



# Partner's Instructions for Form IT-204-CP New York Corporate Partner's Schedule K-1

# IT-204-CP-1

## General instructions

If you are a partner in a partnership (a *corporate partner*) and you are subject to tax under Article 9-A (see *Who must file under Article 9-A* below), the partnership should send you a completed Form IT-204-CP, *New York Corporate Partner's Schedule K-1*. Keep Form IT-204-CP for your records. **Do not** file it with your Article 9-A franchise tax return.

Use the form and these instructions to determine the proper amount of partnership income, gain, loss, and deductions to report on your Article 9-A franchise tax return if you are computing your tax using the **aggregate method** and to determine tax credits that may be deducted against the Article 9-A franchise tax or passed through to S corporation shareholders. See below for information concerning the aggregate or entity methods as well as a foreign corporate limited partner that may make an election under Regulation section 3-13.

### Errors on your Form IT-204-CP

If you believe the partnership reported inaccurate information on your Form IT-204-CP, notify the partnership. Ask for a corrected Form IT-204-CP. **Do not** change any items on your copy of Form IT-204-CP.

## Who must file under Article 9-A

**Domestic corporations subject to the franchise tax under Article 9-A** – A domestic corporation (incorporated in New York State) is generally liable for franchise taxes for each fiscal or calendar year, or part thereof, during which it is incorporated until it is formally dissolved with the Department of State ([www.dos.ny.gov](http://www.dos.ny.gov)) unless specifically exempt pursuant to Regulation section 1-3.4. When filing its franchise tax return, the corporation must include the proper amount of partnership income, deductions, and credits regardless of whether the partnership is doing business, employing capital, owning or leasing property, or maintaining an office in New York State.

**Foreign corporations subject to the franchise tax under Article 9-A** – A foreign corporation (incorporated outside of New York State) is liable for franchise taxes during the period in which it is doing business, employing capital, owning or leasing property, or maintaining an office in New York State regardless of whether it is authorized to do business in New York State, unless specifically exempt pursuant to Regulation section 1-3.4.

**Foreign corporate limited partner** – A foreign corporation is doing business, employing capital, owning or leasing property, or maintaining an office in New York State if it is a **limited partner** of a partnership (**other than a portfolio investment partnership** as defined in Regulation section 1-3.2(a)(6)(iii)(d)) that is doing business, employing capital, owning or leasing property, or maintaining an office in New York State, and if it is engaged, directly or indirectly, in the participation or in the domination or control of all or any portion of the business activities or affairs of the partnership (see Regulation section 1-3.2(a)(6)(i)).

**Foreign corporate general partner** – If the partnership marked an **X** in the Yes box on line 30a (indicating that it did business, employed capital, owned or leased property, or maintained an office in New York State) and you are a corporate **general partner**, then you are subject to the franchise tax imposed under Tax Law Article 9-A and must include the proper amount of partnership income, deductions, and credits when completing your franchise tax return (see Regulation section 1-3.2(a)(5)).

## Computation of tax

An Article 9-A corporate partner computes its tax with respect to its interest in the partnership using either the aggregate method or entity method, whichever applies. (See *Election by a foreign corporate limited partner* on page 2 for the exception to these methods allowed under Regulation section 3-13.5.)

**Aggregate method** – Under the aggregate method, a corporate partner is viewed as having an undivided interest in the partnership's assets, liabilities, and items of receipts, income, gain, loss, and deduction. The partner is treated as participating in the partnership's transactions and activities (see Regulation section 3-13.3).

**Entity method** – Under the entity method, a partnership is treated as a separate entity and a corporate partner is treated as owning an interest in the partnership entity. The partner's interest is an intangible asset that is classified as business capital. To the extent a corporate partner's entire net income (ENI) includes its distributive share of partnership items of income, gain, loss, or deduction, those items are treated as business income (see Regulation section 3-13.4).

### Corporate partners required to file under the aggregate method

A corporate partner receiving a complete Form IT-204-CP must file using the aggregate method. In addition, a corporate partner must file using the aggregate method if the corporate partner has access to the information necessary to compute its tax using the aggregate method. A corporate partner is presumed to have access to the information and therefore is required to file using the aggregate method if it meets **one or more** of the following conditions:

- it is conducting a unitary business with the partnership;
- it is a general partner of the partnership or is a managing member of an LLC which is treated as a partnership for federal income tax purposes;
- it has a 5% or more interest in the partnership;
- it has reported information from the partnership in a prior tax year using the aggregate method;
- its partnership interest constitutes more than 50% of its total assets;
- its basis in its interest in the partnership determined under IRC section 705 on the last day of the partnership year that ends within or with the taxpayer's tax year is more than \$5,000,000; or
- any member of its affiliated group has the information necessary to perform such computation.

