New York State Department of Taxation and Finance

Instructions for Form IT-241

Claim for Clean Heating Fuel Credit

IT-241-I

2010

Temporary deferral of certain tax credits

For tax years beginning on or after January 1, 2010, and before January 1, 2013, if the total amount of certain credits that you may use to reduce your tax or have refunded to you is greater than $2 million, the excess over $2 million must be deferred to, and used or refunded in, tax years beginning on or after January 1, 2013. For more information about the credit deferral, see Form IT-500*, Income Tax Credit Deferral*.

If you are subject to the credit deferral, you must complete all credit forms without regard to the deferral. However, the credit amount that is transferred to your tax return to be applied against your tax due or to be refunded to you may be reduced. Follow the instructions for Form IT-500 to determine the amounts to enter on your tax return.

General information

What is the clean heating fuel credit?

The clean heating fuel credit is available to taxpayers for the purchase of bioheat that is used for space heating or hot water production for residential purposes within New York State. The credit is available for tax years beginning on or after January 1, 2006, and before January 1, 2012, and applies to bioheat purchased on or after July 1, 2006, but before July 1, 2007, and on or after January 1, 2008, but before January 1, 2012.

The credit amount equals $.01 per gallon for each percent of biodiesel included in the bioheat, not to exceed $.20 per gallon. To substantiate how the credit was computed, taxpayers should keep copies of all invoices or bills from the supplier(s) that include **all** of the following:

- date of purchase,
- number of gallons of bioheat purchased, **and**
- the percentage of biodiesel included in the bioheat.

  Note: The percentage of biodiesel included in the bioheat is the number or numbers preceded by the letter *B* in the bioheat designation. For example, bioheat designated ***B5*** contains 5% biodiesel.

The credit is claimed for the tax year in which the bioheat is purchased. If the amount of the credit exceeds the taxpayer's tax for the year, the excess is treated as an overpayment of tax to be credited or refunded without interest.

Who is eligible to claim this credit?

- individuals,
- estates or trusts,
- partners in a partnership (including members of a limited liability company (LLC) that is treated as a partnership for federal income tax purposes),
- shareholders of a New York S corporation, **and**
- beneficiaries of an estate or trust.

How to claim the credit

File Form IT-241 if you are an individual, a partnership, or an estate or trust and you qualify for the credit. In addition, if you are a partner in a partnership (including members of an LLC treated as a partnership for federal tax purposes), a shareholder of a New York S corporation, or a beneficiary of an estate or trust, file Form IT-241 to claim your share of the credit from the entity.

An estate or trust that divides the credit among itself and its beneficiaries must attach Form IT-241 to Form IT-205, *Fiduciary Income Tax Return,* showing each beneficiary's share of the credit.

Partnerships must file Form IT-241 with Form IT-204, *Partnership Return,* showing the total amount of credit.

An S corporation does not file Form IT-241; it must file Form CT-241*, Claim for Clean Heating Fuel Credit*. If you are a shareholder in an S corporation that made the election under Tax Law section 660, obtain your share of the corporation's credit from the S corporation and report it on Form IT-241.

Specific instructions

See the instructions for your tax return for the *Privacy notification* or if you need help contacting the Tax Department.

Individual (including sole proprietor) and partnership: Complete Parts 1 and 5.

Husband and wife business 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 amount 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 Parts 1 and 5.

Fiduciary: Complete Parts 1, 4 and 5.

Partner in a partnership, shareholder of a New York S corporation, and beneficiary of an estate or trust: Complete Parts 2, 3, and 5.

Note: If more than one of the above applies to you, complete all appropriate parts on one Form IT-241.

Part 1 — Individual (including sole proprietor), partnership, and estate or trust

Enter the information relating to each purchase of bioheat used for space heating or hot water production for residential purposes within New York State made during the tax year in columns A through D. Use a separate line for each purchase of bioheat. Attach additional sheets if necessary.

Bioheat is a fuel comprised of biodiesel blended with conventional home heating oil, which meets the specifications of the American Society of Testing and Materials designation D 396 or D 975.

Biodiesel is a fuel comprised exclusively of mono-alkyl esters of long chain fatty acids derived from vegetable oils or animal fats, designated B100 (pure biodiesel), which meets the specifications of the American Society of Testing and Materials designation D 6751.

