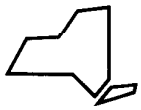
New York State Department of Taxation and Finance



# Instructions for Form CT-399

Schedule for Depreciation Adjustments

**CT-399-I**

(10/91)

## General Information

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

A corporation will not usually be allowed to deduct depreciation computed under Internal Revenue Code (IRC) section 168 (including Accelerated Cost Recovery System (ACRS) and Modified Accelerated Cost Recovery System (MACRS) depreciation) when determining New York State taxable income. Instead, a depreciation deduction computed by any method under IRC section 167 will be permitted.

However, no modifications are required for:

— Property placed in service in New York State in tax years beginning after December 31, 1984.

— Property acquired after June 18, 1984, and subject to the limitation under IRC section 280-F (such as luxury cars).

— Airlines only - property placed in service before January 1, 1989.

Depreciation may continue to be claimed under IRC section 167 for New York State tax on property that has been fully depreciated under IRC section 168 for federal tax but not fully depreciated for New York. This is effective for tax years beginning on or after January 1, 1984.

For more information see TSB-M-85(12)C and TSB-M-89(10)C (changes to Article 9-A affecting airlines and air freight forwarders).

## Who Must Use This Form

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

— CT-3, CT-3-S, CT-4 or CT-4-S (Article 9-A), general business corporations

— CT-32 (Article 32), banking corporations

— CT-33 (Article 33), insurance corporations

## Specific Instructions

### Computation of ACRS and MACRS Depreciation Required to be Added Back

Use lines 1 through 4 to compute the portion of the ACRS or MACRS deduction shown on federal Form 4562 that 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 and MACRS included in the total federal depreciation deduction.

**Line 2a** — Enter the amount of depreciation deduction included on line 1 for property placed in service in New York State during tax periods beginning after December 31, 1984.

**Line 2b** — Enter the amount of depreciation deduction included on line 1 for property acquired after June 18, 1984, that is subject to the limitation under IRC section 280-F.

**Line 2c Airlines only** — Enter the amount of deductions included on line 1 and not included on lines 2a and 2b for property acquired before January 1, 1989. This line cannot be used by air freight forwarders.

**Line 3** — Add lines 2a, 2b and 2c. Attach a separate sheet 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 4** — Subtract line 3 from line 1 for the amount of the federal deduction that must be added back on your franchise tax return. This amount must equal the total on line 5, column E. If it doesn't, attach an explanation.

### Computation of Allowable New York State Depreciation Deduction

**Column A** —Enter a brief description of each item of property. Do not list any property included on line 3. Air freight forwarders previously taxable under Article 9, must list property for which depreciation is included in the amount shown on line 4 (regardless of location).

**Column B** —Enter the exact date the property was placed in service, including month, day and year.

**Column C** —Enter the cost or other basis from 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 D** —Enter the total amount of federal ACRS or MACRS deduction taken in prior years for each item listed.

**Column E** —Enter the federal ACRS or MACRS deductions taken this year for each item listed. The total of this column must equal the amount on line 4. Enter this amount on the appropriate line of your franchise tax return.

**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 without regard to section 168 will be acceptable, including straight line, declining balance, and sum of years-digits depreciation.

**Column H** —Enter the amount of New York State depreciation allowed in prior years. Air freight forwarders must compute an amount for each item listed in column A representing the amount of New York depreciation that would have been shown if the taxpayer had been taxed under Article 9-A since the acquisition of the property being depreciated.

**Column I** — Enter the depreciation computed by the method indicated in column F. The total of this column will be the depreciation allowable as a deduction for New York State. Enter the total amount on the appropriate line of your New York State franchise tax return.

**Line 5** — If you have not disposed of any property acquired during tax years 1981 through 1991, you may stop here and enter the totals of columns E and I on your franchise tax return:

| If you file form: | Enter column E total on: | and | Enter column I total on: |
|---|---|---|---|
| CT-3 | line 7 | | line 14 |
| CT-3-S | line 6 | | line 13 |
| CT-4 | line 5 | | line 7 |
| CT-4-S | line 4 | | line 6 |
| CT-32 | Schedule E, Part II, col. E | | Schedule E, Part II, col. G |
| CT-33 | line 72 | | line 82 |

If you have disposed of property, you must complete the rest of the form.

## Disposition Adjustments

**Column A** — Enter each item of property separately. Attach a separate sheet if additional room is needed. Do not list any property included on line 3.

**Column C** — Enter for each item the total amount of ACRS or MACRS deductions used in the computation of federal taxable income for prior and current year.

**Column D** — Enter for each item the total amount of New York State depreciation deductions used in the computation of prior and current year entire net income. There was no New York State depreciation modification applicable to recovery property for the tax year beginning in 1981. The New York State depreciation deduction conforms with the federal ACRS deduction in that year. Therefore, include the 1981 federal ACRS deduction in this column.

**Column E** — If the total ACRS or MACRS deduction is more than the 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 is more than the ACRS or MACRS deduction, subtract column C from column D and enter the excess in this column.

**Line 6** — Add the amounts in column E and enter the total on line 10.

**Line 7** — Add the amounts in column F and enter the total on line 11.

## Minimum Taxable Income Base Depreciation Adjustment

If your depreciation adjustment includes only property placed in service **outside** New York State and does not include property described in a and c below, do not complete this schedule and enter zero on Form CT-3-ATT, line 2 or Form CT-4, line 35.

Column A — List property that is included in the federal Form 4626, line 2a computation **and is**:

a. property subject to Internal Revenue Code section 280F,

b. property placed in service in New York State in tax years beginning after 1984, or

c. property of a taxpayer principally engaged in the conduct of aviation (other than air freight forwarders acting as principal and like indirect air carriers) which was placed in service before tax years beginning in 1989.

If you were not required to file Form 4626, list the property used to compute the amount called for on line 2a of that form, including only property described in a, b and c above.

If the property included in column A includes **only** property placed in service in New York State, enter the amount from federal Form 4626, line 2a, on Form CT-3-ATT, line 2, or Form CT-4, line 35, and do not complete this schedule.

If you filed federal Form 4626, attach a copy.

**Column B** — Enter the exact date the property was placed in service, including month, day and year.

**Column C** — Enter the cost or other basis of the listed property from federal Form 4562.

**Column D** — Enter the total amount of federal depreciation deductions taken this year for each item listed.

**Column E** — Enter the amount for each item of property following the rules in IRC section 56(a)(1). Use the instructions for federal Form 4626, line 2a, to assist you in this computation.