A corporate partner that does not receive a complete Form IT-204-CP may file using the entity method **only** if it does **not** meet any of the conditions listed above **and** does not have access (and will not have access within the time period allowed for filing a return with regard to all extensions of time to file) to the information necessary to compute its tax using the aggregate method and certifies these facts to the commissioner (see Regulation section 3-13.2(b)).

**Computation of tax under the aggregate method** – The taxpayer's **distributive share** (see IRC section 704) of each partnership item of receipts, income, gain, loss, and deduction and the taxpayer's **proportionate part** of each partnership asset, liability, and partnership activity are included in the computation of the taxpayer's ENI base, capital base, minimum

taxable income (MTI) base, and the fixed dollar minimum. These items have the same source and character in the hands of the partner for Article 9-A purposes that the items have for the partner for federal income tax purposes (see Regulation section 3-13.3).

**Election by a foreign corporate limited partner** – A foreign corporation that is a limited partner in one or more limited partnerships, that is subject to tax solely as a result of the application of Regulation section 1-3.2(a)(6) and that does not file on a combined basis for Article 9-A purposes, may elect to compute its tax by taking into account **only** its distributive share of each partnership item of receipts, income, gain, loss, and deduction (including any modifications), and its proportionate part of each asset, liability, and partnership activity of the limited partnership (see Regulation section 3-13.5).

If the taxpayer meets the criteria to make the election and does not have access to the information necessary to do the computation, the taxpayer may treat its distributive share of the partnership's items of income, gain, loss, and deduction as business income and its interest in the partnership as business capital and may allocate that business income and capital entirely to New York State.

This election may not be made if the limited partnership and corporate group are engaged in a unitary business, wherever conducted, and there are substantial inter-entity transactions between the limited partnership and the corporate group.

*Corporate group* means the corporate limited partner itself or, if it is a member of an affiliated group, the corporate limited partner and all other members of such affiliated group.

*Affiliated group* has the same meaning as such term is defined in IRC section 1504 without regard to the exclusions provided for in section 1504(b). However, the term *common parent corporation* is deemed to mean any person as defined in IRC section 7701(a)(1).

## Specific instructions

### Partner's information

#### Item C

If the *General partner or LLC member-manager* box is marked, you must use the aggregate method in determining your tax (see Regulation section 3-13.2(a)(2)).

#### Item J

If the *No* box is marked, but after considering all your individual circumstances, you feel you are not required to pay estimated tax, see Form CT-2658-E, *Certificate of Exemption from Partnership Estimated Tax Paid on Behalf of Corporate Partners*, to determine if you qualify to use that form.

#### Item K

If the partnership made estimated tax payments on your behalf, the dates the estimated tax payments were made, and the amounts, are shown in item K. In the payments section of your corporate franchise tax return, include the total amount of the estimated tax as shown on your Form IT-204-CP.

### Partner's share of entire net income (ENI) and minimum taxable income (MTI) information

**ENI and MTI bases** – You must take into account your distributive share of each partnership item of income, gain, loss, and deduction that is included in the computation of ENI and MTI. These amounts must be taken into account in determining

your business income and investment income (see Regulation section 3-13.3(b)(1)).

You may qualify for a reduced rate of tax on your ENI, capital, or MTI base or a reduced fixed dollar minimum tax if you are a:

- small business taxpayer,
- qualified New York manufacturer,
- **eligible** qualified New York manufacturer, or
- qualified emerging technology company (QETC)

You must include your distributive share of partnership items in your ENI, capital base tax, and fixed dollar minimum computations when determining if you qualify as one of the above. For the definitions of small business taxpayer, qualified New York manufacturer, **eligible** qualified New York manufacturer, and QETC, see Form CT-3/4-I, *Instructions for Forms CT-4, CT-3, and CT-3-ATT*; or Form CT-3-A-I, *Instructions for Forms CT-3-A, CT-3-A/ATT, and CT-3-A/B*.

#### Line 1 – Tax exempt interest

Include this amount on Form CT-4, CT-3, or CT-3-A, line 2.

#### Line 2 – Federal depreciation

Include this amount on Form CT-4, line 5; or on Form CT-3 or CT-3-A, line 7.

#### Line 3 – Other state and local taxes

Include this amount on Form CT-4, line 4; or on Form CT-3 or CT-3-A, line 6.

#### Line 4 – Taxes paid to the U.S., possessions of the U.S., or foreign countries

Include this amount on Form CT-4, line 4; or on Form CT-3 or CT-3-A, line 6.

#### Line 5 – Taxes related to the farmers' school tax credit

Include this amount on Form CT-225, *New York Modifications*, line 3, using code *EA-207*.

#### Line 6 – Special additional mortgage recording tax credit

Include this amount on Form CT-225, line 3, using code *EA-105*.

