



Credit for Alternative Fuel Vehicle Refueling Property and Electric Vehicle Recharging Property

Chapter 59 of the Laws of 2013 provides a credit for alternative fuel vehicle refueling property and electric vehicle recharging property for certain Article 9, 9-A, and 22 taxpayers.

Chapter 59 of the Laws of 2013 (Part G) provides a credit for the installation of *alternative fuel vehicle refueling property* and *electric vehicle recharging property*. The credit applies to qualified property placed in service in New York State during the taxable year. The credit is allowed for tax years beginning on or after January 1, 2013, but before January 1, 2018.

Who is eligible

The credit may be claimed by corporations that are taxable under the following articles of the Tax Law:

- Article 9, section 183 (franchise tax on transportation and transmission corporations and associations);
- Article 9, section 184 (additional franchise tax on transportation and transmission corporations and associations);
- Article 9, section 185 (franchise tax on farmers', fruit growers', and other like agricultural corporations organized and operated on a co-operative basis); and
- Article 9-A (franchise tax on business corporations).

This includes a corporation that is a partner in a partnership (or member of a limited liability company (LLC) that is treated as a partnership for federal income tax purposes).

The credit may also be claimed by resident and nonresident individuals, estates, and trusts that are taxable under Tax Law Article 22 (personal income tax). This includes an individual, estate, or trust that is a partner in a partnership (including a member of an LLC that is treated as a partnership for federal income tax purposes), a shareholder of a New York S corporation, or the beneficiary of an estate or trust.

Qualified property

Alternative fuel vehicle refueling property is all of the equipment needed to dispense into a motorized vehicle any fuel at least 85% of the volume of which consists of one or more of the following: natural gas, liquefied natural gas, liquefied petroleum, or hydrogen.

Electric vehicle recharging property is all the equipment needed to convey electric power from the electric grid or another power source to an onboard vehicle energy storage system.

To qualify for the credit, the property must be used more than 50% in a trade or business carried on by the taxpayer in New York State. Accordingly, the credit would not be allowed for a recharging system installed at an individual's residence and used solely to charge his or her personal automobile.

Amount of credit

The credit for each installation of alternative fuel vehicle refueling property and electric vehicle recharging property is the lesser of \$5,000 or 50% of the cost of the property that:

- is placed in service in New York State during a taxable year beginning on or after January 1, 2013, but before January 1, 2018;
- constitutes qualified alternative fuel vehicle refueling property or electric vehicle recharging property; and
- has not been paid for, **totally or in part**, from the proceeds of grants, including grants from the New York State Energy Research and Development Authority or the New York Power Authority.

Note: The cost of the property includes the labor necessary for each installation.

Calculation of the credit

In the case of a taxpayer installing alternative fuel vehicle refueling property, the credit is computed separately for each fuel dispensing pump, based on the cost of the pump and all the necessary equipment associated with it (such as compression equipment and storage tanks). If more than one pump is being installed in the same location at the same time, the cost for each pump is determined by dividing the total cost for all the pumps and necessary equipment by the number of pumps installed. The amount of the credit allowed per pump by location is the **lesser** of:

- $$\frac{\text{total cost of all pumps and necessary equipment}}{\text{number of pumps}} \quad X \quad 50\%, \text{ or}$$
- \$5,000.

In the case of a taxpayer installing electric vehicle recharging property, the credit is computed separately for each charging station, based on the cost of the charging station and all the necessary equipment associated with it. If more than one charging station is being installed in the same location at the same time, the cost for each charging station is determined by dividing the total cost for all the charging stations and necessary equipment by the number of charging stations installed. The amount of the credit allowed per charging station by location is the **lesser** of:

- $\frac{\text{total cost of all charging stations and necessary equipment}}{\text{number of charging stations}} \times 50\%$, or
- \$5,000.

*Example 1: A taxpayer installs alternative fuel vehicle refueling property during 2013 that consists of one fuel dispensing pump and the equipment necessary to operate that pump. The cost of the fuel dispensing pump is \$12,000 and the cost of the equipment is \$50,000. The amount of credit allowed per pump is the **lesser** of:*

- $\frac{(\$12,000 + \$50,000)}{1 \text{ pump}} \times 50\% = \mathbf{\$31,000}$, or
- **\$5,000.**

The taxpayer's total credit for 2013 is \$5,000 (\$5,000 X 1).

