Form ES-450B is the (ESD) must be attached to Form CT-601 each year the credit or Form ES-450B to Form CT-601, been designated as an EZ pursuant to Article 18-B of the General wage tax credit in this tax year. Do not continue unless you have been designated as an EZ. Complete Schedule A

Corporate partners

If you answer Yes to any of the three questions, you are eligible to claim the EZ wage tax credit. Complete Schedules B, C, D, and, if applicable, Schedules E and F. Banking corporations taxable under Article 32 of the Tax Law and insurance corporations taxable under Article 33 of the Tax Law are not eligible to complete Schedule E. Enter the amount of your allowable credit in the credit section of your franchise tax return.

New York S corporations

New York S corporations that are certified EZ businesses will calculate the amount of the EZ wage tax credit for their shareholders. The S corporation may not use the credit against its own tax liability; it is passed through to the shareholders to use against their personal income tax liabilities on their New York State tax returns. New York S corporations complete Form CT-601 as follows:

1. Complete Schedule A. If you answer No to any of the three questions, the S corporation is not eligible to calculate the credit in this tax year. Do not continue unless you have a wage tax credit passed through to you from a partnership (see instructions for corporate partners).

2. Complete Schedule B to compute the amount of the EZ wage tax credit allowed. Transfer the amount from line 20 to Form CT-34-SH, New York S Corporation Shareholders’ Information Schedule.

3. Provide all shareholders with the amount of their pro rata share of the EZ wage tax credit calculated. The shareholders will complete their own Form IT-601, Claim for EZ Wage Tax Credit (for personal income taxpayers), to claim the credit on their New York State tax returns.

Combined filers

A taxpayer filing a combined return as a member of a combined group is allowed to claim an EZ wage tax credit. The credit is computed for each eligible member of the combined group on a separate basis in Schedules A and B and is applied against the combined tax (see instructions for corporations above).

Important reminder to file a complete return: You must complete all required schedules and forms that make up your return, and include all pages of those forms and schedules when you file. Returns that are missing required pages or that have pages with missing entries are considered incomplete and cannot be processed, and may subject taxpayers to penalty and interest.

New for 2005

For tax years beginning on or after January 1, 2005, for taxpayers certified in an investment zone (IZ), the enterprise zone (EZ) wage tax credit has been increased by $500 for both qualified and targeted employees that earn wages in excess of $40,000 for the tax year. An investment zone is a zone designated by census tract statistics located in a municipality.

The definition of targeted employee has expanded to include any honorably discharged member of any branch of the armed forces of the United States. After conducting the verification review based on the forms submitted, the New York State Department of Labor regional employer services staff will issue Form ES-450B, Empire Zone Targeted Status Certification. You must attach a copy of Form ES-450B to Form CT-601, Claim for EZ Wage Tax Credit. Form ES-450B is the only form accepted to verify the targeted status of an honorably discharged veteran for purposes of the wage tax credit. For more information, please contact the Department of Labor by accessing their Web site at www.labor.state.ny.us or calling 1 800 HIRE-992.

General information

The wage tax credit is available to taxpayers subject to tax under Tax Law Article 9, section 185 (agricultural cooperatives); Article 9-A (general business corporations); Article 32 (banking corporations); and Article 33 (insurance corporations).

An enterprise zone (EZ) is an area within New York State that has been designated as an EZ pursuant to Article 18-B of the General Municipal Law. The area must be characterized by pervasive poverty, high unemployment, and general economic distress.

To be eligible to claim the EZ wage tax credit, a taxpayer must be certified under Article 18-B of the General Municipal Law. A copy of the Certificate of Eligibility issued by Empire State Development (ESD) must be attached to Form CT-601 each year the credit or carryforward of the credit is claimed. For information on certification, call ESD at (518) 292-5240.

The EZ wage tax credit is allowed for up to five consecutive tax years, beginning in the first tax year in which all three eligibility requirements are met (see Schedule A — Eligibility requirements, below).

The date of designation of the EZ is the date the zone was created. In the case of a business that was included as a result of a boundary amendment, the designation date is the date the boundary was amended to include the business in the EZ. You can obtain this information from ESD at the telephone number above.