#### Line 7 – Other additions

If the form lists one or more of the following additions, include these tax adjustment items on your franchise tax return when calculating your MTI base (and not your ENI base):

- EA-41 Mining exploration and development costs
- EA-42 Basis adjustment in determining gain or loss from the sale or exchange of property
- EA-43 Long-term contracts
- EA-44 Installment sales
- EA-45 Merchant marine capital construction funds

Include any other additions on Form CT-225, line 3, except for EA-214, which you include on Form CT-3 or Form CT-3-A, line 6.

**Note:** If you have an amount listed on this line, you may not file Form CT-4.

#### Line 8 – Dividends received

The partnership has reported on this line your distributive share of the partnership total dividends received. Attached is a breakdown of dividends from each stock, security, and money market account. You must determine whether these amounts are properly classified as income from subsidiary capital or investment capital (see the *Lines 16 through 19* instructions on page 3). Include on Form CT-3 or CT-3-A, line 10, the amount of

dividend income received that is properly classified as subsidiary capital, and include on Form CT-3 or CT-3-A, line 11, the amount of dividend income received from non-subsidiaries. **Do not** include any amounts entered on this line on Form IT-204-CP, line 11.

**Note:** If you have an amount listed on this line, you may not file Form CT-4.

#### Line 9 – Foreign dividends gross-up

Include this amount on Form CT-3 or CT-3-A, line 12.

**Note:** If you have an amount listed on this line, you may not file Form CT-4.

#### Line 10 – Allowable New York depreciation

Include this amount on Form CT-4, line 8; or on Form CT-3 or CT-3-A, line 14.

#### Line 11 – Other subtractions

If the form lists one or more of the following subtractions, include these tax preference items on your franchise tax return when calculating your MTI base (and not your ENI base):

- ES-41 Depletion
- ES-43 Intangible drilling costs

Include any other subtractions on Form CT-225, line 8.

**Note:** If you have an amount listed on this line, you may not file Form CT-4.

### Partner's proportionate part of assets and liabilities

**Capital base** – Your proportionate part of each asset and liability of the partnership is used in the computation of the capital base. These amounts are also used to determine business and investment capital.

#### Line 12 – Total assets, column B

Include this amount on Form CT-4, line 13; or on Form CT-3 or CT-3-A, line 26.

#### Line 13 – Real property and marketable securities included on line 12, column B

Include this amount on Form CT-4, line 14; or on Form CT-3 or CT-3-A, line 27.

#### Line 14 – Real property and marketable securities at fair market value (FMV)

Include this amount on Form CT-4, line 16; or on Form CT-3 or CT-3-A, line 29.

#### Line 15 – Total liabilities

Include this amount on Form CT-4, line 18; or on Form CT-3 or CT-3-A, line 31.

### Partner's proportionate part of stocks, bonds, and other securities

#### Lines 16 through 19

The partnership has reported on these lines your proportionate part of the partnership's average value of stocks, bonds, and other securities; liabilities that are directly attributable to the stocks, bonds, and other securities; cash on hand and on deposit; and liabilities that are directly attributable to cash on hand and on deposit. The partnership has provided a breakdown to allow you to determine the classification of business, subsidiary, and investment capital that must be included on the

appropriate lines of your franchise tax return. Use the definitions of *subsidiary capital* and *investment capital* in the instructions for Form CT-3, CT-3-A or CT-3-S and the special rules below to determine whether the items listed on lines 16 through 19 should be classified as subsidiary capital or investment capital.

#### Special rules for classification of capital for corporate partners

**Subsidiary capital** – Your proportionate part of stock of a corporation owned by a partnership is **not** subsidiary capital unless you **directly** own more than 50% of the voting stock of such corporation. Direct ownership does **not** include stock owned through a corporate structure consisting of several tiers and/or chains of corporations and/or partnerships. See Regulation section 3-13.3(e)(1) and the example below.

**Example:** *Corporation C is a 60% partner in Partnership P. Corporation D has 100 shares of stock issued and outstanding, entitling the holders thereof to vote for the election of the corporation's directors. P owns 60 shares of D and C owns the remaining 40 shares. Corporation D is not a subsidiary of C because C does not directly own more than 50% of the shares of stock of D entitling the holders thereof to vote for the election of Corporation D's directors.*

**Investment capital** – A debt instrument acquired by a taxpayer principally engaged in the business of lending funds does **not** qualify as investment capital. A taxpayer is *principally engaged in the business of lending funds* if more than 50% of its gross receipts consist of interest from (1) loans made by the taxpayer, and (2) net gain from the sale or redemption of notes or other evidences of indebtedness arising from such loans. In making this computation, you must include both your own gross receipts consisting of interest from such loans and net gain, **plus** the distributive share of the partnership's gross receipts consisting of (1) interest from loans made by the partnership and (2) net gain arising from loans made by the partnership (line 48). See Regulation section 3-3.2(d)(2)(ii).

