount of claim for alternative fuels credit that you elect to transfer to an

affiliated corporation. The affiliate you are transferring the credit to must:

- be an Article 9-A taxpayer; and
- consent to receiving the credit (see Section 2).

Line 7: Subtract line 6 from line 5. Enter the result showing any negative amount with a minus (-) sign. If the result is a negative amount, you have a net-recaptured credit. Enter this amount as a negative, using a minus sign, in the appropriate box of the tax credits section of your franchise tax return.

Lines 8 and 11 entries table

If you filed	Enter on line 8 any net recapture of other tax credits plus the amount from	Enter on line 11 the minimum tax below
Forms CT-183 and CT-184	Line 4 of Form CT-183 plus the amount from line 3 or 4 of Form CT-184	75
Form CT-186	Line 5	125
Form CT-3	Part 2, line 2	Part 2, line 1c
Form CT-3-A	Part 2, line 2	Part 2, line 1c

Line 8: Using the *Lines 8 and 11 entries table*, enter your franchise tax due before credits.

Line 9: If you are claiming more than one tax credit for this year, enter the total amount of credits you claimed before applying this credit; otherwise enter **0**. You **must** apply tax credits in a specific order.

Article 9-A filers: For the correct order of your credits, see Form CT-600-I, *Instructions for Form CT-600, Ordering of Corporation Tax Credits*.

Combined filers: Include the total amount of all tax credits you **and** other members of the combined group are claiming—including the claim for alternative fuels tax credit—that you want to apply before this credit.

Line 11: Using the *Lines 8 and 11 entries table*, enter the appropriate limitation for the form you are filing.

Line 13: Enter the lesser of line 7 or line 12 and transfer this amount to your franchise tax return.

Article 9, sections 183 and 184 filers: You must first apply the credit used against the tax imposed under Tax Law section 183. The credit may not reduce the tax under section 183. Any excess may then be applied against the tax imposed by section 184.

Section 1: Calculation of credit recapture on alternative fuels vehicle refueling property

If **alternative fuels vehicle refueling property** ceases to qualify at any time before the end of its recovery period (depreciable life), you must recapture all or part of the credit that was previously allowed.

Alternative fuels vehicle refueling property ceases to be qualified if **one or more** of the following applies:

1. the property no longer qualifies as property described in IRC section 30C; **or**
2. fifty percent or more of the use of the property in a tax year is other than in a trade or business in New York State; **or**
3. you previously claimed the credit and sold or disposed of the property and know or have reason to know that the property will be used in a manner described in 1 or 2 above.

Complete columns A through G for each piece of qualifying property a recapture is required for. If needed, see *Additional forms*.

Column B: Enter the total recovery period (depreciable life) of the property.

You must recapture an amount that is equal to the credit allowed multiplied by a fraction. The numerator of the fraction is the total recovery years of the property minus the years the property was in service (not including the recapture year), and the denominator is the total recovery years.

Example: *In Tax Year 1, a taxpayer claims a credit of \$10,000 on refueling property that had a recovery period of ten years. The taxpayer uses the property for three years and disposes of it in Tax Year 4. The recapture is computed as follows:*

- $\frac{\text{total recovery period minus years in service prior to recapture year} \times \text{original credit allowed, or total recovery period}}{\text{total recovery period}}$
- $\frac{(10 \text{ years} - 3 \text{ years}) \times \$10,000}{(10 \text{ years})} = \$7,000$

Line 16: Your partnership should provide this information to you. Submit a statement with your franchise tax return showing the name and employer identification number (EIN) of the partnership.

Line 17 (New York S corporations): Transfer the line 17 amount to Form CT-34-SH, *New York S Corporation Shareholders' Information Schedule*, and provide your shareholders with their share of the recapture. Do not enter this amount on line 6.

Section 2: Election to transfer credits (Article 9-A taxpayers only)

If you are an Article 9-A taxpayer, you may elect to transfer your claim for alternative fuels credit to an Article 9-A affiliate. For purposes of this credit, an *affiliate* means:

- a parent corporation, where the parent owns or controls, directly or indirectly, 80% or more of the taxpayer's capital stock; **or**
- a subsidiary corporation, where the taxpayer owns or controls, directly or indirectly, 80% or more of the subsidiary's capital stock; **or**
- a brother-sister corporation, where the same interests own or control, directly or indirectly, 80% or more of both the corporation's and the taxpayer's capital stock.

Both the transferor (affiliate transferring the credit) and the transferee (affiliate receiving the credit) **must** consent to the election. Once the election is made, the transferee receives the credit and they become responsible for any credit recapture if the property ceases to qualify (see Section 1).

All credit transfers must be made on a vehicle-by-vehicle (or refueling property) basis. You **must** keep adequate records of all vehicles and property that are the basis for any transferred credits.

Part A: Alternative fuels credits received from affiliates

Enter the amount of claim for alternative fuels credits **received from** affiliated Article 9-A taxpayers. Include the transferor affiliate's tax year in which the credit was originally claimed, the name and EIN of the transferor, and the total amount of credits you are receiving. If needed, see *Additional forms*.

Part B: Alternative fuels credits transferred to affiliates

Enter the amount of claim for alternative fuels credits **transferred to** affiliated Article 9-A taxpayers. Include your tax year in which the credit was originally claimed, the name and EIN of the transferee, and the total amount of credits you are transferring. If needed, see *Additional forms*.
