



Instructions for Form IT-636

Alcoholic Beverage Production Credit

IT-636-I

General information

The New York State Tax Law provides a credit to taxpayers who meet certain requirements and are subject to tax under Articles 9-A and 22. Individuals (including sole proprietors), estates and trusts, shareholders of an S corporation, partners in a partnership (including a member of a limited liability company (LLC) that is treated as a partnership for federal income tax purposes), and beneficiaries of an estate or trust may claim the credit on Form IT-636.

Eligibility

To be eligible for this credit, you must meet **all** of the following requirements:

- you are subject to tax under Article 9-A or 22
- you are registered as a distributor under Article 18 (Taxes on Alcoholic Beverages)
- you produce 60 million gallons or less of beer or cider, 20 million gallons or less of wine, or 800,000 gallons or less of liquor in New York State during the tax year

A registered distributor that produces more than one type of alcoholic beverage in New York State in the same tax year qualifies for the credit for each alcoholic beverage produced within the production limits stated above. If the production limitation is exceeded for an alcoholic beverage, no credit is allowed for that beverage.

Example: *A registered distributor that produced 50 million gallons of cider and 100 million gallons of beer in New York State in the same tax year qualifies to claim the credit for the cider production. The registered distributor would not qualify to claim a credit for the beer production since it produced greater than 60 million gallons of beer in New York State in the tax year.*

Credit information

The amount of credit per tax year for **the first 500,000 gallons** produced in New York State is:

- 14 cents (.14) per gallon of beer or cider,
- 30 cents (.30) per gallon of wine,
- \$2.54 per gallon of liquor with more than 2% but not more than 24% alcohol by volume (ABV), **and**
- \$6.44 per gallon of liquor with more than 24% ABV.

In **excess of 500,000 gallons**, the credit is 4.5 cents (.045) per gallon up to 15 million additional gallons for beer, cider, or wine, and up to 300,000 additional gallons for liquor.

However, no credit is allowed for any beer, cider, or wine produced in excess of 15.5 million gallons, or liquor produced in excess of 800,000 gallons during the tax year.

Any unused amount of credit for the current tax year will be treated as a refund or overpayment of tax to be credited to next year's tax. Interest will not be paid on the refund or overpayment.

How to claim the credit

File Form IT-636 if you are an individual, a beneficiary or fiduciary of an estate or trust, a partner in a partnership, or a shareholder of an S corporation, and you are claiming the alcoholic beverage production credit.

An estate or trust that divides the credit among itself and its beneficiaries must submit Form IT-636 with Form IT-205, *Fiduciary Income Tax Return*, showing each beneficiary's share of the credit.

A partnership must submit Form IT-636 with Form IT-204, *Partnership Return*, showing the total credit.

An S corporation does not file Form IT-636; it must file Form CT-636. If you are a shareholder of a New York S corporation, obtain your share of the S corporation's credit from the S corporation and follow the instructions on this form for claiming your credit on your personal income tax return.

Line instructions

Complete a separate Form IT-636 for each registered distributor.

Line A – Mark an **X** in the appropriate box to determine the parts of this form you need to complete. If you are claiming this credit **both** as an entity that earned the credit **and** as a partner, shareholder, or beneficiary receiving a share of the credit, mark an **X** in the Yes box and complete all appropriate schedules on one Form IT-636.

Individual (sole proprietor): Complete line A, Schedule A, Schedules B, C, D, and/or E, as applicable, and Schedules F and I.

A married couple in a business enterprise that made an IRC 761(f) election to file two federal Schedule C forms instead of a partnership return: If you file jointly, compute your credit as if you were filing one federal Schedule C for the business (enter the total of all applicable amounts from both federal Schedule C forms). Complete line A, Schedule A, Schedules B, C, D, and/or E, as applicable, and Schedules F and I.

Fiduciaries: Complete line A, Schedule A, Schedules B, C, D, and/or E, as applicable, and Schedules H and I.

Partners in a partnership, shareholders of a New York S corporation, and beneficiaries of an estate or trust: Complete line A, Schedules G and I.

Partnership: Complete line A, Schedule A, and Schedules B, C, D, and/or E as applicable.

Note: If more than one of the above applies to you, complete all appropriate parts of the form on one Form IT-636.

Schedules B through E – Individual (including sole proprietor), partnership, and fiduciary

Complete the applicable Schedules (B, C, D, and/or E) for the type of alcoholic beverage that was produced in New York State in this tax year.

Schedule B – Credit for beer produced in New York State in this tax year

Parts 1 and 2

Column A – Enter the street number and name, and the city in New York State where the beer is produced. Do **not** enter a PO Box, or the mailing address of the company if it differs from the physical location where the beer is produced.

Column B – How you enter the total gallons depends on whether you file on an annual (calendar-year) or monthly basis.

Annual filers: Enter the amount produced from Form MT-456, line 3, column D, or your *Alcoholic Beverages Tax Web File* return, for the tax year for which you file your income tax return.

If you file your income tax return on a fiscal-year basis, do **not** enter the amount from Form MT-456 or your *Alcoholic Beverages Tax Web File* return. Instead, compute your gallons produced in New York State during the tax year for which you file your income tax return, and enter that amount.

Monthly filers: Enter the sum of the amounts produced, entered on all Forms MT-456, line 3, column D, or your *Alcoholic Beverages Tax Web File* return, for the tax year for which you file your income tax return.

Line 3 – Claim the credit for any gallons produced in New York State in excess of 500,000 gallons in Part 2. If there were no gallons produced in New York State in excess of 500,000, leave Part 2 blank and enter the amount from line 3 on line 8.

Line 6 – No credit is allowed for any beer produced in excess of 15,500,000 gallons (500,000 gallons in Part 1 plus 15,000,000 gallons in Part 2).