#### Line 16 – Total average value of stocks, bonds, and other securities

The partnership has reported on this line your proportionate part of the partnership's average value of stocks, bonds, and other securities. You must use this information to determine your subsidiary capital, investment capital, and business capital, and include the proper amounts on the appropriate lines of your franchise tax return.

#### Line 17 – Total liabilities directly attributable to stocks, bonds, and other securities

The partnership has reported on this line your proportionate part of the partnership's total liabilities directly attributable to stocks, bonds, and other securities. You must use this information to determine your subsidiary capital, investment capital, and business capital, and include the proper amounts on the appropriate lines of your franchise tax return.

#### Line 18 – Total average value of cash on hand and on deposit

The partnership has reported on this line your proportionate part of the partnership's total average value of cash on hand and cash on deposit. At your election, cash on hand and cash on deposit may be treated on any report as either investment capital or business capital. In making the election, you must take into account your proportionate part listed on this line that constitutes cash on hand and cash on deposit (see Regulation sections 3-3.2(a)(1) and 3-3.3(d)).

Include the amount from line 18 as either business capital or investment capital on the applicable lines of your corporate

franchise tax return. Cash cannot be split; you must treat it as all business capital or all investment capital.

**Line 19 – Total liabilities directly attributable to cash on hand and on deposit**

The partnership has reported on this line your proportionate part of the partnership's total liabilities directly attributable to cash on hand and cash on deposit. If you elected to treat cash on hand as business capital, then reduce business capital by the line 19 amount. If you elected to treat cash on hand as investment capital, then reduce investment capital by the line 19 amount. Include the amount for line 19 in the calculation of either business capital or investment capital on the applicable lines of your franchise tax return.

**Partner's share of income from stocks, bonds, and other securities**

The partnership has reported on these lines your distributive share of interest income from each stock, bond, and other security and provided a breakdown to allow you to determine your income from subsidiary capital, investment capital, and business capital.

**Line 20 – Interest income from corporate and governmental debt instruments**

Include on Form CT-3-ATT, line 8, or on Form CT-3-A, line 202, the interest income from corporate and governmental debt instruments that is properly classified as **investment capital** and included on Form CT-3-ATT, line 1, or on Form CT-3-A, line 196.

Include on Form CT-3-ATT, line 23, or on Form CT-3-A, line 216, the interest income from corporate and governmental debt instruments that is properly classified as **subsidiary capital**.

**Line 21 – Interest income from bank accounts**

Include on Form CT-3-ATT, line 9, or on Form CT-3-A, line 203, the interest income received from bank accounts (cash) if included on Form CT-3-ATT, or CT-3-A/ATT, line 6. Include interest income received from a savings account, checking account, time deposit account (other than a certificate of deposit), or similar accounts, which are usually evidenced by a passbook.

**Line 22 – All other interest income from stocks, bonds, and other securities**

Include on Form CT-3-ATT, line 10, or on Form CT-3-A, line 204, all other interest income from stocks, bonds, and other securities that is properly classified as **investment capital** and that is included on Form CT-3-ATT, line 2, or on Form CT-3-A, line 197.

Include on Form CT-3-ATT, line 23, or on Form CT-3-A, line 216, all other interest income from stocks, bonds, and other securities that is properly classified as **subsidiary capital**.

**Line 23 – Dividend income from stocks, bonds, and other securities**

Include on Form CT-3-ATT, line 11, or on Form CT-3-A, line 205, the dividend income from stocks, bonds, and other securities that is properly classified as **investment capital** and that is included on Form CT-3-ATT, line 4, or on Form CT-3-A, line 198.

Include on Form CT-3-ATT, line 24, or on Form CT-3-A, line 217, the dividend income from stocks, bonds, and other securities that is properly classified as **subsidiary capital**.

**Line 24 – Net capital gain or loss from stocks, bonds, and other securities**

Include on Form CT-3-ATT, line 12, or on Form CT-3-A, line 206, the net capital gain or loss from stocks, bonds, and other

securities that is properly classified as **investment capital** and that is included on Form CT-3-ATT, line 4.

Include on Form CT-3-ATT, line 25, or on Form CT-3-A, line 218, the net capital gain or loss from stocks, bonds, and other securities that is properly classified as **subsidiary capital**.

**Line 25 – Income from stocks, bonds, and other securities other than interest, dividends, capital gains, or capital losses**

Include on Form CT-3-ATT, line 13, or on Form CT-3-A, line 207, the amount that is properly classified as **investment income**.

**Lines 26 through 29 – Interest and noninterest deductions**

The partnership has reported on these lines your distributive share of interest and noninterest deductions and provided a breakdown to allow you to determine deductions that are directly or indirectly attributable to business, investment, or subsidiary capital. For information on what deductions are directly attributable to business, investment, or subsidiary capital, see the instructions for the franchise tax return you are filing.