*In 2014, the taxpayer adds two additional fuel dispensing pumps at the same time at the above location. The total cost for the two fuel dispensing pumps is \$24,000 and the cost of additional equipment is \$10,000. The amount of credit allowed per pump is the **lesser** of:*

- $\frac{(\$24,000 + \$10,000)}{2 \text{ pumps}} \times 50\% = \mathbf{\$8,500}$, or
- **\$5,000.**

The taxpayer's total credit for 2014 is \$10,000 (\$5,000 X 2).

*Example 2: A taxpayer installs electric vehicle recharging equipment during 2013 that consists of four charging stations and the equipment necessary to operate the charging stations, all of which are installed at the same location and at the same time. The total cost of the four charging stations is \$32,000 and the cost of the equipment is \$20,000. The amount of credit allowed per charging station is the **lesser** of:*

- $\frac{(\$32,000 + \$20,000)}{4 \text{ charging stations}} \times 50\% = \$6,500$, or
- **\$5,000.**

The taxpayer's total credit for 2013 is \$20,000 (\$5,000 X 4).

*In 2014, the taxpayer adds four additional charging stations at the same time to the above location. The total cost of the four charging stations is \$28,000 and the cost of the additional equipment is \$4,000. The amount of credit allowed per charging station is the **lesser** of:*

- $\frac{(\$28,000 + \$4,000)}{4 \text{ charging stations}} \times 50\% = \$4,000$, or
- **\$5,000.**

The taxpayer's total credit for 2014 is \$16,000 (\$4,000 X 4).

How to claim the credit

Article 9 and Article 9-A corporation taxpayers claim this credit by filing Form CT-637, *Alternative Fuels and Electric Vehicle Recharging Property Credit*, with their franchise tax return.

New York S corporations claim this credit by filing Form CT-637, showing the total amount of credit. The New York S corporation must provide each shareholder with information about his or her share of the credit from the S corporation.

Personal income tax taxpayers claim this credit by filing Form IT-637, *Alternative Fuels and Electric Vehicle Recharging Property Credit*, with their personal income tax return.

Partnerships claim this credit by filing Form IT-637, showing the total amount of the credit. Partnerships must provide each partner with information about the partner's share of the credit from the partnership.

Credit limitation

The alternative fuels and electric vehicle recharging property credit is not refundable. However, any amount of the credit not used in the current tax year may be carried forward for an unlimited number of years.

In addition, the following limitations apply:

- For corporations taxable under Article 9, sections 183 and 184, the credit is first applied against the tax imposed under section 183. The credit may not reduce the tax under section 183 below the minimum tax. Any excess is then applied against the tax imposed by section 184.
- For corporations taxable under Article 9, section 185, the credit cannot reduce the tax below the minimum tax.
- For corporations taxable under Article 9-A, the credit cannot reduce the tax below the higher of the tax on the minimum taxable income base under Tax Law section 210.1(c), or the fixed dollar minimum tax under section 210.1(d).
- For Article 22 taxpayers, the amount of credit may reduce the tax to zero.

Recapture of the credit

If alternative fuel vehicle refueling property or electric vehicle recharging property ceases to be qualified at any time before the end of its recovery period, a recapture amount must be added back in the year in which the cessation occurs. The recovery period is the depreciable life of the property.

Alternative fuel vehicle refueling property and electric vehicle recharging property ceases to be qualified if:

- the property no longer qualifies as alternative fuel vehicle refueling property or electric vehicle recharging property;
- 50% or more of the use of the property in a tax year is other than in a trade or business in New York State; or
- the taxpayer receiving the credit sells or disposes of the property and knows or has reason to know that the property will no longer qualify as alternative fuel vehicle refueling property or electric vehicle recharging property, or that 50% or more of the use of the property in a tax year will be other than in a trade or business in New York State.

The recapture amount is equal to the credit allowable multiplied by a fraction whose numerator is the total recovery period for the property minus the number of recovery years prior to, but not including, the recapture year, and whose denominator is the total recovery period.

(Tax Law sections 187-b, 210.24, and 606(p))

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