



Instructions for Form CT-399 Depreciation Adjustment Schedule

General information

General business corporations, banking corporations, and insurance corporations are subject to depreciation modifications required under Articles 9-A, 32, and 33 when determining New York State taxable income.

- The modifications apply to the federal ACRS/MACRS deduction for property placed in service either inside or outside New York State after 1980 in tax years beginning before 1985.
- The modifications may also apply to ACRS/MACRS property placed in service outside New York State in tax years beginning in 1985 through 1993 if you made the election in 1999 to continue this modification.

However, the modifications do not apply to:

- Property acquired after June 18, 1984, which is subject to the limitations under Internal Revenue Code (IRC) section 280-F (listed property)
- Airlines only – property placed in service before January 1, 1989
- ACRS/MACRS property placed in service in New York State in tax years beginning on or after January 1, 1985
- ACRS/MACRS property placed in service outside New York State in tax years beginning on or after January 1, 1994
- Utilities – property placed in service by a qualified utility, a qualified power producer, or a qualified pipeline
 - A *qualified public utility* is a taxpayer that, (1) on December 31, 1999, was subject to the ratemaking supervision of the New York State Department of Public Service, and (2) for the year ending on December 31, 1999, was subject to tax under former section 186 of the Tax Law.
 - A *qualified power producer* is a taxpayer that, (1) on December 31, 1999, was **not** subject to the ratemaking supervision of the New York State Department of Public Service, and (2) for the year ending on December 31, 1999, was subject to tax under section 186 of the Tax Law because of being principally engaged in the business of supplying electricity.
 - A *qualified pipeline* is a taxpayer that, (1) on December 31, 1999, was subject to the ratemaking supervision of either the Federal Energy Regulatory Commission or the New York State Department of Public Service, and (2) for the year ending on December 31, 1999, was subject to tax under sections 183 and 184 of the Tax Law because of being principally engaged in the business of pipeline transmission.

The depreciation modifications disallow the IRC section 168 ACRS/MACRS deduction and allow a New York State depreciation deduction using any method permitted under IRC section 167. You may continue claiming the New York State depreciation deduction until the property is fully depreciated for New York State purposes.

For further information regarding the depreciation modifications, see TSB-M-82(16)C, TSB-M-85(12)C, TSB-M-89(10)C, TSB-M-94(2)C, and TSB-M-99(1)C.

Who must use this form

Use this form to compute the New York State depreciation modifications:

- if the corporation claimed a federal ACRS/MACRS deduction for property placed in service **either** inside or outside New York State after 1980 in tax years beginning before 1985; or

- if the corporation claimed a federal ACRS/MACRS deduction for property placed in service **outside** New York State in tax years beginning in 1985-1993, and the corporation chose to continue using the IRC section 167 depreciation deduction for such property; or
- if the corporation disposes of ACRS/MACRS property this year, and the New York State depreciation modifications applied to the property in any prior years.

Part I - Computation of the New York State depreciation modifications when computing entire net income

Carryforward from your 2000 Form CT-399, Part II, any depreciable properties which require or are entitled to a New York State depreciation modification this year.

- Column A** — Enter a brief description of each item of property.
- Column B** — Enter the exact date the property was placed in service, including month, day, and year.
- Column C** — Enter the cost or other basis from federal Form 4562. Property placed in service in 1981 must be shown at the original cost and should not be reduced by any depreciation claimed in 1981.
- Column D** — Enter the total amount of federal ACRS or MACRS deduction taken in prior years for each item listed.
- Column E** — Enter the federal ACRS or MACRS deductions taken this year for each item listed. Enter the total of this column on the appropriate line of your franchise tax return (*see line 1*).

Columns

- F and G** — Indicate the depreciation method selected for the computation of the New York State allowable depreciation deduction. Any consistent depreciation method that would have been allowed under IRC section 167, without regard to section 168, is acceptable, including straight line, declining balance, and sum of years digits.
- Column H** — Enter the amount of New York State depreciation allowed in prior years. Exception for air freight forwarders - for each item listed in column A, compute an amount that represents the New York State depreciation you would have shown if you had been taxed under Article 9-A since acquiring the property.
- Column I** — Enter the depreciation computed by the method indicated in column F. The total of this column will be the depreciation allowable as a deduction for New York State. Enter the total amount on the appropriate line of your New York State franchise tax return (*see line 1*).

