



# Claim for QEZE Tax Reduction Credit

# CT-604

Tax Law – Article 1, Section 16

**Note:** You must file all pages (1 through 7) with your return. All taxpayers must complete the information below and then complete either Section 1 (pages 1 through 3) or Section 2 (pages 5 through 7). Do not complete both sections.

All filers must enter tax period: beginning [ ] ending [ ]

|   |                                      |
|---|--------------------------------------|
| Legal name of corporation filing the franchise tax return | Employer identification number (EIN) |
| Name of empire zone(s)                                    |                                      |

File this form with your corporation franchise tax return Form CT-3, CT-3-A, CT-3-S, CT-32, CT-32-A, CT-32-S, CT-33, CT-33-NL, or CT-33-A.

**Mark an X in the appropriate box when answering Yes or No questions.**

Are you a clean energy enterprise (CEE)?..... Yes  No

Are you a QEZE first certified between August 1, 2002 and March 31, 2005, that conducts its operations on real property it owns or leases that is located in an empire zone (EZ) and that is subject to a BCA executed prior to January 1, 2006? .... Yes  No

### Section 1 – For QEZE first certified prior to April 1, 2005 (see Important information in the instructions)

Date of first certification by Empire State Development (mm-dd-yy; attach copies of all Certificates of Eligibility, including retention certificates) ..... • [ ]

### Schedule A – Employment test for QEZE first certified prior to April 1, 2005 (see instructions)

**Part 1 – EZ employment** – Computation of the employment number within all EZs for the current tax year and in the five-year base period: Include employees within all EZs even if you are not certified in all of those zones (see instructions).

| Current tax year employment number           | March 31 | June 30 | September 30 | December 31 | Total |
|--|----------|---------|--------------|-------------|-------|
| Number of full-time employees within all EZs |          |         |              |             |       |

**1** Current tax year employment number within all EZs (do not round; see instructions) ..... • **1**

| Base period employment number | Tax year ending (mm-yy)   | March 31 | June 30 | September 30 | December 31 | Total |
|-------------------------------|---|----------|---------|--------------|-------------|-------|
| a                             | Number in base year 1   |          |         |              |             |       |
| b                             | Number in base year 2   |          |         |              |             |       |
| c                             | Number in base year 3   |          |         |              |             |       |
| d                             | Number in base year 4   |          |         |              |             |       |
| e                             | Number in base year 5   |          |         |              |             |       |
| f                             | Total number of full-time employees within all EZs in the base period |          |         |              |             |       |

**2** Base period employment number within all EZs (do not round; see instructions) ..... • **2**

**3** Does the amount on line 1 equal or exceed the amount on line 2? (see instructions)..... **3** Yes  No

**Part 2 – New York State employment outside all EZs** – Computation of the employment number inside New York State and outside all EZs (whether or not you are certified in all of those EZs) for the current tax year and in the five-year base period (see instructions)

| Current tax year employment number                                      | March 31 | June 30 | September 30 | December 31 | Total |
|---|----------|---------|--------------|-------------|-------|
| Number of full-time employees inside New York State and outside all EZs |          |         |              |             |       |

**4** Current tax year employment number inside New York State and outside all EZs (do not round) ..... • **4**

| Base period employment number | Tax year ending (mm-yy)  | March 31 | June 30 | September 30 | December 31 | Total |
|-------------------------------|--|----------|---------|--------------|-------------|-------|
| a                             | Number in base year 1  |          |         |              |             |       |
| b                             | Number in base year 2  |          |         |              |             |       |
| c                             | Number in base year 3  |          |         |              |             |       |
| d                             | Number in base year 4  |          |         |              |             |       |
| e                             | Number in base year 5  |          |         |              |             |       |
| f                             | Total number of full-time employees inside New York State and outside all EZs in the base period |          |         |              |             |       |

**5** Base period employment number inside New York State and outside all EZs (do not round)..... • **5**

**6** Does the amount on line 4 equal or exceed the amount on line 5? (see instructions)..... **6** Yes  No



**Schedule B – Computation of test year employment number within the EZs in which you are certified**

| Test year _____ to _____ (mm-yy)   | March 31 | June 30 | September 30 | December 31 | Total |
|--|----------|---------|--------------|-------------|-------|
| Number of full-time employees within the EZs   |          |         |              |             |       |
| 7 Test year employment number within the EZs in which you are certified (see instructions) ..... |          |         |              |             | 7     |

**Schedule C – Employment increase factor (see instructions)**

|   |    |
|---|----|
| 8 Current tax year employment number within the EZs in which you are certified (see instructions) .....                                 | 8  |
| 9 Test year employment number within the EZs in which you are certified (from line 7).....  | 9  |
| 10 Subtract line 9 from line 8.....   | 10 |
| 11 Divide line 10 by line 9 (carry result to four decimal places; if line 9 is zero and line 8 is greater than zero, enter 1.0 here)... | 11 |
| 12 Divide line 10 by 100 (carry result to four decimal places) .....  | 12 |
| 13 Employment increase factor (enter the greater of line 11 or 12, but not more than 1.0; also enter on line 21)....                    | 13 |

