CT-399-I
(8/85)

New York State Department of Taxation and Finance

Instructions for Form CT-399

Schedule for Depreciation Adjustments

1985

General Information

Form CT-399 must be used by general business corporations, banking corporations, and insurance corporations to compute the depreciation modifications required by Articles 9-A, 32, and 33 when determining New York State taxable income.

With certain exceptions a corporation will not be allowed to deduct depreciation computed under IRC Section 168 when determining New York State taxable income. Instead, a depreciation deduction computed by any method under IRC Section 167 will be permitted.

Important 1985 Tax Law Changes

1985 amendments to Articles 9-A, 32, and 33 have made the following changes in depreciation modifications when computing New York State taxable income.

- No modifications are required for recovery property placed in service in New York State in taxable years beginning after December 31, 1984.
- No modifications are required for property acquired after June 18, 1984 and subject to the limitation under IRC Section 280-F (such as luxury cars).
- Depreciation may continue to be claimed under IRC Section 167 for New York State purposes on property that has been fully depreciated under IRC Section 168 (ACRS) for federal purposes and not fully depreciated for New York. This is effective for taxable years beginning on or after January 1, 1984.
- The provisions requiring the depreciation modifications have been extended indefinitely.

Who Must Use This Form

A corporation must use Form CT-399 if it claims an ACRS deduction for property placed in service after December 31, 1980 and files one of the following New York State franchise tax reports:

CT-3, CT-3-S or CT-4 (Article 9-A), General Business Corporations

CT-32 (Article 32), Banking Corporations

CT-33 (Article 33), Insurance Corporations

Specific Instructions

Schedule A

This schedule is used to compute that portion of the ACRS deduction shown on federal Form 4562 which must be added back to federal taxable income when determining New York State entire net income. A copy of federal Form 4562 **must** accompany New York State Form CT-399.

Line 1. Enter from federal Form 4562 the amount of ACRS included in the total federal depreciation deduction.

Line 2. Enter the following:

a. The amount of ACRS depreciation deduction included at line 1 for property placed in service within New York State in taxable periods beginning after December 31, 1984.

b. The amount of other recovery property acquired after June 18, 1984 that is subject to the limitation under IRC Section 280-F.

Total: Add lines a and b.

Attach a rider listing the property claimed on these lines. Include a brief description of the property, the date and place the property was put in service, and the cost or other basis.

Line 3. Subtract line 2 from line 1 to determine the amount of the federal ACRS deduction which must be added back at the appropriate line of your franchise tax report. This amount must equal the total of column e in Schedule B.

Schedule B

Use this schedule to compute the allowable New York State depreciation deduction. Only property placed in service after December 31, 1980 should be entered in this schedule.

Column a — Enter a brief description of each item of property.

Column b — Enter exact date, including month, day, and year.

Column c — The cost or other basis entered in this column must be the same amount used for federal purposes as shown on federal Form 4562. Property placed in service in 1981 must be shown at the original cost and should not be reduced by any depreciation claimed in 1981.

Column e — The total of this column must be equal to line 3, Schedule A.

Columns f and g — Indicate the depreciation method selected for the computation of the New York State allowable depreciation deduction. Any consistent method that would have been allowed under IRC Section 167 will be acceptable, including straight line, declining balance, and sum of years-digits depreciation.

Column i — Enter depreciation computed by the method indicated in Column f. Total of this column will be the depreciation allowable as a deduction for New York State. Enter the total amount at the appropriate line of your New York State franchise tax report.

Line 4. If you have NOT disposed of any property acquired during the tax years 1981 through 1985, you may STOP at this point and enter the totals of columns e and i as shown below. However, if you have disposed of "recovery property," you MUST complete Schedules C and D.

If You File Form:	Enter Column e Total on:	and	Enter Column i Total on:
CT-3	Schedule B, line 23		Schedule B, line 29
CT-3S	Schedule C, line 31		Schedule C, line 33
CT-4	Schedule A, line 5		Schedule A, line 7
CT-32	Appropriate line		Appropriate line
CT-33	Schedule B, line 32		Schedule B, line 40

Schedule C

Column a — Enter each item of property separately. Attach rider if additional room is needed.

Column c — Enter for each item the total amount of accelerated cost recovery system deductions used in the computation of federal taxable income.

Column d — Enter for each item the total amount of New York State depreciation deductions used in the computation of entire net income. For 1981 recovery property, the New York State depreciation deduction was the same as the ACRS deduction and must be included in this column.

Column e — If the total ACRS deduction exceeds total New York State depreciation, subtract Column d from Column c and enter the excess in this column.

Column f — If the total New York State depreciation exceeds ACRS deductions, subtract Column c from Column d and enter the excess in this column.

Line 5. Total Column e and enter amount on line 9, Schedule D.

Line 6. Total Column f and enter amount on line 10, Schedule D.