



Instructions for Form CT-604-CP

Claim for QEZE Credit for Real Property Taxes and QEZE Tax Reduction Credit for Corporate Partners

CT-604-CP-1

General information

For tax years beginning on or after January 1, 2001, the Empire Zones Program Act provides tax credits for a qualified empire zone enterprise (QEZE): the QEZE credit for real property taxes and the QEZE tax reduction credit. The QEZE real property tax credit is allowed against the New York State corporate franchise tax under Article 9, section 185; 9-A; 32; or 33. The QEZE tax reduction credit is allowed against the New York State corporate franchise tax under Article 9-A, 32, or 33.

This form has been provided for **corporate partners** of a QEZE to claim the QEZE tax credits. All other corporations should complete Form CT-604, *Claim for QEZE Tax Reduction Credit*, or Form CT-606, *Claim for QEZE Credit for Real Property Taxes*.

New York S corporations that are corporate partners **do not** complete this form. Instead, the S corporation must use Form CT-34-SH, *New York S Corporation Shareholders' Information Schedule*, to report the real property tax credit flowed through from the partnership to the S corporation. Report the benefit period factor, the employment increase factor, and the zone allocation factor of the partnership on an attachment sheet to Form CT-34-SH (see Form CT-34-SH-I, *Instructions for Form CT-34-SH*). Each individual shareholder can then compute the tax reduction credit on Form IT-604, *Claim for QEZE Tax Reduction Credit*, for personal income taxpayers.

Note: If you are a partner in more than one partnership, complete a separate Form CT-604-CP for each partnership.

QEZE credit for real property taxes

The QEZE credit for real property taxes is computed on eligible real property taxes paid or incurred on real property owned by the QEZE that is located in the empire zone (EZ) in which the QEZE is certified. The QEZE partnership will calculate the credit and provide partners with their pro rata share of the credit. Corporate partners will report their share of the credit on Form CT-604-CP.

If the QEZE's eligible real property taxes, which were the basis for a QEZE credit for real property taxes, are subsequently reduced as a result of a final order in any proceeding under the Real Property Tax Law, Article 7 or other provision of law, the QEZE must recapture a portion of the credit allowed in the year the final order is issued. The recapture will be computed by the QEZE partnership. The corporate partner will report its share of the credit after recapture on Form CT-604-CP, line 1.

The QEZE credit for real property taxes may not reduce the tax to less than

- \$10 for Article 9, section 185 filers,
- the larger of the tax on minimum taxable income (MTI) or the fixed dollar minimum tax as computed under Article 9-A, **or**
- \$250 for Article 32 or 33 filers.

Any amount of the QEZE credit for real property taxes not deductible in the current tax year may be refunded without interest or applied as an overpayment against the tax liability for the next tax year.

QEZE tax reduction credit

The QEZE tax reduction credit is the product of (1) the benefit period factor, (2) the employment increase factor, (3) the zone allocation factor, and (4) the tax factor.

The QEZE tax reduction credit may not reduce the tax to less than

- the fixed dollar minimum tax under Article 9-A (however, a partner in a QEZE that has a zone allocation factor of 100% is not subject to this limitation and may reduce the tax to zero); **or**
- \$250 for Article 32 or 33 filers.

The QEZE tax reduction credit is not refundable. Any amount not deductible in the current tax year may not be refunded, carried over, or applied as an overpayment against next year's tax.

Definitions

For additional definitions, see Form CT-604-I, *Instructions for Form CT-604* or CT-606-I, *Instructions for Form CT-606*.

A *qualified empire zone enterprise (QEZE)* is a business enterprise that is certified as eligible to receive benefits under the General Municipal Law, Article 18-B prior to July 1, 2011, and that annually meets the employment test.

Employment increase factor is an amount which cannot exceed 1.0. Obtain this factor from the partnership.

Benefit period factor is a number from zero to 1.0, based on the tax year of the benefit period. Obtain this factor from the partnership.

Zone allocation factor is a percentage that represents the economic presence of the partnership in the EZ in which it is certified. Obtain this factor from the partnership.

Tax factor is the tax calculated under each applicable article of the Tax Law that is based on income. If an article provides for two tax measures based on income, the higher of the two is the tax factor. Corporate partners compute this factor on line 14.

Specific instructions

Enter on the front of Form CT-604-CP the name and the employer identification number of the QEZE partnership.

Line 3 — If you are applying multiple credits, refer to Form CT-600-I, *Instructions for Form CT-600*, or your franchise tax return instructions to determine the order of credits that applies. If filing Form CT-604 or CT-606, and/or more than one Form CT-604-CP, include any amount of QEZE credit for real property taxes and QEZE tax reduction credit that you are claiming that you wish to apply before the QEZE credit for real property taxes being claimed on this form. Life insurance corporations do not include EZ wage tax credit, EZ capital tax credit, or zone equivalent area (ZEA) wage tax credit on this line.

Line 7

Article 9 filers — Include this amount on Form CT-185, *Cooperative Agricultural Corporation Franchise Tax Return*, line 7. Use the box labeled *Form CT-606* in the *Summary of credits* section of your franchise tax return.

Article 9-A, 32, or 33 filers — Include this amount on your franchise tax return. Use the box labeled *Form CT-606* in the *Summary of credits* section of your franchise tax return.

Line 9 — Enter the amount of unused credit on line 8 that you wish refunded, and transfer this amount to the appropriate line of your franchise tax return.

Line 10 — Any amount of credit not being used or refunded may be claimed as an overpayment of tax. If you wish to have this amount applied against the metropolitan transportation business tax (MTA surcharge) or the tax liability for next year, transfer this amount to the appropriate line of your franchise tax return.

