



Instructions for Form CT-243

Claim for Biofuel Production Credit

CT-243-1

Temporary deferral of certain tax credits

For tax years beginning on or after January 1, 2010, and before January 1, 2013, if the total amount of certain credits that you may use to reduce your tax or have refunded to you is greater than \$2 million, the excess over \$2 million must be deferred to, and used or refunded in, tax years beginning on or after January 1, 2013. For more information about the credit deferral, see Form CT-500, *Corporation Tax Credit Deferral*.

If you are subject to the credit deferral, you must complete all credit forms without regard to the deferral. However, the credit amount that is transferred to your tax return to be applied against your tax due or to be refunded to you may be reduced. Follow the instructions for Form CT-500 to determine the amounts to enter on your tax return.

General information

For tax years beginning on or after January 1, 2006, and before January 1, 2020, a credit is allowed for biofuel produced on or after January 1, 2006 at a biofuel plant located in New York State. The first 40,000 gallons of biofuel per year presented to market by each biofuel plant are not eligible for the credit. The biofuel production credit is available to taxpayers subject to tax under Article 9 (corporation tax), Article 9-A (franchise tax on business corporations), and Article 22 (personal income tax). Those subject to tax under Article 9 or Article 9-A should complete Form CT-243. Form IT-243, *Claim for Biofuel Production Credit*, is for taxpayers subject to tax under Article 22.

Corporate partners

If you are a corporate partner whose only biofuel production credit is from one or more partnerships, enter on line 4 your pro rata share of the biofuel production credit passed through to you from the partnership(s). Also enter the name, employer identification number (EIN), and the share of the credit for each partnership in Part 3.

New York S corporations

New York S corporations that own a biofuel plant will calculate an amount of biofuel production credit. However, the S corporation may not use the biofuel production credit against its own tax liability; instead, the credit is passed through to the shareholders to use against their personal income tax liabilities on their New York State tax returns.

Combined filers

A taxpayer filing a combined return as a member of a combined group is allowed to claim the biofuel production credit. The biofuel production credit is computed on a separate basis, but is applied against the combined tax.

Amount of credit

The credit amount is equal to fifteen cents per gallon of biofuel produced at a biofuel plant located in New York State, after the production of the first 40,000 gallons per year presented to market. The biofuel must be produced on or after January 1, 2006, to qualify for the credit.

The credit is limited to \$2.5 million per entity per tax year, and can be claimed for four consecutive tax years per biofuel plant. For tax years beginning on or after January 1, 2010, if the taxpayer is a partner in a partnership or shareholder of a New York S corporation, the credit limitation is applied at the partnership or S corporation level.

If the amount of credit allowed for any tax year exceeds the tax for that year, the excess is treated as an overpayment of tax to be refunded or credited to next year's tax. Interest will not be paid on the refund or overpayment.

The credit may not reduce the tax to less than the following:

- The applicable minimum tax fixed by Article 9, section 183 or 185
- The higher of the tax on minimum taxable income base or fixed dollar minimum under Article 9-A.

Under Article 9, the credit must first be deducted from the taxes imposed by section 183. Any credit remaining must then be deducted from the taxes imposed by section 184.

The credit is not allowed against the metropolitan transportation business tax (MTA surcharge) under Article 9 or 9-A.

Definitions

Biofuel means a fuel which includes biodiesel and ethanol. Biofuel may also include any other fuel which meets the standard approved by the New York State Energy and Research Development Authority.

Biodiesel means a fuel comprised exclusively of mono-alkyl esters of long chain fatty acids derived from vegetable oils or animal fats, designated B100, which meets the specifications of American Society of Testing and Materials designation D 6751-02.

Ethanol means ethyl alcohol manufactured in the United States and its territories and sold

- for fuel use and which has been rendered unfit for beverage use in a manner and which is produced at a facility approved by the Federal Bureau of Alcohol, Tobacco, Firearms and Explosives for the production of ethanol for fuel, or
- as denatured ethanol used by blenders and refiners which has been rendered unfit for beverage use.

Biofuel plant means a commercial facility located in New York State at which one or more biofuels are produced.