**Line 26 – Interest deductions directly attributable to stocks, bonds, and other securities**

Include on Form CT-3-ATT, line 15, or on Form CT-3-A, line 209, the amount of **interest** deductions allowable in the computation of ENI that are **directly** attributable to **investment capital** (or to income, losses, or gains from investment capital).

Include on Form CT-3 or CT-3-A, line 4a, the amount of **interest** deductions allowed in the computation of ENI that are **directly** attributable to **subsidiary capital** (or to income, losses, or gains from subsidiary capital).

**Line 27 – Noninterest deductions directly attributable to stocks, bonds, and other securities**

Include on Form CT-3-ATT, line 16, or on Form CT-3-A, line 210, the amount of **noninterest** deductions allowable in the computation of ENI that are **directly** attributable to **investment capital** (or to income, losses, or gains from investment capital).

Include on Form CT-3 or CT-3-A, line 4b, the amount of **noninterest** deductions allowed in the computation of ENI that are **directly** attributable to **subsidiary capital** (or to income, losses, or gains from subsidiary capital).

**Line 28 – Total interest deductions**

Include this amount on line A of the *Line 5a worksheet* for Form CT-3 or CT-3-A, and on line A of the *Line 17 worksheet* for Form CT-3-ATT or on line A of the *Line 211 worksheet* for Form CT-3-A. These worksheets are found in Form CT-3/4-I, or in Form CT-3-A-I.

**Line 29 – Total noninterest deductions**

Include this amount on line A of the *Line 5b worksheet* for Form CT-3 or CT-3-A, and on line A of the *Line 18 worksheet* for Form CT-3-ATT or on line A of the *Line 212 worksheet* for Form CT-3-A. These worksheets are found in Form CT-3/4-I, or in Form CT-3-A-I.

**Partner's share and proportionate part of the business allocation percentage information and Metropolitan Commuter Transportation District (MCTD) allocation percentage information**

**Line 30a** – If the partnership marked an **X** in the Yes box indicating that it did business, employed capital, owned or leased property, or maintained an office in New York State, then you must file a corporate franchise tax return.

If you are using the aggregate method you must include your distributive share of the partnership's receipts and payroll within and outside of New York State, and your distributive share or proportionate part of the partnership's property within and outside of New York State when computing your business allocation percentage (BAP) and alternative BAP.

If you are a foreign corporate limited partner that makes the election under Regulation section 3-13.5 use **only** your distributive share of the partnership's receipts and payroll within and outside of New York State, and **only** your distributive share or proportionate part of the partnership's property within and outside of New York State when computing your BAP and alternative BAP.

**Line 30b** – If the partnership marked an **X** in the Yes box indicating that it did business, employed capital, owned or leased property, or maintained an office in the MCTD, then you must file Form CT-3M/4M and pay a metropolitan transportation business tax (MTA surcharge) on business done in the Metropolitan Transportation Authority region.

If you are using the aggregate method, you must include your distributive share of the partnership's receipts and payroll within both the MCTD and New York State, and your distributive share or proportionate part of the partnership's property within both the MCTD and New York State when computing your MCTD allocation percentage.

If you are a foreign corporate limited partner that makes the election under Regulation section 3-13.5, use **only** your distributive share of the partnership's receipts and payroll within both the MCTD and New York State, and **only** your distributive share or proportionate part of the partnership's property within both the MCTD and New York State when computing your MCTD allocation percentage.

### Average value of property

If you are required to calculate a New York State property factor for purposes of the BAP and the alternative BAP, you must include your distributive share or proportionate part of the partnership's real and tangible personal property, owned or rented, **within** New York State and your distributive share or proportionate part of the partnership's real and tangible personal property, owned or rented, **within and outside** of New York State during the applicable partnership year.

If you are required to calculate an MCTD allocation percentage, you must include your distributive share or proportionate part of the partnership's real and tangible personal property, owned or rented, **within** the MCTD and your distributive share or proportionate part of the partnership's real and tangible personal property, owned or rented, **within** New York State during the applicable partnership year.

**Applicable partnership year** – means any tax year of the partnership ending within or with the tax year of the partner.

Use the adjusted basis used for federal income tax purposes to value real and tangible personal property owned. However, you may make a one-time, revocable election to value real and tangible personal property at FMV. You must make this election on or before the due date (or extended due date) for filing your franchise tax return for your first tax year.

### Inter-entity rented real or tangible personal property between the partnership and the corporate partner

The amount of rented real or tangible personal property reported to you by the partnership does **not** include your distributive share of the partnership's rental expense for property you rented to the partnership (see Regulation section 4-6.5(a)(2)(i)). The

partnership was already instructed to eliminate these inter-entity rental expenses when preparing Form IT-204-CP.