Note: A taxpayer that is certified in more than one EZ must meet the requirements in Schedule A for each qualifying zone and compute the credit for each EZ on a separate Form CT-601.

General instructions

Attach Form(s) CT-601 to your franchise tax return.

Corporations (other than New York S corporations)

Complete Schedule A — Eligibility requirements. If you answer No to any of the three questions, you are not eligible for the EZ wage tax credit in this tax year. Do not continue unless you have carryforward EZ wage tax credits from previous tax years or an EZ wage tax credit passed through to you from a partnership. If you are claiming only carryforward credits, complete Schedules C, D, and, if applicable, Schedule F.

If you are claiming only a credit passed through to you from a partnership, see Corporate partners below.

If you answer Yes to all three questions, you are eligible to claim the EZ wage tax credit. Complete Schedules B, C, D, and, if applicable, Schedules E and F. Banking corporations taxable under Article 32 of the Tax Law and insurance corporations taxable under Article 33 of the Tax Law are not eligible to complete Schedule E. Enter the amount of your allowable credit in the credit section of your franchise tax return.

Corporate partners

If you are a corporate partner whose only EZ wage tax credit is from a partnership, do not complete Schedule A or B, Parts I or II. Enter on Schedule B, Part V, line 19, of this form your pro rata share of the EZ wage tax credit passed through to you from the partnership. Complete Schedules C, D, and, if applicable, Schedules E and F. Banking corporations taxable under Article 32 of the Tax Law and insurance corporations taxable under Article 33 of the Tax Law are not eligible to complete Schedule E. Enter the amount of your allowable credit in the credit section of your franchise tax return.

If you are an S corporation whose only EZ wage tax credit is from a partnership, complete only Schedule B, Part V and transfer the amount from line 20 to Form CT-34-SH, New York S Corporation Shareholders’ Information Schedule.

Enter the name and employer identification number of the partnership that passed the credit through to you on Schedule B, Part VI.

New York S corporations

New York S corporations that are certified EZ businesses will calculate the amount of the EZ wage tax credit for their shareholders. The S corporation may not use the credit against its own tax liability; it is passed through to the shareholders to use against their personal income tax liabilities on their New York State tax returns. New York S corporations complete Form CT-601 as follows:

1. Complete Schedule A. If you answer No to any of the three questions, the S corporation is not eligible to calculate the credit in this tax year. Do not continue unless you have a wage tax credit passed through to you from a partnership (see instructions for corporate partners).

2. Complete Schedule B to compute the amount of the EZ wage tax credit allowed. Transfer the amount from Schedule B, line 20, to Form CT-34-SH, New York S Corporation Shareholders’ Information Schedule, which is filed with your New York S corporation return. Attach a copy of Form CT-601 to the New York S corporation tax return.

3. Provide all shareholders with the amount of their pro rata share of the EZ wage tax credit calculated. The shareholders will complete their own Form IT-601, Claim for EZ Wage Tax Credit (for personal income taxpayers), to claim the credit on their New York State tax returns.

Combined filers

A taxpayer filing a combined return as a member of a combined group is allowed to claim an EZ wage tax credit. The credit is computed for each eligible member of the combined group on a separate basis in Schedules A and B and is applied against the combined tax (see instructions for corporations above).
Line instructions
Schedule A — Eligibility requirements

The EZ wage tax credit is allowed for up to five consecutive tax years beginning in the first tax year in which all three of the following eligibility requirements are met:

— EZ wages are paid; and
— the average number of full-time employees (including full-time equivalents) in New York State for the current tax year (line 2) exceeds the average number of full-time employees (including full-time equivalents) in New York State during the four years immediately preceding the first tax year for which the EZ wage tax credit is claimed (line 3); and
— the average number of full-time employees (including full-time equivalents) in the EZ for the current tax year (line 4) exceeds the average number of full-time employees (including full-time equivalents) in the EZ, or area comprising the EZ, during the four years immediately preceding the first tax year for which the EZ wage tax credit is claimed (line 5).