Residential purposes means any use of a structure, or part of a structure, as a place of abode maintained by or for a person, whether or not owned by the person, on other than a temporary or transient basis. This includes multi-family dwelling units such as multi-family homes, apartment buildings, condominiums, and cooperative apartments. The structure must be located in New York State.

Residential purposes do not include the part of a structure used as a hotel, motel, or similar space, except for those units used by the same occupant for at least 90 consecutive days.

Column A — Enter the date the bioheat was purchased. If you purchased the bioheat under a plan that requires prepayment to the supplier for a stipulated number of gallons of bioheat at a fixed price, enter the date of the prepayment as the date of purchase. If you purchased the bioheat through a budget payment plan where you make monthly payments to the supplier and the supplier deducts the amount of the sale from your account at the time of delivery, enter the date of delivery as the date of purchase.

Column B — Enter the gallons of bioheat purchased on the date entered in column A.

If bioheat is purchased for a premises (location) that has both residential and nonresidential space but has only one tank for the storage of bioheat fuel, the taxpayer must use the following formula to determine the percentage of the premises used for residential purposes to compute the credit properly.

$$\frac{\text{Square footage of residential areas (}\textit{excluding common areas}\text{)}}{\text{Total square footage of premises (}\textit{excluding common areas}\text{)}} = \text{\% used for residential purposes } \textit{(rounded to four decimal places)}$$

The percentage is then multiplied by the number of gallons of bioheat purchased to determine the number of gallons eligible for the credit. For purposes of the formula, *common area* means any area on the premises used without distinction for both residential and nonresidential purposes.

Column C — Enter the percentage of biodiesel per gallon of bioheat purchased as a decimal. This percentage will be listed on your receipt preceded by the letter *B.* For example, if ***B5*** is shown in the description of the bioheat on your receipt, the bioheat contains 5% biodiesel. In that case, you would enter ***.05*** in column C for that purchase. The amount entered cannot exceed .20.

Line 2 — If you are the only taxpayer who made the purchase of bioheat for the premises, enter the line 2 amount on line 7.

If you shared in the purchase of bioheat with one or more other taxpayers, prorate the amount of the credit allowable for each taxpayer according to the percentage of the total bioheat purchased by each taxpayer. Enter only your share of the line 2 amount on line 7. Attach a statement to your return showing the name, address**,** and share of the credit allowable for each taxpayer. If you are filing a joint return, **do not** prorate the credit between you and your spouse.

Part 2 — Partnership, New York S corporation, estate, and trust information

Enter the appropriate information for each partnership, New York S corporation, estate, or trust from which you received a share of the credit. If you need more space, attach a separate sheet following the same format.

Part 3 — Partner's, shareholder's, or beneficiary's share of credit

Enter your share of the credit received from a partnership, New York S corporation, estate, or trust on the appropriate line(s) in Part 3. You may obtain this information from the partnership, corporation, estate, or trust. If you belong to more than one partnership, New York S corporation, estate, or trust, enter the **total** of all your shares on the appropriate line.

Estate or trust: Include on line 5 only your share of the credit from another estate or trust.

Part 4 — Beneficiary's and fiduciary's share of credit

An estate or trust must complete Part 4. If an estate or trust allocates or assigns the credits to its beneficiaries, base the division on each beneficiary's proportionate share of the income of the estate or trust.

Part 5 — Computation of clean heating fuel credit

Complete lines 7, 8, and 9 (whichever apply to you).

Line 10 — Add lines 7, 8, and 9, and enter the total on line 10.

Partnerships: Enter the amount from line 10 and code ***301*** on Form IT-204, line 147.

All others: If your total credits from all sources are **$2 million or less**, enter the amount from line 10 and code ***301*** on Form IT-201-ATT, line 12, or Form IT-203-ATT, line 12, or include it on Form IT-205, line 33.

If your total credits from all sources are **more than $2 million**, you may be subject to a credit deferral. Complete line 10, but do not enter the amount from line 10 on your tax return. See Form IT-500, *Income Tax Credit Deferral*, to determine the proper amount to enter on your 2010 tax return.

For additional information on the clean heating fuel credit, see TSB-M-08(1)I, *Clean Heating Fuel Credit.*