Schedule C – Credit for cider produced in New York State in this tax year

Parts 1 and 2

Column A – Enter the street number and name, and the city in New York State where the cider is produced. Do **not** enter a PO Box, or the mailing address of the company if it differs from the physical location where the cider is produced.

Column B – Enter the amount from Form MT-456, line 3, column E, or your *Alcoholic Beverages Tax Web File* return, for the tax year for which you file your income tax return.

Fiscal-year filers: Do **not** enter the amount from Form MT-456 or your *Alcoholic Beverages Tax Web File* return, if you file your income tax return on a fiscal-year basis. Instead, compute your gallons produced in New York State during the tax year for which you file your income tax return, and enter that amount.

Line 11 – Claim the credit for any cider produced in New York State in excess of 500,000 gallons in Part 2. If there were no gallons produced in New York State in excess of 500,000, leave Part 2 blank and enter the amount from line 11 on line 16.

Line 14 – No credit is allowed for any cider produced in excess of 15,500,000 gallons (500,000 gallons in Part 1 plus 15,000,000 gallons in Part 2).

Schedule D – Credit for wine produced in New York State in this tax year

Parts 1 and 2

Column A – Enter the street number and name, and the city in New York State where the wine is produced. Do **not** enter a PO Box, or the mailing address of the company if it differs from the physical location where the wine is produced.

Column B – How you enter the total gallons depends on whether you file on an annual (calendar-year) or monthly basis.

Annual filers: Enter the amount produced from Form MT-456, line 3, column C, or your *Alcoholic Beverages Tax Web File* return.

If you file your income tax return on a fiscal-year basis, do **not** enter the amount from Form MT-456 or your *Alcoholic Beverages Tax Web File* return. Instead, compute your gallons produced in New York State during the tax year for which you file your income tax return, and enter that amount in column B.

Monthly filers: Enter the sum of the amounts produced, entered on all Forms MT-456, line 3, column C, or your *Alcoholic Beverages Tax Web File* returns, for the tax year for which you file your income tax return.

Line 19 – Claim the credit for any wine produced in New York State in excess of 500,000 gallons in Part 2. If there were no gallons produced in New York State in excess of 500,000, leave Part 2 blank and enter the amount from line 19 on line 24.

Line 22 – No credit is allowed for any wine produced in excess of 15,500,000 gallons (500,000 gallons in Part 1 plus 15,000,000 gallons in Part 2).

Schedule E – Credit for liquor produced in New York State in this tax year

Parts 1 and 2

Column A – Enter the street number and name, and the city in New York State where the liquor is produced. Do **not** enter a PO Box, or the mailing address of the company if it differs from the physical location where the liquor is produced.

Columns B and C – How you enter the total liters depends on whether you file on an annual (calendar-year) or monthly basis.

Annual filers: Enter the amount produced from Form MT-456, line 3, columns A and B, respectively, or your *Alcoholic Beverages Tax Web File* return.

If you file your income tax return on a fiscal-year basis, do **not** enter the amount produced from Form MT-456 or your *Alcoholic Beverages Tax Web File* return. Instead, compute the liters produced in New York State during the tax year for which you file your income tax return.

Monthly filers: Enter the sum of the amounts produced, entered on all Forms MT-456, line 3, columns A and B, respectively, or your *Alcoholic Beverages Tax Web File* return for the tax year for which you file your income tax return.

Liquor worksheet

| | A | B |
|--|--|-------------------|
| | More than 2% but not more than 24% ABV | More than 24% ABV |
| 1 Liters of liquor produced in NYS from Schedule E, line 25, columns B and C | | |
| 2 Conversion factor | .2642 | .2642 |
| 3 Gallons of liquor produced in NYS (multiply line 1 by line 2) | | |
| 4 Limitation | 500,000 | 500,000 |
| 5 Enter the lesser of line 3 or line 4 | | |
| 6 Subtract line 5 from line 3 | | |

Instructions for Liquor worksheet

Line 3 – If the total of columns A and B on line 3 is more than 800,000, **stop**; you are not eligible for this credit.

Line 5 – Enter the line 5, column A and B amounts from the *Liquor worksheet* on Form IT-636, Schedule E, line 26, columns B and C, respectively and complete the rest of Part 1.

Line 6 – If the line 6 amount is greater than zero, continue with Part 2 and enter the line 6 amount on Form IT-636, Schedule E,

line 29, columns B and C, respectively. Otherwise, enter the amount from Form IT-636, line 27a on line 32.

Schedule G – Partner’s, shareholder’s or beneficiary’s share of credit

Partners, S corporation shareholders, and beneficiaries:

Enter the appropriate information for each partnership, New York S corporation, or estate or trust from which you received a share of the credit. You may obtain this information from the partnership, New York S corporation, or estate or trust. If you need more space, submit a separate schedule (be sure to include your name and taxpayer identification number).

Schedule H – Beneficiary’s and fiduciary’s share of credit

An estate or trust must complete this schedule. If an estate or trust allocates or assigns the credits to its beneficiaries, it must base the division on each beneficiary’s proportionate share of the income of the estate or trust. Provide any amounts allocated or assigned to the beneficiaries to claim on their own income tax returns.

Line 35 – Include the amounts from lines 8, 16, 24, 32, columns B and C, and 34 in the corresponding columns.

Schedule I – Computation of credit

Fiduciaries: Do not enter any amounts on lines 38 or 39. Enter the amount from Schedule H, line 37, column H, on line 40.

Line 41 – Enter this amount and code **636** on Form IT-201-ATT, line 12, or on Form IT-203-ATT, line 12, or include it on Form IT-205, line 33.