Line instructions

New York S corporations: Complete only Part 1. Include the line 5 amount on Form CT-34-SH, *New York S Corporation Shareholders' Information Schedule*, which is filed with your New York State corporation franchise tax return. Attach a copy of Form CT-243 to your Form CT-3-S, *New York S Corporation Franchise Tax Return*.

Provide all shareholders with the amount of their pro rata share of the biofuel production credit calculated. The shareholders will file their own Form IT-243 to claim the credit on their New York State personal income tax returns.

Part 1 – Computation of biofuel production credit

Use a separate line for each biofuel plant. If you are claiming a credit for more than three biofuel plants, use additional sheets to report the information in the format used on the form. Include the corporation's name and employer identification number (EIN) on each sheet.

Column A – For each biofuel plant, enter the street number and name, and the city in New York State where the plant is physically located. **Do not** enter a PO box, or the mailing address of the company if it differs from the physical location of the plant.

Column B – The biofuel production credit can be claimed for four consecutive tax years for each biofuel plant. For each plant, mark an **X** in the appropriate box to indicate the tax year for which the biofuel production credit is being claimed.

Column C – Enter the total number of gallons of biofuel produced at each biofuel plant located in New York State for the tax year in which the biofuel was presented to market.

Column D – Subtract 40,000 from the amount in column C to compute the gallons of biofuel eligible for the biofuel production credit. The first 40,000 gallons of biofuel per year presented to market by each biofuel plant are not eligible for the credit.

Column E – Multiply the amount in column D by .15 (15 cents).

Line 4 – If you are a corporate partner receiving a biofuel production credit from one or more partnerships, complete Part 3 and enter the amount from line 15.

Part 2 – Computation of credit used

Lines 6 and 9 entries table

Section 1		
Franchise tax return filed	Enter on line 6 any net recaptured tax credits plus the amount from	Enter on line 9 the amount below
Forms CT-183 and CT-184	Form CT-183, line 4 plus Form CT-184, line 3 or 4	75
Form CT-185	Line 6	10
Form CT-186	Line 5	0
Form CT-3	Line 78	Line 81 amount
Form CT-3-A	Line 77	Line 80 amount
Section 2		
Tax return filed	Enter on line 6 any net recaptured tax credits plus the amount from	Enter on line 9 the amount below
Form CT-186-E	Line 39 plus line 88	0
Form CT-186-P	Line 4	0

Line 6 – Enter your tax before credits using the *Lines 6 and 9 entries table*. The biofuel production credit can be applied to the taxes as computed on the forms listed in *Lines 6 and 9 entries table*. However, the credit cannot be applied against both a franchise tax return listed in Section 1 and a tax return listed in Section 2.

Line 7 – If you are claiming more than one tax credit for this year, enter the amount of credits claimed before applying this credit. Otherwise, enter 0. You must apply certain credits before the biofuel production credit. Refer to the instructions for your franchise tax return to determine the order of credits that applies.

Article 9-A filers: Refer to Form CT-600-I, *Instructions for Form CT-600, Ordering of Corporation Tax Credits*, for the order of credits. 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 biofuel production credit, that you wish to apply before your biofuel production credit.

Line 9 – Enter the amount using the *Lines 6 and 9 entries table*.

Lines 11, 13, and 14 – On line 11, enter the lesser of line 5 or line 10.

If your total credits from all sources are **\$2 million or less**, enter the amounts from lines 11, 13, and 14 on your franchise tax return.

If your total credits from all sources are **more than \$2 million**, you may be subject to the temporary credit deferral. Complete lines 11, 13, and 14 but do not enter the amounts from lines 11, 13, and 14 on your franchise tax return. See Form CT-500 to determine the proper amounts to enter on your franchise tax return.

Part 3 – Partnership information

Only complete Part 3 if you were a partner in a partnership and received a pro rata share of the biofuel production credit from that entity. Enter the name, EIN, and credit amount passed through to you from each partnership.

Need help? and Privacy notification

See Form CT-1, *Supplement to Corporation Tax Instructions*.