**Schedule D – Zone allocation factor (see instructions)**

|   | A<br>EZ | B<br>New York State |
|---|---------|---------------------|
| 14 Average value of property (see instructions).....  | 14      |                     |
| 15 EZ property factor (divide line 14, column A by line 14, column B; carry result to four decimal places).....         | 15      |                     |
| 16 Wages and other compensation of employees, excluding general executive officers (see instructions).....              | 16      |                     |
| 17 EZ payroll factor (divide line 16, column A by line 16, column B; carry result to four decimal places).....          | 17      |                     |
| 18 Total EZ factors (add lines 15 and 17) .....   | 18      |                     |
| 19 Zone allocation factor (divide line 18 by two; carry result to four decimal places; enter here and on line 22) ..... | 19      |                     |

(continued)



**Schedule E – QEZE tax reduction credit** (New York S corporations do not complete Schedule E; see instructions)

**Part 1 – Computation of QEZE tax reduction credit**

|    |  |    |  |
|----|--|----|--|
| 20 | Tax year of the business tax benefit period _____; benefit period factor (from table below)..... | 20 |  |
| 21 | Employment increase factor (from line 13).....   | 21 |  |
| 22 | Zone allocation factor (from line 19).....   | 22 |  |
| 23 | Tax factor (see instructions).....   | 23 |  |
| 24 | QEZE tax reduction credit (multiply line 20 by line 21 by line 22 by line 23).....               | 24 |  |

**Part 2 – Application of QEZE tax reduction credit** (see instructions)

|    |   |    |  |
|----|---|----|--|
| 25 | Enter your franchise tax before credits (see instructions).....   | 25 |  |
| 26 | Tax credits claimed before the QEZE tax reduction credit (if applying multiple credits on your franchise tax return, see instructions).....   | 26 |  |
| 27 | Subtract line 26 from line 25.....  | 27 |  |
| 28 | Enter appropriate tax:<br>Article 9-A – If line 19 equals 1.0, enter 0. If line 19 is less than 1.0, enter your fixed dollar minimum tax<br>Articles 32 and 33 – Enter 250<br>Article 33 combined – Multiply number of taxable filers in combined group by 250..... | 28 |  |
| 29 | Credit limitation (subtract line 28 from line 27).....  | 29 |  |
| 30 | QEZE tax reduction credit used (see instructions).....  | 30 |  |

| Tax year of benefit period | Benefit period factor ** | Tax year of benefit period | Benefit period factor ** |
|----------------------------|--------------------------|----------------------------|--------------------------|
| 1 - 10                     | 1.0                      | 13                         | 0.4                      |
| 11                         | 0.8                      | 14                         | 0.2                      |
| 12                         | 0.6                      | 15                         | 0.0                      |

\* For taxpayers first certified prior to April 1, 2005, the QEZE tax reduction credit is generally available for up to 14 years for taxpayers that continue to qualify.

\*\*For an owner of a qualified investment project or a significant capital investment project, the benefit period factor will be 1.0 during the entire business tax benefit period.

Find the tax year of your business tax benefit period. Enter the benefit period factor for that year (from *Benefit period factor table*) on line 20.

**Schedule F – Related entities**

List the names and EINs of any related business entities. Attach additional sheets if necessary. See *Related persons* in the instructions to determine if an entity is related.

| Name | EIN |
|------|-----|
|      |     |
|      |     |
|      |     |
|      |     |
|      |     |
|      |     |
|      |     |
|      |     |
|      |     |
|      |     |

**Schedule G – Valid business purpose for QEZEs first certified prior to August 1, 2002** (see instructions)

If you are claiming that the QEZE was formed for a valid business purpose, mark an **X** in the box and attach a notarized statement describing in detail how your QEZE meets the valid business purpose test. ....



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Section 2 begins on page 5.**

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**Claim for QEZE Tax Reduction Credit**

**Section 2 – For QEZEs first certified on or after April 1, 2005** (see Important information in the instructions)

**Note:** You must file all pages (1 through 7) with your return. All taxpayers must complete the information above Section 1 on page 1 and then complete either Section 1 (pages 1 through 3) or Section 2 (pages 5 through 7). Do not complete both sections.

**All filers must enter tax period:** beginning  ending

|   |                                      |
|---|--------------------------------------|
| Legal name of corporation filing the franchise tax return | Employer identification number (EIN) |
| <input type="checkbox"/> Name of empire zone(s)           |                                      |

File this form with your corporation franchise tax return Form CT-3, CT-3-A, CT-3-S, CT-32, CT-32-A, CT-32-S, CT-33, CT-33-NL, or CT-33-A.