Line 1 — If you have not disposed of any property placed in service in tax years beginning before 1994, you may stop here and enter the totals of columns E and I on your franchise tax return:

If you file form:	Enter column E total on:	and	Enter column I total on:
CT-3 or CT-3-A	line 7		line 14
CT-3-S or CT-3-S-A	line 6		line 13
CT-4	line 5		line 8
CT-4-S	line 4		line 6
CT-32	Schedule, B, line 28		Schedule B, line 39
CT-32-A	Schedule, B, line 30		Schedule B, line 39
CT-33	line 70		line 81

If you have disposed of property listed in Part I or listed in Part II of Form CT-399 in a prior year, you must complete Part II.

Part II - Disposition adjustments

If you sold or disposed of ACRS/MACRS property this year, and the New York State depreciation modifications applied to the property in any prior years, you must make the applicable depreciation addition or subtraction catch-up modification to bring the New York State depreciation deduction on the property to the federal amount. **(Note:** For property placed in service outside New York State in tax years beginning in 1985 through 1993, the New York State depreciation modifications usually will have applied for some of the depreciation years of the property, whether or not you have elected to switch to IRC section 168 depreciation for the property.)

Example:

A corporation had placed property in service outside New York State during the calendar year 1993. The corporation filed Form CT-399 for the calendar years 1993 through 1998 and computed the separate New York State depreciation deduction under IRC section 167 on Form CT-399.

The corporation filed Form CT-399 for the calendar year 1999 and chose the option to claim the federal depreciation deduction under IRC section 168 for property placed in service outside New York State during calendar year 1993. On June 1, 2001, the corporation sold the property. When computing the disposition adjustment, the corporation would compute the depreciation deduction in column D as follows:

- for calendar years 1993 through 1998, the depreciation deduction computed under IRC section 167; and
- for calendar years 1999 through 2001 the depreciation deduction computed under IRC section 168.

Column A — Enter each item of property separately. Attach a separate sheet if additional room is needed.

Column C — Enter for each item the total amount of ACRS or MACRS deductions used in the computation of federal taxable income for prior and current years.

Column D — Enter for each item the total amount of New York State depreciation deductions used in the computation of prior and current year entire net income. There was no New York State depreciation modification applicable to recovery property for the tax year beginning in 1981. The New York State depreciation deduction conforms with the federal ACRS deduction in that year. Therefore, include the 1981 federal ACRS deduction in this column.

Column E — If the total federal ACRS or MACRS deduction is more than the total New York State depreciation, subtract column D from column C and enter the excess in this column.

Column F — If the total New York State depreciation is more than the federal ACRS or MACRS deduction, subtract column C from column D and enter the excess in this column.

Part IV - Minimum taxable income base depreciation adjustments

Complete Part IV **only** if you completed Part I. In Part IV, list only the properties entered in Part I which were placed in service after 1986.

Line 12 — If you were not required to file Form 4626, compute the amount that would have been reported on line 2a of that form.

If you filed federal Form 4626, attach a copy.

Column A — Enter each item of property separately.

Column B — Enter the exact date the property was placed in service, including month, day, and year.

Column C — Enter the cost or other basis of the property from federal Form 4562.

Column D — Enter the federal depreciation deductions taken this year for each item of property.

Column E — Enter the amount for each item of property following the rules in IRC section 56(a)(1). Use the instructions for federal Form 4626, line 2a, to assist you in this computation.


Need help?


 **Telephone assistance** is available from 8:30 a.m. to 4:25 p.m. (eastern time), Monday through Friday.
Business Tax information: 1 800 972-1233
Forms and publications: 1 800 462-8100
From outside the U.S. and outside Canada: (518) 485-6800
Fax-on-demand forms: 1 800 748-3676

Hearing and speech impaired (telecommunications device for the deaf (TDD) callers only): 1 800 634-2110 (8:30 a.m. to 4:25 p.m., eastern time)



Internet access: www.tax.state.ny.us

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 **If you need to write,** address your letter to: NYS Tax Department, Taxpayer Assistance Bureau, W A Harriman Campus, Albany NY 12227.