Note: All references to current tax year mean the tax year covered by this claim.

Subsequent certifications under Article 18-B in the same EZ, or a different EZ or zone equivalent area (ZEA), do not extend or create a new five-year period for claiming the EZ wage tax credit.

The average number of employees on line 3 and line 5, once computed, remains the same for each of the five tax years for which the credit is claimed.

Part I — Payments of EZ wages for the current tax year

Line 1 — Mark an X in the Yes box if EZ wages were paid by the taxpayer during the current tax year for full-time employment in a job created in the EZ since the zone was designated. Mark an X in the No box if EZ wages were not paid during the current tax year. The taxpayer will not qualify to compute the EZ wage tax credit in Schedule B for the current tax year. However, the taxpayer may claim any EZ wage tax credit carryforward from prior years on Schedule C.

EZ wages are wages paid by a certified taxpayer for full-time employment (excluding general executive officers) during the tax year in an area designated or previously designated as an EZ, if such employment is in a job created in the EZ during the period of its designation as an EZ or within four years of the expiration of such EZ designation.

This provides a taxpayer who is located in the EZ in the last year of the EZ’s designation the opportunity to compute the EZ wage tax credit for five consecutive tax years.

Wages paid to individuals employed before an EZ is designated do not qualify as EZ wages.

If certification under Article 18-B of the General Municipal Law is revoked, any wages paid by the taxpayer on or after the effective date of such revocation do not constitute EZ wages.

Part II — Computation of average number of full-time employees in New York State for the current tax year and four-year base period

Line 2 — Enter the total number of full-time employees (including full-time equivalents but excluding general executive officers) employed on March 31, June 30, September 30, and December 31 of your tax year. Add these amounts and enter in the total column. Divide the total by four (or the number of these dates that occur during your tax year).

General executive officers are the chairman, president, vice president, secretary, assistant secretary, treasurer, assistant treasurer, comptroller, and any other officer charged with the general affairs of the corporation. A general executive officer is, therefore, an appointed or elected officer of the corporation having company-wide authority with respect to assigned functions or responsibility for an entire division of the company.

Full-time employment means a job consisting of at least 35 hours per week, or two or more jobs that together constitute the equivalent of a job of at least 35 hours per week (full-time equivalent).

Example 1:
John works 25 hours per week, and Mary works 20 hours per week. Together, their jobs constitute the equivalent of one job of at least 35 hours per week. This will equal one job for purposes of the employment number.

Example 2:
A calendar tax year taxpayer began business in New York on February 15, 2005. The business had no employees until April 15, 2005, when it hired 100 full-time employees. The business had 100 full-time employees on June 30, 2005, 125 full-time employees on September 30, 2005, and 175 full-time employees on December 31, 2005.

The taxpayer completes line 2 as follows:

<table>
<thead>
<tr>
<th>Current tax year</th>
<th>March 31</th>
<th>June 30</th>
<th>September 30</th>
<th>December 31</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of full-time employees in New York State 2005</td>
<td>0</td>
<td>100</td>
<td>125</td>
<td>175</td>
<td>400</td>
</tr>
</tbody>
</table>

A taxpayer who is a fiscal tax year filer will use the four dates — March 31, June 30, September 30, and December 31—that appear in its fiscal tax year.

Example 3:
A corporation filing a tax return for a fiscal period beginning September 1, 2005, and ending August 31, 2006, would use the following dates to compute the number of employees for that fiscal year: September 30, 2005, December 31, 2005, March 31, 2006, and June 30, 2006.

Line 3 — Enter for each date specified of the four-year base period (the four tax years immediately preceding the first tax year in which the EZ wage tax credit is allowed) the total number of full-time employees (including full-time equivalents but excluding general executive officers) in New York State. Add the total number of full-time employees, including full-time equivalents, for the four-year base period and divide by the number of such dates occurring during the four-year base period to obtain the average number of full-time employees, including full-time equivalents, for the four-year base period.

If the taxpayer provided full-time employment in New York State for only part of the four-year base period, then the four-year base period will be deemed to refer to that smaller set of years.