If you have leased or rented real or tangible personal property **from** the partnership, include **both** your proportionate part of such property and eight times the amount of rental expense that is deemed to have been paid to the other partners for such property. The amount of rental expense deemed paid to other partners is your total rental expense paid to the partnership less your distributive share of the partnership's rental income from such property.

### Lines 31 and 32 – Adjusted basis and FMV of real estate owned

If you made the election to value real and tangible personal property at FMV, then include the FMV of real property owned from line 32 when calculating your BAP, alternative BAP, and MCTD allocation percentage. Otherwise include the adjusted basis from line 31.

### Lines 34 and 35 – Adjusted basis and FMV of inventories owned

If you made the election to value real and tangible personal property at FMV, then include the FMV of inventory owned from line 35 when calculating your BAP, alternative BAP, and MCTD allocation percentage. Otherwise include the adjusted basis of the inventory from line 34.

### Lines 36 and 37 – Adjusted basis and FMV of tangible personal property owned

If you made the election to value real and tangible personal property at FMV, then include the FMV of tangible personal property from line 37 when calculating your BAP, alternative BAP, and MCTD allocation percentage. Otherwise include the adjusted basis of the tangible personal property from line 36.

### Receipts in the regular course of business from:

If you are required to calculate a New York State receipts factor for purposes of the BAP and the alternative BAP, you must include your distributive share of the partnership's business receipts **within** New York State and your distributive share of the partnership's business receipts **within and outside** of New York State during the applicable partnership year.

If you are required to calculate an MCTD allocation percentage, you must include your distributive share of the partnership's business receipts **within** the MCTD and your distributive share of the partnership's business receipts **within** New York State during the applicable partnership year.

### Inter-entity receipts between the partnership and the corporate partner

The amount of business receipts reported to you by the partnership does **not** include your distributive share of the partnership's business receipts from sales to you (see Regulation section 4-6.5(a)(2)(ii)). The partnership was already instructed to eliminate these inter-entity receipts when preparing Form IT-204-CP.

If you have receipts from sales to the partnership, reduce gross receipts from your sales to the partnership by your distributive share of such purchases by the partnership (see Regulation section 4-6.5(a)(2)(ii)).

### Payroll

#### Line 44 – Wages and other compensation of employees, except employees having partnership-wide authority

If you are required to calculate a New York State payroll factor for purposes of the BAP and the alternative BAP, you must

include your distributive share of the wages, salaries, and other personal service compensation paid by the partnership to its employees (**except** employees of the partnership having partnership-wide authority or having responsibility for an entire division of the partnership) **within** New York State and your distributive share of the wages, salaries, and other personal service compensation paid by the partnership to its employees (**except** employees of the partnership having partnership-wide authority or having responsibility for an entire division of the partnership) **within and outside** of New York State during the applicable partnership year.

If you are required to calculate an MCTD allocation percentage, you must include your distributive share of the wages, salaries, and other personal service compensation paid by the partnership to its employees (**except** employees of the partnership having partnership-wide authority or having responsibility for an entire division of the partnership) **within** the MCTD and your distributive share of the wages, salaries, and other personal service compensation paid by the partnership to its employees (**except** employees of the partnership having partnership-wide authority or having responsibility for an entire division of the partnership) **within** New York State during the applicable partnership year.

#### **Line 45 – Number of employees**

A new small business concern may claim an exemption from the tax on the capital base for its first two tax years if it meets the requirements under Tax Law section 210(1-c). To determine if you qualify as a small business concern, you must take into account your proportionate part of the partnership amounts described in paragraph (d) of that subdivision. Therefore, you must include your proportionate part of the number of employees of the partnership located **within and outside** of New York State.

### **Partner's share and proportionate part of receipts and qualified manufacturing property**

#### **Line 46 – New York receipts**

You must include your distributive share of New York receipts in determining the tax measured by the fixed dollar minimum.

Include this amount on Form CT-4, line 31; on Form CT-3, line 74a; on Form CT-3-S, line 22; or on Form CT-3-A, line 74a, and Form CT-3-A/C, line 1a.

#### **Line 47 – Total receipts from the sale of goods by manufacturing**

This amount may be needed when making the determination if you (or the combined group) qualify as a manufacturer.

#### **Line 48 – Total receipts from the lending of funds**

Include this amount to determine if you are principally engaged in the lending of funds to decide if a debt instrument qualifies as investment capital.

#### **Line 49 – Adjusted basis of qualified manufacturing property**

This amount may be needed when making the determination if you (or the combined group) qualify as a New York manufacturer.

### **Partner's share of New York modifications (for New York S corporations only)**

The listed modifications on Form IT-204-CP are to be added to, or subtracted from, the federal adjusted gross income or federal itemized deductions on the New York State income tax return of each S corporation shareholder to determine total New York income and the New York itemized deduction, respectively. Report this information on Form CT-225 and Form CT-34-SH, *New York S Corporation Shareholders' Information Schedule*.

