



Instructions for Form CT-33.1

Claim for CAPCO Credit

CT-33.1-I

General information

The certified capital company (CAPCO) credit is equal to 100% of a taxpayer's investment of certified capital in CAPCOs established under Tax Law, Article 1, section 11. You must claim the credit over 10 years, with 10% allowed each year. The total credit available in any particular tax year is the 10% allowed for that year plus any carryovers from prior years.

CAPCO program 5

Tax Law section 11 provides for CAPCO program 5. This program provides \$60 million of certified capital, which may be allocated and allowed as tax credits under Tax Law section 11 and Article 33 section 1511(k). Although investments in this program began in 2005, the credits were not allowed to be claimed until 2007. For more information, see TSB-M-05(3)C, *Summary of Corporation Tax Legislative Changes Enacted in 2005*.

Transferability of CAPCO tax credits

The Tax Law allows an insurance corporation that is a certified investor in a CAPCO to transfer or sell unused CAPCO tax credits, in whole or in part, to any affiliate within an affiliated group of taxpayers that is subject to tax under Article 33. The transfer or sale of the credit will not affect the time schedule for claiming the credit transferred or sold.

The insurance corporation making the transfer or sale must notify the Tax Department and the Department of Financial Services of the transfer or sale of the credit within 45 days of the date of the transfer. There is no specific form to notify the Tax Department and the Department of Financial Services. The insurance corporation that transfers or sells the credit must send a letter including the names of the corporations and their employer identification numbers, the date of transfer or sale, program number under which the credit was allocated, and the total amount of unused credit being transferred or sold, to the following addresses:

**NYS TAX DEPARTMENT
TDAB- CT DESK AUDIT
W A HARRIMAN CAMPUS
ALBANY NY 12227-5299**

If not using U.S. Mail, see Publication 55, *Designated Private Delivery Services*.

**NYS DEPARTMENT OF FINANCIAL SERVICES
OFFICE OF FINANCIAL MANAGEMENT
ONE COMMERCE PLAZA
ALBANY NY 12257**

Once the insurance corporation has properly notified the Tax Department and the Department of Financial Services of the transfer, the affiliate may claim a credit or refund of the CAPCO credit transferred. The transferee corporation claims the CAPCO credit by filing Form CT-33.1.

Additional forms: If you have more entries than will fit on the lines provided in Part 3, 5, 6, 7 or 8, submit additional Forms CT-33.1, completing only the necessary parts. Include your name and employer identification number on each form. On the indicated lines of the first Form CT-33.1, include the totals from all additional Forms CT-33.1. Place the extra forms behind the first Form CT-33.1 and submit them with your return.

Line instructions

Part 1 – Computation of certified capital company (CAPCO) credit

Before completing this part, complete applicable Parts 3 through 8. Complete Part 3 to calculate the allocated CAPCO credit available for the current tax year. Complete Part 4 to recapture credit previously allowed. **Transferors:** Complete Part 5 if you transferred unused allocated credit to an affiliate. Complete Part 8 if you transferred unused carryforward credit to an affiliate. **Transferees:** Complete Part 6 if an affiliate transferred unused allocated credit to you. Complete Part 7 if an affiliate transferred unused carryforward credit to you.

Line 6 – Enter the total amount of unused CAPCO credit carried forward from line 20 of the previous year's Form CT-33.1.

Line 11 – Subtract line 10 from line 9. This is the net CAPCO tax credit available for the current tax year. If the amount on line 10 is greater than the amount on line 9, you have a net recaptured tax credit; enter this amount as a negative in the appropriate credit box on franchise tax return Form CT-33, line 101, Form CT-33-NL, line 47, or Form CT-33-A, line 116. If the amount on line 9 is greater than the amount on line 10, complete Part 2.

Part 2 – Computation of CAPCO credit used and carried forward

Line 12 – Enter the amount from the following franchise tax returns, **plus** any net recapture of other tax credits:

- Form CT-33, line 11
- Form CT-33-A, line 15
- Form CT-33-NL, line 5

Line 13 – If you are claiming more than one tax credit, enter the total amount of credits applied against the current year's franchise tax before the CAPCO credit. If the CAPCO credit is the only credit that is being applied against the current year's franchise tax, enter **0**. If you are included in a combined return, include any amount of tax credit(s) being claimed by other members of the combined group, including the credit for the CAPCO tax credit, that you wish to apply before your CAPCO credit.