If the taxpayer did not provide full-time employment in New York State in any quarter of the four-year base period, enter 0 on line 3.

Example 4:
A calendar tax year taxpayer began business in New York on July 1, 2002, and had full-time employees in New York State for the dates September 30, 2002, through December 31, 2004. The taxpayer would make no entries for the dates prior to July 1, 2002. Thus, the taxpayer would divide 790 by 10 to obtain 79.

<table>
<thead>
<tr>
<th>Number of full-time employees in New York State during four-year base period</th>
<th>March 31</th>
<th>June 30</th>
<th>September 30</th>
<th>December 31</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>First year 2002</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>400</td>
</tr>
<tr>
<td>Second year 2003</td>
<td>50</td>
<td>75</td>
<td>75</td>
<td>100</td>
<td>300</td>
</tr>
<tr>
<td>Third year 2002</td>
<td>40</td>
<td>50</td>
<td>90</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fourth year 2003</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Total number of full-time employees in New York State for four-year base period .......................................................... 790

3 Average number of full-time employees in New York State for four-year base period 3. 79
The average number of full-time employees in New York State for the current tax year (line 2) must exceed the average number of full-time employees in New York State for the four-year base period (line 3). If line 2 does not exceed line 3, the taxpayer will not qualify to compute the EZ wage tax credit in Schedule B for the current tax year. However, the taxpayer may claim as an EZ wage tax credit for the current tax year any EZ wage tax credit carryforward from a preceding tax year in Schedule C.

Part III — Computation of average number of full-time employees in the EZ for the current tax year and four-year base period

Line 4 — For each date specified of the current tax year, enter the total number of full-time employees (including full-time equivalents but excluding general executive officers) in the EZ. Compute the average number of full-time employees, including full-time equivalents, for the current tax year in the same manner as line 2.

Line 5 — For each date specified of the four-year base period (the four tax years immediately preceding the first tax year in which the EZ wage tax credit is allowed) enter the total number of full-time employees (including full-time equivalents but excluding general executive officers) in the area that currently constitutes the EZ. Compute the average number of such employees for the four-year base period in the same manner as line 3.

The average number of full-time employees, including full-time equivalents, in the EZ for the current tax year (line 4) must exceed the average number of full-time employees, including full-time equivalents, in the area that currently constitutes the EZ for the four-year base period (line 5). If line 4 does not exceed line 5, you do not qualify to compute the EZ wage tax credit in Schedule B for the current tax year. However, you may claim as an EZ wage tax credit for the current tax year any EZ wage tax credit carryforward from a preceding tax year in Schedule C.

Schedule B — Computation of EZ wage tax credit for the current tax year

If you meet the three eligibility requirements set forth in the Schedule A instructions, compute the EZ wage tax credit in Schedule B, Parts I and II for qualified targeted employees and Parts III and IV for all other qualified employees.

Do not include in Schedule B any individual employed within the immediately preceding 60 months by a related person, as related person is defined in Internal Revenue Code (IRC) section 465(b)(3)(c), unless the related person never received an EZ or ZEA wage tax credit for that employee. For a definition of related person, see Addendum on page 5 of these instructions.

A seasonal business (a business that regularly operates for less than an entire tax year, such as a ski resort) that employs individuals full-time for at least three months of continuous duration may include such individuals in the employment number.

Parts I and II — Computation of EZ wage tax credit for qualified targeted employees

Line 6 — Enter for each date specified of the current tax year the number of qualified targeted employees (excluding general executive officers). Taxpayers who are certified in an IZ, do not include employees who received wages in excess of $40,000. See line 9 instructions below.

Add the number of qualified targeted employees for the current tax year and divide by the number of such dates (include 0 dates) occurring during the current tax year to obtain the average number of qualified employees for the current tax year (see the example at line 2 instructions).

Line 9 — Taxpayer's certified in an IZ: Enter for each specified date of the current tax year the number of qualified targeted employees (excluding general executive officers) who received wages in excess of $40,000 for the tax year.