Line 14-A

When calculating the tax factor for corporate partners, if the income from the QEZE partnership is a zero or a loss, the tax reduction credit for this QEZE partnership is zero.

Article 9-A filers — Enter the larger of the tax on the entire net income (ENI) base or the tax on the minimum taxable income base from Form CT-3. **Do not** enter your tax on capital or your fixed dollar minimum tax.

Article 9-A combined filers — Enter on line 14-A, the product of the following:

1. The amount of combined tax as computed on income (the larger of the tax on ENI or MTI base, as shown on Form CT-3-A); and
2. A ratio, the numerator of which is the amount of income attributable to the corporation that is the member of the QEZE partnership, allocated to New York State, and the denominator of which is the income of the combined group allocated to New York State. Combined groups that have members with net operating losses

(NOLs) compute the ratio of QEZE income as described above without including losses in either the numerator or denominator.

If the corporate member of the combined group that is the member of the QEZE partnership has a NOL, the tax reduction credit is zero.

Article 32 filers — Enter the larger of the tax on the ENI base or the tax on the alternative ENI base from Form CT-32.

Article 33 Life insurance corporation filers — Enter the larger of the tax on the ENI base or the ENI plus compensation base from Form CT-33.

Article 33 Nonlife insurance corporation filers — To claim the QEZE tax reduction credit, you must calculate a tax factor for the tax year by preparing a pro-forma tax return calculating a tax on income for the year the credit is claimed. Prepare Form CT-33, *Life Insurance Corporation Franchise Tax Return*, to calculate the tax on ENI and the tax on ENI plus compensation. Attach the pro-forma tax return to this form. Enter the larger of these tax amounts on line 14-A.

Line 14-B — Enter your pro rata share of New York **partnership** income derived from the QEZE partnership allocated to New York State.

Partnership income means the partnership items of income, gain, loss and deduction, and the associated New York modifications included in

- ENI if the tax on line 14-A was computed on ENI; or
- MTI for Article 9-A, alternative ENI for Article 32, or ENI plus compensation for Article 33 if the tax on line 14-A was computed on one of these bases.

To allocate your pro rata share of the QEZE partnership income to New York State use Worksheet A below:

Worksheet A

- a. Enter your pro rata share of QEZE partnership income included in **business income before allocation** on your New York State corporation tax return..... a. _____
- b. Enter your business allocation percentage as calculated on your New York State corporation tax returnb. _____
- c. Multiply line a by line bc. _____
- d. Enter your pro rata share of QEZE partnership income included in **investment income before allocation** on your New York State corporation tax returnd. _____
- e. Enter your investment allocation percentage as calculated on your New York State corporation tax returne. _____
- f. Multiply line d by line e f. _____
- g. Add line c and line f; enter here and on line 14-B.....g. _____

Line 14-C — Enter your ENI allocated to New York State if the tax on line 14-A was computed on ENI. Enter your MTI for Article 9-A, alternative ENI for Article 32, or ENI plus compensation for Article 33 if the tax on line 14-A was computed on one of these bases.

Line 17 — If you are applying multiple credits, refer to Form CT-600-I or your tax return instructions to determine the order of credits that applies. If filing Form CT-604, and/or more than one Form CT-604-CP, include any amount of QEZE tax reduction credit that you are claiming that you wish to apply before the QEZE tax reduction credit being claimed on this form. Life insurance corporations do not include EZ wage tax credit, EZ capital tax credit, or ZEA wage tax credit on this line.

Line 21 — Include this amount on your franchise tax return. Use the box labeled *Form CT-604* in the *Summary of credits* section of your franchise tax return.

Privacy notification — The Commissioner of Taxation and Finance may collect and maintain personal information pursuant to the New York State Tax Law, including but not limited to, sections 5-a, 171, 171-a, 287, 308, 429, 475, 505, 697, 1096, 1142, and 1415 of that Law; and may require disclosure of social security numbers pursuant to 42 USC 405(c)(2)(C)(i).

This information will be used to determine and administer tax liabilities and, when authorized by law, for certain tax offset and exchange of tax information programs as well as for any other lawful purpose.

Information concerning quarterly wages paid to employees is provided to certain state agencies for purposes of fraud prevention, support enforcement, evaluation of the effectiveness of certain employment and training programs and other purposes authorized by law.

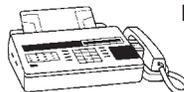
Failure to provide the required information may subject you to civil or criminal penalties, or both, under the Tax Law.

This information is maintained by the Director of Records Management and Data Entry, NYS Tax Department, W A Harriman Campus, Albany NY 12227; telephone 1 800 225-5829. From areas outside the United States and outside Canada, call (518) 485-6800.

Need help?



Internet access: www.nystax.gov
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Fax-on-demand forms: Forms are available 24 hours a day, 7 days a week. 1 800 748-3676



Telephone assistance is available from 8:00 A.M. to 5:00 P.M. (eastern time), Monday through Friday.

To order forms and publications: 1 800 462-8100

Corporation Tax Information Center: 1 888 698-2908

From areas outside the U.S. and Canada: (518) 485-6800



Hotline for the hearing and speech impaired: If you have access to a telecommunications device for the deaf (TDD), contact us at 1 800 634-2110. If you do not own a TDD, check with independent living centers or community action programs to find out where machines are available for public use.



Persons with disabilities: In compliance with the Americans with Disabilities Act, we will ensure that our lobbies, offices, meeting rooms, and other facilities are accessible to persons with disabilities. If you have questions about special accommodations for persons with disabilities, please call 1 800 972-1233.