Line 15 – The CAPCO credit may not reduce the tax below the minimum tax. For an insurance company filing on an individual basis, enter **250** on this line. For a life insurance company filing as a member of a combined group, enter the sum of lines 4 and 12 from Form CT-33-A.

Line 17 – Enter the lesser of line 11 or line 16. Transfer this amount to your franchise tax return.

Part 3 – Allocated CAPCO credit available for the current tax year

Column A – For each CAPCO investment, identify the name of the CAPCO, the program number, and the tax year of the investment. If needed, see *Additional forms*.

Column B – Enter the total amount of CAPCO credit allocated by the Superintendent of Financial Services for each CAPCO investment.

Column D – Enter the total amount of allocated credit available in all prior tax years.

Part 4 – Computation of CAPCO credit recapture

Lines 22 through 26 – If the CAPCO is decertified or revoked from the CAPCO program, the credit will be disallowed and any credit previously taken must be recaptured using lines 22 through 26. **Transferor/Transferees:** Any portion of the credit that is transferred to affiliates that is required to be recaptured will be the responsibility of the taxpayer who actually claimed the credit.

If you are required to recapture a credit previously taken, provide a backup schedule including the name of the CAPCO, the program number, the tax year of the investment, and the amount of CAPCO credit previously taken for each CAPCO that is decertified or whose certification is revoked.

Line 25 – Enter 100% of the credit previously taken if the CAPCO certificate is revoked before the later of: (1) the third anniversary of the certification date of the CAPCO; or (2) the date on which the CAPCO satisfies the requirements for continuance of certification in Tax Law section 11(c)(1)(C).

Part 5 – Allocated CAPCO credit transferred to affiliates for the current tax year

Complete this part **only** if you transferred allocated credit to an affiliate.

Column A – For each CAPCO investment transferred, identify the name of the CAPCO, the program number, and the tax year of the investment. If needed, see *Additional forms*.

Column D – Enter the total amount of unused CAPCO credit allocated by the Superintendent of Financial Services transferred to affiliates.

Column E – The percentage of available credit for the current tax year is 1 divided by the number of years remaining to claim the credit as of the date that the allocated credit was transferred.

Example: Corporation A invested \$1 million in 2018 and began claiming the credit in 2020. Corporation A was allowed a total CAPCO credit of \$200,000 (10% per tax year) for tax years 2020 and 2021. On June 15, 2022, Corporation A transferred \$600,000 (a portion of the remaining allocated credit) to its affiliate Corporation B. Corporation A's percentage of credit available for the current tax year (as well as the next 7 subsequent years) equals 12.5% (1 divided by 8 years remaining to claim the credit as of the date that the allocated credit was transferred).

Part 6 – Allocated CAPCO credit transferred from affiliates for the current tax year

Column A – For each CAPCO investment transferred, identify the name of the CAPCO, the program number, and the tax year of the investment. If needed, see *Additional forms*.

Column D – Enter the total amount of unused CAPCO credit allocated by the Superintendent of Financial Services transferred from affiliates.

Column E – The percentage of available credit for the current tax year is 1 divided by the number of years remaining to claim the credit as of the date that the allocated credit was transferred.

Example: Corporation A invested \$1 million in 2018 and began claiming the credit in 2020. Corporation A was allowed a total CAPCO credit of \$200,000 (10% per tax year) for tax years 2020 and 2021. On June 15, 2022, Corporation A transferred \$600,000 (a portion of the remaining allocated credit) to its affiliate Corporation B. Corporation B's percentage of credit available for the current tax year (as well as the next 7 subsequent years) equals 12.5% (1 divided by 8 years

remaining to claim the credit as of the date that the allocated credit was transferred).

Part 7 – CAPCO credit carryforward transferred from affiliates for the current tax year

Column A – For each CAPCO investment transferred, identify the name of the CAPCO, the program number, and the tax year of the investment. If needed, see *Additional forms*.

Column E – For each CAPCO investment transferred, **only** enter the amount of CAPCO credit **carryforward** transferred from its affiliates.

Part 8 – CAPCO credit carryforward transferred to affiliates for the current tax year

Column A – For each CAPCO investment transferred, identify the name of the CAPCO, the program number, and the tax year of the investment. If needed, see *Additional forms*.

Column E – For each CAPCO investment transferred, **only** enter the amount of CAPCO credit **carryforward** transferred to its affiliates. The column E total cannot exceed line 18.