Add the number of qualified targeted employees for the current tax year, and divide the total by the number of dates (include 0 dates) occurring during the current tax year to compute the average number of qualified employees for the current tax year (see examples in the line 2 instructions). Enter the name and social security of each employee used to compute the credit in the schedule. Attach additional sheets if necessary.

Who do I include as qualified targeted employees?

A qualified employee for purposes of Part I is an employee who:

— is employed full time (see definition of full-time employment in Schedule A, Part II, line 2 instructions); and
— is a targeted employee (see definition below); and
— received EZ wages for more than half of the current tax year (see definition below); and
— received an hourly wage that is at least 135% of the minimum wage specified in section 652 of the Labor Law for more than half of the employee’s period of employment during the current tax year; and
— is working in a job created in the EZ during its period of designation.

A targeted employee is a New York State resident who received EZ wages during the current tax year and who is one or more of the following:

— an eligible individual under the provisions of the Work Opportunity Credit (IRC section 51);
— an individual eligible for benefits under the provisions of the Workforce Investment Act as a dislocated worker or low-income individual (Public Law 105-220, as amended);
— a recipient of public assistance benefits at any time during the previous two years;
— an individual whose income is below the most recently established poverty rate promulgated by the U.S. Department of Commerce, Bureau of Census;
— a member of a family whose family income is below the most recently established poverty rate promulgated by the U.S. Department of Commerce, Bureau of Census; or
— an honorably discharged member of any branch of the armed forces of the United States.

The Department of Labor (DOL) is required to provide a certificate verifying the targeted status of an individual for use by an employer seeking wage tax credits under the EZ program. The Tax Department will only recognize Form ES-450B, Empire Zone Targeted Status Certification, issued by the DOL; it must be signed by a DOL representative as proof of targeted status under the wage tax credit program.

You must attach a copy of Form ES-450B for each employee claimed in Schedule B, Parts I and II.

Any employee who qualified as a targeted employee at the time of initial employment will qualify as a targeted employee for subsequent years as long as he or she continues to receive EZ wages and remains a resident of New York State.

An employee received EZ wages for more than half of the current tax year when:

— the employee worked for a business that is certified under Article 18-B of the General Municipal Law; and
— for more than half of the current tax year:

• the employee was employed by the EZ business; and
• the employee worked at the EZ location; and
• the business was located in an area designated or previously designated as an EZ.
Example 5:
On March 1, 2005, a calendar tax year taxpayer located in an EZ applies for certification under Article 18-B of the General Municipal Law. (The EZ was designated in a prior tax year.) The taxpayer is notified that such certification is effective September 1, 2005. For purposes of the EZ wage tax credit, the taxpayer is deemed to have been certified as of January 1, 2005, the first day of the taxpayer’s tax year in which the taxpayer applied for certification. The taxpayer files a tax return for the tax year January 1, 2005, through December 31, 2005. Assuming the taxpayer met the eligibility requirements in Schedule A, the taxpayer would include in Schedule B any qualified employees (defined on page 3) who received EZ wages for more than six months of the tax year January 1, 2005 through December 31, 2005. If the taxpayer filed a tax return for the short tax year September 1, 2005 through December 31, 2005, the taxpayer would include in Schedule B any qualified employees who received EZ wages for more than two months of the short tax year September 1, 2005, through December 31, 2005.

Parts III and IV — Computation of EZ wage tax credit for qualified employees not included in Schedule B, Parts I and II

Line 12 — Enter for each date specified of the current tax year the number of qualified employees (excluding general executive officers). Taxpayers who are certified in an IZ, do not include employees who received wages in excess of $40,000. See line 15 instructions below.

Add the number of qualified employees for the current tax year, and divide by the number of such dates (include 0 dates) occurring during the current tax year to compute the average number of qualified employees for the current tax year (see Example 2 on page 2).

Line 15 — Taxpayers certified in an IZ: Enter for each specified date of the current tax year the number of qualified employees (excluding general executive officers) who received wages in excess of $40,000 for the tax year.

