



# Instructions for Form CT-657 COVID-19 Capital Costs Credit

## General information

The COVID-19 capital costs credit is available to small businesses that operate in New York State and have incurred certain qualified COVID-19 capital costs.

You must submit a completed application to Empire State Development (ESD) to claim the credit. If your application is approved, ESD will issue a certificate detailing the amount of tax credit available to claim. All determinations regarding eligibility are made by ESD.

For more information about the COVID-19 capital costs credit and a list of qualifying costs, visit the ESD website at [esd.ny.gov](http://esd.ny.gov) and see *COVID-19 Capital Costs Tax Credit Program*.

## Eligibility

You are eligible for this credit if you:

- are subject to tax under Tax Law Article 9-A or 22;
- had no more than 100 employees and had gross receipts of \$2.5 million or less in the tax year that included December 31, 2021;
- incurred at least \$2,000 of qualified COVID-19 capital costs from January 1, 2021, through December 31, 2022; **and**
- have received, or are the owner of a business entity that has received, a certificate of tax credit issued by ESD.

## Credit details

The credit is equal to 50% of the qualified COVID-19 capital costs incurred. The minimum amount of the credit is \$1,000 and the maximum amount of the credit is \$25,000.

Do not include any expense or cost, paid or incurred, to calculate **this** credit that you used to calculate **any other** tax credit.

The credit may not reduce the tax below the fixed dollar minimum tax.

If you do not use the full amount of the credit against your tax liability this year, you may request a refund or apply the overpayment to next year's tax. However, the Tax Department will not pay interest on the refund or overpayment.

You are required to recapture any previous credit due to a revocation of a certificate of tax credit. See *Schedule D*.

You may not apply this credit to the metropolitan transportation business tax (MTA surcharge) under Article 9-A.

## How to claim the credit

Claim the tax credit in the taxable year that includes the date that the certificate of tax credit was issued by ESD to your business.

**New York S corporations:** You must calculate the credit and file this form with Form CT-3-S, *New York S Corporation Franchise Tax Return*. However, the S corporation may not use the credit against its own tax liability. Instead, the S corporation must pass the credit through to its shareholders to use against their personal income tax liabilities on their New York State personal income tax returns. Complete only Schedules A and B.

**Combined filers:** A taxpayer filing as a member of a combined group may claim the credit, which is computed on a separate basis but applied against the combined tax.

**Individuals:** If you are an individual partner in a partnership (including members of a limited liability company treated as a partnership for federal tax purposes), or a shareholder of an S corporation, and you wish to claim the COVID-19 capital costs credit, use Form IT-657, *COVID-19 Capital Costs Credit*. Do **not** file Form CT-657.

## Line instructions

**Line A:** Mark an **X** in the appropriate box to determine the parts of this form that you need to complete. If you are claiming this credit **both** as a corporation that earned the credit **and** as a corporate partner receiving a share of the credit, mark an **X** in the Yes box and complete all appropriate schedules on one Form CT-657.

**Additional forms:** If you have more entries than will fit on the lines provided in Schedules A, B, and D, submit additional Forms CT-657, completing only the necessary schedules. Include your name and taxpayer identification number on each form. On the indicated line of the first Form CT-657, include the totals from all additional Forms CT-657. Place the extra forms behind the first Form CT-657 and submit them with your return.

## Schedule A: Computation of credit

Use the information from the *COVID-19 Capital Costs Tax Credit 2023 Certificate of Tax Credit* you received from ESD to complete this schedule. The amount entered cannot exceed the amount shown on the certificate of tax credit. If needed, see *Additional forms*.

Keep a copy of the certificate of tax credit to provide upon request.

## Schedule B: Partnership information

If you were a partner in a partnership and received a share of the COVID-19 capital costs credit from that entity, complete this schedule. Enter the name, employer identification number, and certificate number from the certificate of tax credit issued to the partnership, and the credit amount passed through to you from each partnership. Obtain this information from any partnerships allocating the credit to you. If needed, see *Additional forms*.

### Line 3

**New York S corporations:** Transfer this amount to the applicable line of Form CT-34-SH, *New York S Corporation Shareholders' Information Schedule*, and provide your shareholders with their proportionate share of this line. The shareholders will file Form IT-657 to claim this credit on their New York State personal income tax returns.

## Schedule C: Computation of credit, used, refunded, or credited as an overpayment to the next tax year

### Lines 4 and 7 entries table

If you filed	Enter on line 4 any net recapture of other tax credits, plus the amount from	Enter on line 7 the minimum tax below
Form CT-3	Part 2, line 2	Part 2, line 1c amount
Form CT-3-A	Part 2, line 2	Part 2, line 1c amount

**Line 4:** Enter your tax due before credits using the *Lines 4 and 7 entries table* above.

**Line 5:** If you are claiming more than one tax credit for this year, enter the total amount of credits claimed before applying this credit; otherwise enter 0. You must apply tax credits in a certain order.

For the correct order of credits, see Form CT-600-I, *Instructions for Form CT-600, Ordering of Corporation Tax Credits*.

If you are filing as a member of a combined group, include any amount of tax credits—including the COVID-19 capital costs credit—claimed by other members of the combined group that you want to apply before this credit.

**Line 7:** Enter the fixed dollar minimum tax using the *Lines 4 and 7 entries table* above.

## Schedule D: Recapture of credit

If ESD has partially or entirely revoked a previously claimed COVID-19 capital costs credit that you earned directly or from a partnership, the amount of credit revoked by ESD must be added back to your tax for the tax year in which the revocation becomes final.

Enter the certificate number in column A, and the amount of revoked credit in column B. If needed, see *Additional forms*.

### Line 13

**C corporations:** Enter this amount as a negative number using a minus sign (-) in the appropriate box of the summary of tax credits claimed section of your franchise tax return.

**New York S corporations:** Enter this amount on Form CT-34-SH and provide your shareholders with their proportionate share of this amount. The shareholder will enter this amount on Form IT-657.