#### **Lines 50a through 50f – New York State additions**

Include the EA modification number and its amount on Form CT-225, line 3.

#### **Lines 52a through 52f – New York State subtractions**

Include the ES modification number and its amount on Form CT-225, line 8.

#### **Line 55 – Total additions to federal itemized deductions**

Include this amount on Form CT-34-SH, line 6.

#### **Line 57 – Total subtractions from federal itemized deductions**

Include this amount on Form CT-34-SH, line 7.

### **Partner's share of income, deductions, etc.**

You must include the distributive share of each partnership item of receipts, income, gain, loss, and deduction in the computation of your ENI base (which includes federal taxable income). Each partnership item of receipts, income, gain, loss and deduction has the same source and character in the hands of the partner for Article 9-A purposes as such items have for the partner for federal income tax purposes. Include the appropriate amounts listed on lines 59 through 76 when calculating your federal taxable income on your corporate franchise tax return.

### **Partner's credit information**

The Form IT-204-CP provided to you by your partnership lists your distributive share of any credits, credit components, credit factors, recapture of credits, and other information reported by the partnership during the tax year. You need this information when completing your corporate franchise tax return.

### **Part 1 – Flow-through credit bases and information**

#### **Lines 77 through 79 – Brownfield redevelopment tax credit**

Include the amounts reported on lines 77 through 79, column A, on the appropriate lines of Form CT-611, *Claim for Brownfield Redevelopment Tax Credit, for Qualified Sites Accepted into the Brownfield Cleanup Program Prior to June 23, 2008*; or the amounts from column B on Form CT-611.1, *Claim for Brownfield Redevelopment Tax Credit, for Qualified Sites Accepted into the Brownfield Cleanup Program on or After June 23, 2008*.

#### **Lines 80 through 82 – EZ capital tax credit**

Include the amounts reported on lines 80 through 82 on the appropriate lines of Form CT-602, *Claim for EZ Capital Tax Credit*.

#### **Lines 83 through 85 – QEZE tax reduction credit**

Enter the QEZE employment increase factor, QEZE zone allocation factor, and QEZE benefit period factor reported on lines 83 through 85 on the appropriate lines of Form CT-604-CP, *Claim for QEZE Credit for Real Property Taxes and QEZE Tax Reduction Credit for Corporate Partners*.

**Line 86 through 89 – Excelsior jobs program tax credit**

Include the excelsior jobs program tax credit components reported on lines 86 through 89 on the appropriate lines of Form CT-607, *Claim for Excelsior Jobs Program Tax Credit*.

**Lines 90 through 93 – Farmers' school tax credit**

Include the acres of qualified agricultural property, acres of qualified conservation property, eligible school district property taxes paid, and acres of qualified property converted to nonqualified use reported on lines 90 through 93 on the appropriate lines of Form CT-47, *Claim for Farmers' School Tax Credit*.

**Other flow-through credit bases and information**

**Lines 94a through 94f**

If the partnership entered code 212, include your proportionate part of the investment tax credit base (excluding R&D property) on Form CT-46, *Claim for Investment Tax Credit*.

If the partnership entered code 218, include your proportionate part of the R&D investment tax credit base on Form CT-46.

If the partnership entered code 163, include your proportionate part of the EZ investment tax credit base on Form CT-603, *Claim for EZ Investment Tax Credit and EZ Employment Incentive Credit*.

If the partnership entered code 165, include your proportionate part of the EZ investment tax credit base on Form CT-605, *Claim for EZ Investment Tax Credit and EZ Employment Incentive Credit for the Financial Services Industry*.

If the partnership entered code 252, include your proportionate part of the investment tax credit base on Form CT-44, *Claim for Investment Tax Credit for the Financial Services Industry*.

If the partnership is a shareholder of a C corporation that has a special gross income from farming election, information regarding the election is reported on lines 94a through 94f. You will need this information to complete your Form CT-47. Enter the amounts reported on lines 94a through 94f on the appropriate Worksheets A, B, and D in Form CT-47-I, *Instructions for Form CT-47*.

- Code **148** – Distributive share of entire net income amount
- Code **146** – Distributive share of principal payments paid on farm indebtedness
- Code **149** – Distributive share of gross income
- Code **147** – Distributive share of gross income from farming

**Lines 94g through 94l**

If the following codes are reported on lines 94g through 94l, when filing your Form(s) CT-604-CP, transfer the factors reported on lines 94g through 94l to the appropriate lines of Form CT-604-CP.

- Code **CFI** – Employment increase factor
- Code **CF2** – Zone allocation factor
- Code **CF3** – Benefit period factor

If the following codes are reported on these lines, when filing your Form(s) CT-638, *START-UP NY Tax Elimination Credit*, transfer the information reported on these lines to the appropriate lines on Form CT-638.