Add the number of qualified employees for the current tax year, and divide the total by the number of dates (include 0 dates) occurring during the current tax year to compute the average number of qualified employees for the current tax year (see examples in the line 2 instructions). Enter the name and social security number of each employee used to compute the credit in the schedule. Attach additional sheets if necessary.

A qualified employee for purposes of Parts III and IV is an employee who:
— is employed full-time (see definition of full-time employment in Schedule A, Part II, line 2 instructions); and
— was not included in Schedule B, Part I, line 6 and Part II, line 9; and
— received EZ wages for more than half of the current tax year (see definition in Schedule B, Part I, line 6 instructions); and
— is working in a job created in the EZ during its period of designation.

Part V — Computation of EZ wage tax credit for the current year

Line 19 — Enter the amount of the pro rata share of EZ wage tax credit passed through to you from a partnership or other pass-through entity and provide the information requested in Schedule B, Part VI.

Line 20 — New York C corporations: Enter the amount from line 20 on line 22.

New York S corporations: Transfer the line 20 amount to Form CT-34-SH. A New York S corporation is not required to complete Form CT-601, lines 21 through 40. Shareholders of the New York S corporation compute their pro rata share of the EZ wage tax credit, carryforward, and refund of the EZ wage tax credit on Form IT-601.

Schedule C — Amount of EZ wage tax credit available for the current tax year

A taxpayer may claim any available EZ wage tax credit carryforward from a preceding tax year in Schedule C even if the taxpayer was not allowed to compute the credit in Schedule B, Parts I, II, III, and IV. An EZ wage tax credit carryforward in Schedule C is available until used.

Line 21 — Enter the amount of the EZ wage tax credit carryforward from the tax year immediately preceding the current tax year (from Schedule C).

Qualified new businesses that received a refund of EZ wage tax credit in the previous year should use the amount of carryforward after the refund, as computed on your prior year’s EZ wage tax credit form.

Line 22 — Enter the EZ wage tax credit computed for the current tax year as shown on line 20. Enter 0 if you did not compute an EZ wage tax credit on Schedule B for the current tax year.

Schedule D — Application of EZ wage tax credit for the current tax year

The EZ wage tax credit allowed in Schedule D (including any EZ wage tax credit carryforward) is limited to the following:

— for agricultural cooperatives, 50% of the tax imposed under Article 9, Section 185, before the deduction of any tax credit; or
— for general business corporations, 50% of the tax imposed under Article 9-A section 209, before addition of the MTA surcharge or the deduction of any tax credit; or
— for banking corporations, 50% of the tax imposed under Article 32 section 1455, before the addition of the metropolitan transportation business tax (MTA surcharge) or the deduction of any tax credit; or
— for life insurance corporations, 50% of the lesser of:
  • the tax computed under Article 33 section 1505(a), or
  • the greater of the sum of taxes imposed under sections 1501 and 1510, or the tax computed under Article 33 section 1505(b), before the addition of the MTA surcharge or the deduction of any tax credit; or
— for non-life insurance corporations, 50% of the taxes imposed under Article 33 sections 1502-a, before the addition of the MTA surcharge or the deduction of any tax credit.

In addition, the EZ wage tax credit allowed in Schedule D (including any EZ wage tax credit carryforward) may not be applied against the following taxes:

— the minimum tax of $10 as computed under Article 9, section 185; or
— the larger of the tax on minimum taxable income base or fixed dollar minimum tax as computed under Article 9-A; or
— the fixed minimum tax of $250 computed under Article 32; or
— the minimum tax of $250 under Article 33; or
— the MTA surcharge under Articles 9-A, 32, or 33.

Any portion of the EZ wage tax credit disallowed in Schedule D as a result of the above limitations may be carried forward on subsequent tax returns.

Line 24 — Enter the current year’s tax after the addition of the tax on subsidiary capital and before the deduction of any tax credit or the addition of the MTA surcharge. The EZ wage tax credit cannot be applied against the MTA surcharge.
Article 9, section 185 taxpayers: enter the tax shown on Form CT-185, Cooperative Agricultural Corporation Franchise Tax Return, line 6.