Date of first certification by Empire State Development (mm-dd-yy; attach copies of all Certificates of Eligibility, including retention certificates) .....

**Schedule H – Employment test for QEZEs first certified on or after April 1, 2005** (see instructions)

**Part 1 – EZ employment** – Computation of the employment number within all EZs for the current tax year and in the four-year base period: Include employees within all EZs even if you are not certified in all of those zones (see instructions).

| Current tax year employment number   | March 31  | June 30  | September 30 | December 31  | Total       |       |
|--|---|----------|--------------|--------------|-------------|-------|
| Number of full-time employees within all EZs   |   |          |              |              |             |       |
| <b>31</b> Current tax year employment number within all EZs (do not round; see instructions) ..... |   |          |              |              | <b>31</b>   |       |
| Base period employment number  | Tax year ending (mm-yy)   | March 31 | June 30      | September 30 | December 31 | Total |
| a  | Number in base year 1   |          |              |              |             |       |
| b  | Number in base year 2   |          |              |              |             |       |
| c  | Number in base year 3   |          |              |              |             |       |
| d  | Number in base year 4   |          |              |              |             |       |
| e  | Total number of full-time employees within all EZs in the base period ..... |          |              |              |             |       |
| <b>32</b> Base period employment number within all EZs (do not round; see instructions) .....      |   |          |              |              | <b>32</b>   |       |

**33** Does the amount on line 31 exceed the amount on line 32? (see instructions) ..... **33** Yes  No

**Part 2 – New York State employment** – Computation of the employment number in New York State for the current tax year and in the four-year base period (see instructions)

| Current tax year employment number  | March 31   | June 30  | September 30 | December 31  | Total       |       |
|---|--|----------|--------------|--------------|-------------|-------|
| Number of full-time employees in New York State                                     |  |          |              |              |             |       |
| <b>34</b> Current tax year employment number in New York State (do not round) ..... |  |          |              |              | <b>34</b>   |       |
| Base period employment number   | Tax year ending (mm-yy)  | March 31 | June 30      | September 30 | December 31 | Total |
| a   | Number in base year 1  |          |              |              |             |       |
| b   | Number in base year 2  |          |              |              |             |       |
| c   | Number in base year 3  |          |              |              |             |       |
| d   | Number in base year 4  |          |              |              |             |       |
| e   | Total number of full-time employees in New York State in the base period ..... |          |              |              |             |       |
| <b>35</b> Base period employment number in New York State (do not round) .....      |  |          |              |              | <b>35</b>   |       |

**36** Does the amount on line 34 exceed the amount on line 35? (see instructions) ..... **36** Yes  No



**Schedule I – Computation of test year employment number within the EZs in which you are certified**

| Test year _____ to _____ (mm-yy)   | March 31 | June 30 | September 30 | December 31 | Total     |
|--|----------|---------|--------------|-------------|-----------|
| Number of full-time employees within the EZs   |          |         |              |             |           |
| <b>37</b> Test year employment number within the EZs in which you are certified (see instructions) ..... |          |         |              |             | <b>37</b> |

**Schedule J – Employment increase factor (see instructions)**

|  |           |  |
|--|-----------|--|
| <b>38</b> Current tax year employment number within the EZs in which you are certified (see instructions) .....                                    | <b>38</b> |  |
| <b>39</b> Test year employment number within the EZs in which you are certified (from line 37) .....   | <b>39</b> |  |
| <b>40</b> Subtract line 39 from line 38.....   | <b>40</b> |  |
| <b>41</b> Divide line 40 by line 39 (carry result to four decimal places; if line 39 is zero and line 38 is greater than zero, enter 1.0 here) ... | <b>41</b> |  |
| <b>42</b> Divide line 40 by 100 (carry result to four decimal places) .....  | <b>42</b> |  |
| <b>43</b> Employment increase factor (enter the greater of line 41 or 42, but not more than 1.0; also enter on line 51)                            | <b>43</b> |  |

**Schedule K – Zone allocation factor (see instructions)**

|  | <b>A</b><br>EZ | <b>B</b><br>New York State |
|--|----------------|----------------------------|
| <b>44</b> Average value of property (see instructions) .....   | <b>44</b>      |                            |
| <b>45</b> EZ property factor (divide line 44, column A by line 44, column B; carry result to four decimal places) .....        | <b>45</b>      |                            |
| <b>46</b> Wages and other compensation of employees, excluding general executive officers (see instructions).....              | <b>46</b>      |                            |
| <b>47</b> EZ payroll factor (divide line 46, column A by line 46, column B; carry result to four decimal places) .....         | <b>47</b>      |                            |
| <b>48</b> Total EZ factors (add lines 45 and 47) .....   | <b>48</b>      |                            |
| <b>49</b> Zone allocation factor (divide line 48 by two; carry result to four decimal places; enter here and on line 52) ..... | <b>49</b>      |                            |

(continued)