- Code **SN1** – Certificate number
- Code **SN2** – Year of business tax benefit period
- Code **SN3** – Area allocation factor

**Part 2 – Flow-through credits, addbacks, and recaptures**

**Lines 95 and 96**

For those credits, addback of credits, and recaptures not specifically listed on Form IT-204-CP, the partnership provides you with the code and your distributive share of each of these items. You **must** complete a separate credit form reporting your distributive share of the credit, credit components, credit factors, and recapture of credit for each credit listed. See the chart below for a list of the codes for the credits, addback of credits, and recapture amounts entered on lines 95 and 96.

**Part 3 – START-UP NY tax elimination credit information**

**Lines 97, 98, and 99** – Include the information from these lines on the appropriate lines of Form CT-638.

**Be sure to submit all applicable credit forms with your franchise tax return.** For more information on the reporting of credits, see the instructions for the particular credit form you are filing.

**Lines 95 and 96 – Other flow-through credits, addbacks, and recaptures**

Code number	Name of credit or addback	Form number
161	<b>EZ wage tax credit</b>	CT-601
163	<b>EZ investment tax credit</b> (and employment incentive credit)	CT-603
163	Addback on early dispositions	CT-603
165	<b>FSI EZ investment tax credit</b> (and employment incentive credit)	CT-605
165	Addback on early dispositions	CT-605
166	<b>QEZE credit for real property taxes</b>	CT-604-CP
166	Addback	CT-604-CP

**Other flow-through credits, addbacks, and recaptures** *(continued)*

<b>Code number</b>	<b>Name of credit or addback</b>	<b>Form number</b>
170	<b>Brownfield redevelopment tax credit</b> addback	CT-611.1
171	<b>Brownfield redevelopment tax credit</b> addback	CT-611
172	<b>Brownfield credit for real property taxes</b>	CT-612
172	Addback for real property taxes	CT-612
173	<b>Brownfield credit for environmental remediation insurance</b>	CT-613
173	Addback for environmental remediation insurance	CT-613
212	<b>Investment credit</b> (and employment incentive credit and historic barn rehabilitation credit)	CT-46 and CT-46-ATT
212	Addback on early dispositions	CT-46 and CT-46-ATT
236	<b>Taxicabs and livery service vehicles accessible to persons with disabilities credit</b> (For costs incurred on or after January 1, 2011)	CT-236
238	<b>Rehabilitation of historic properties credit</b>	CT-238
238	Addback on early dispositions	CT-238
248	<b>Empire State film production credit</b> (current tax year credit)	CT-248
B48	<b>Empire State film production credit</b> (second year credit)	CT-248
C48	<b>Empire State film production credit</b> (third year credit)	CT-248
249	<b>Long-term care insurance credit</b>	CT-249
250	<b>Defibrillator credit</b>	CT-250
251	<b>Employment of persons with disabilities credit</b>	CT-41
252	<b>FSI investment tax credit</b> (and employment incentive credit)	CT-44
252	Addback on early dispositions	CT-44
253	<b>Alternative fuels credit</b> addback on early dispositions	CT-40
256	<b>Special additional mortgage recording tax credit</b>	CT-43
301	<b>Clean heating fuel credit</b>	CT-241
302	<b>Conservation easement credit</b>	CT-242
303	<b>Biofuel production credit</b>	CT-243
355	<b>Empire State commercial production credit</b>	CT-246
356	<b>Empire State film post-production credit</b> (current tax year credit)	CT-261
B56	<b>Empire State film post-production credit</b> (second year credit)	CT-261
C56	<b>Empire State film post-production credit</b> (third year credit)	CT-261
607	<b>Excelsior jobs program tax credit</b> addback	CT-607
621	<b>QETC employment credit</b>	DTF-621
622	<b>QETC capital tax credit</b>	DTF-622
622	Addback on early dispositions	DTF-622
624	<b>Low-income housing credit</b>	DTF-624
626	Addback	DTF-626
630	<b>Green building credit</b>	DTF-630
631	<b>Security officer training credit</b>	CT-631
	<b>Economic transformation and facility redevelopment program credit</b>	
633	Jobs tax credit component	CT-633
B33	Investment tax credit component	CT-633
C33	Training tax credit component	CT-633
D33	Real property tax credit component	CT-633
633	Addback	CT-633
634	<b>Empire State jobs retention program credit</b>	CT-634
634	Addback	CT-634
635	<b>New York youth works tax credit</b>	CT-635
636	<b>Beer production credit</b>	CT-636
637	<b>Alternative fuels and electric vehicle recharging property credit</b>	CT-637
639	<b>Minimum wage reimbursement credit</b>	CT-639
640	<b>START-UP NY telecommunication services excise tax credit</b>	CT-640
641	<b>Manufacturer's real property tax credit</b>	CT-641