Article 9-A taxpayers: enter the tax shown on Form CT-3, General Business Corporation Franchise Tax Return, line 78, or Form CT-3-A, General Business Corporation Combined Franchise Tax Return, line 77.

Article 32 taxpayers: enter the tax shown on Form CT-32, Banking Corporation Franchise Tax Return, line 5, or Form CT-32-A, Banking Corporation Combined Franchise Tax Return, line 5.

Article 33 taxpayers: enter the tax shown on Form CT-33, Life Insurance Corporation Franchise Tax Return, line 9a or 10, whichever is less; or Form CT-33-A, Life Insurance Corporation Combined Franchise Tax Return, line 10 or 14, whichever is less; or Form CT-33-NL, Non-Life Insurance Corporation Franchise Tax Return, line 5.

Line 25 — For taxpayers claiming the EZ wage tax credit in only one EZ, multiply line 24 by 50% (.5).

For taxpayers who earned wage tax credits in multiple ZEs or EZs, or are claiming ZEA and EZ wage tax credits from more than one entity, the aggregate amount of all of the wage tax credits used in the current year cannot exceed 50% of the current year's tax. To compute your limitation, complete Schedule F and enter the line 40 result on line 25.

Example 6:

Corporation A operates in two locations in New York State, one in Buffalo and one in Elmira. Both locations are in EZs, and Corporation A is certified in both EZs. Corporation A has calculated its current year tax as $3,100 and calculates a 50% limitation of $1,550 (50% of $3,100). Corporation A claims an EZ wage tax credit of $1,500 from its Buffalo location. Corporation A is limited to $50 of wage tax credits earned in the Elmira location ($1,550 less $1,500 of limitation already used) that may be applied against the current year's tax.

Line 26 — Article 33 taxpayers: enter the tax shown on Form CT-33, line 9a; or Form CT-33-A, line 10; or Form CT-33-NL, line 5.

Line 27 — If you are claiming more than one tax credit for this tax year, enter the amount of the tax credit(s) claimed before the EZ wage tax credit. Include in this amount any EZ or ZEA wage tax credit applied to the tax prior to the credit claimed on this form. Refer to the instructions for your corporation franchise tax return for the order of credit that applies. Article 9-A taxpayers: refer to Form CT-600-I, Instructions for Form CT-600. Otherwise, enter 0 on line 27.

Line 32 — Article 9, section 185 taxpayers: transfer the line 32 amount to Form CT-185, line 7.

Article 9-A taxpayers: transfer the line 32 amount to Form CT-3, line 100a or Form CT-3-A, line 101a.

Article 32 taxpayers: transfer the line 26 amount to Form CT-32, line 178, or Form CT-32-A, line 211.

Article 33 taxpayers: transfer the line 26 amount to Form CT-33, line 102; Form CT-33-NL, line 47; or Form CT-33-A, line 117.

Line 33 — To determine the unused EZ wage tax credit, which can be carried forward to future years, subtract line 32 from line 23. Any portion of the EZ wage tax credit (including any EZ wage tax credit carryforward from a preceding tax year) that is disallowed in the current tax year as a result of the limitations may be carried forward, except for the EZ wage tax credit that is refunded in Schedule E below. If line 32 is equal to or larger than line 23, enter 0.

Schedule E — Computation of refundable EZ wage tax credit

For tax years beginning on or after January 1, 1994, an Article 9-A taxpayer qualifying as a new business under section 210.12(j) may elect to treat 50% of the unused EZ wage tax credit earned in the current tax year as an overpayment to be refunded or applied as an overpayment to the following year's tax. This provision also applies for tax years beginning on or after January 1, 2005, to an Article 9, section 185 taxpayer qualifying as a new business.

New business, under Article 9, section 187-k. 4(ii) or Article 9-A, section 210.12(j), means any corporation except:

— a corporation in which over 50% of the number of shares of stock or amount of membership capital entitling their holders to vote for the election of directors or trustees is owned or controlled either directly or indirectly by a shareholder subject to tax under Article 9-A; Article 9, section 183, 184, 185 or 186; Article 32; or Article 33 of the Tax Law; or

— a corporation that is substantially similar in operation and in ownership to a business entity taxable, or previously taxable, under Article 9-A; Article 9, section 183, 184, 185 or 186; Article 32; Article 33; or Article 23 of the Tax Law; or that would have been subject to tax under Article 23, as such article was in effect on January 1, 1980; or the income or losses of which are or were includable under Article 22 of the Tax Law, whereby the intent and purposes of section 210.19(e) with respect to refunding of credit to new businesses would be evaded; or

— a corporation that has been subject to tax under Article 9, section 185 or Article 9-A for more than five tax years (excluding short periods).

A shareholder of an S corporation will be treated as the owner of a new business if the S corporation qualifies as a new business under Tax Law section 187-k. 4(ii) or 210.12(j) as defined above.

Line 34 — If you qualify as a new business and elect to receive a refund, enter the lesser of line 22 or line 33. Once made, the election may not be revoked. Interest will not be paid on any overpayment of tax refunded on line 36.

Line 36a — If you are a qualified new business, multiply line 34 by 50% (.5). Enter the result on this line. This amount must equal the sum of lines 36b and 36c.

Line 36b — Enter the amount of refundable EZ wage tax credit to be refunded on this line and on Form CT-185, line 16b; Form CT-3, line 99a; or Form CT-3-A, line 100a. Taxpayers not eligible for the refundable wage tax credit: enter 0 on line 36b.

Line 36c — Enter the amount of refundable EZ wage tax credit to be applied as an overpayment to next year's tax on this line and on Form CT-185, line 16c; Form CT-3, line 99b; or Form CT-3-A, line 100b. Taxpayers not eligible for the refundable wage tax credit: enter 0 on line 36c.

Schedule F — Computation of limitation for multiple wage tax credit claims

When computing column B, list only the ZEA and EZ wage tax credits claimed for this tax year that you wish to apply prior to the credit claimed on this form.

Part II, column A: Enter amount from line 39.

Part II, column B: List the name of the zone and amounts of wage tax credits applied to your tax prior to the amount claimed on this form. Add amounts in column B.

Part II, column C: Subtract column B total from the amount in column A. Enter the result on lines 25 and 40.

Addendum

The information below represents the Internal Revenue Service (IRS) interpretation of the definition of related persons in the IRC,
Related persons include:

- members of a family, but only an individual’s brothers and sisters, half-brothers and half-sisters, a spouse, ancestors (parents, grandparents, etc.), and lineal descendants (children, grandchildren, etc.);
- two corporations that are members of the same controlled group of corporations determined by applying a 10% ownership test;
- the fiduciaries of two different trusts, or the fiduciary and beneficiary of two different trusts, if the same person is the grantor of both trusts;
- a tax-exempt educational or charitable organization and a person who directly or indirectly controls it (a member of whose family controls it);
- a corporation and an individual who owns directly or indirectly more than 10% of the value of the outstanding stock of the corporation;
- a trust fiduciary and a corporation of which more than 10% in value of the outstanding stock of the trust;
- the fiduciaries of two different trusts, or the fiduciary and beneficiary of two different trusts, if the same person is the grantor of both trusts;
- an executor of an estate and a beneficiary of that estate.

Activity and At-Risk Rules

To determine the direct or indirect ownership of the outstanding stock of a corporation, apply the following rules:

1) Stock owned directly or indirectly by or for a corporation, partnership, estate, or trust is considered owned proportionately by or for its shareholders, partners, or beneficiaries.

2) Stock owned directly or indirectly by or for an individual's family is considered owned by the individual. The family of an individual includes only brothers and sisters, half-brothers and half-sisters, a spouse, ancestors, and lineal descendants.

3) Any stock in a corporation owned by an individual (other than by applying rule 2) is considered owned directly or indirectly by the individual's partner.

When applying rule 1, 2, or 3, stock considered owned by a person under rule 1 is treated as actually owned by that person. However, if a person constructively owns stock because of rule 2 or 3, he or she does not own the stock for purposes of applying either rule 2 or 3 to make another person the constructive owner of the same stock.