



# Instructions for Form CT-636

## Alcoholic Beverage Production Credit

# CT-636-I

### General information

The New York State Tax Law provides a credit to taxpayers who meet the eligibility requirements.

### Eligibility

To be eligible for this credit, you must meet **all** of the following requirements:

- you are subject to tax under Article 9-A or 22,
- you are registered as a distributor under Article 18 (Taxes on Alcoholic Beverages), and
- you produce 60 million gallons or less of beer or cider, 20 million gallons or less of wine, or 800,000 gallons or less of liquor in New York State during the tax year.

A registered distributor that produces more than one type of alcoholic beverage in New York State in the same tax year qualifies for the credit for each alcoholic beverage produced within the production limits stated above. If the production limitation is exceeded for an alcoholic beverage, no credit is allowed for that beverage.

**Example:** *A registered distributor that produced 50 million gallons of cider and 100 million gallons of beer in New York State in the same tax year qualifies to claim the credit for the cider production. The registered distributor would not qualify to claim a credit for the beer production since it produced greater than 60 million gallons of beer in New York State in the tax year.*

### Credit information

The amount of credit per tax year for each gallon of beer, cider, wine, or liquor produced in New York State is:

- 14 cents (.14) per gallon for the first 500,000 gallons produced, plus
- 4.5 cents (.045) per gallon for each gallon produced in excess of 500,000 gallons (up to 15 million additional gallons for beer, cider, or wine and up to 300,000 additional gallons for liquor).

However, no credit is allowed for any beer, cider, or wine produced in excess of 15.5 million gallons, or liquor produced in excess of 800,000 gallons during the tax year.

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

The credit may not reduce the tax due below the fixed dollar minimum tax. Any unused amount of credit for the current tax year will be treated as a refund or overpayment of tax to be credited to next year's tax. Interest will not be paid on the refund or overpayment.

### Line instructions

Complete a separate Form CT-636 for each registered distributor.

**Line A** – Mark an **X** in the appropriate box to determine the parts of this form 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-636.

### Schedules B through F – Computation of credit

Complete the applicable Schedules (B,C,D, and/or E) for the type of alcoholic beverage that was produced.

### New York S corporations

Transfer the amounts from lines 8, 16, 24, 32 and 45 (Columns C through F) to the applicable lines on Form CT-34-SH, *New York*

*S Corporation Shareholders' Information Schedule*, and provide your shareholders with their pro rata share of credit. The shareholders will file their own Form IT-636 to claim the credit on their New York State personal income tax returns.

### Schedule B – Credit for beer produced in New York State in this tax year

#### Parts 1 and 2

**Column A** – Enter the street number and name, and the city in New York State where the beer is produced. Do **not** enter a PO Box, or the mailing address of the company if it differs from the physical location where the beer is produced.

#### Column B

The total gallons to enter from Form MT-50, *Beer Tax Return*, depends on whether you file the form on an annual (calendar-year) or monthly basis.

**Form MT-50 annual filers:** Enter the amount from Form MT-50, line 2, filed for the corporation's tax year.

If you file your corporation tax return on a fiscal-year basis, do **not** enter the amount from Form MT-50. Instead, compute your gallons produced in New York State during the tax year for which you file your corporation tax return, and enter the amount.

**Form MT-50 monthly filers:** Enter the sum of the amounts entered on line 2 of all Forms MT-50 filed for the corporation's tax year.

**Line 3** – Claim the credit for any beer produced in New York State in excess of 500,000 gallons in Part 2. If there were no gallons produced in NYS in excess of 500,000, leave Part 2 blank and enter the amount from line 3 on line 8.

**Line 6** – No credit is allowed for any beer produced in excess of 15,500,000 gallons (500,000 gallons in Part 1 plus 15,000,000 gallons in Part 2).

### Schedule C – Credit for cider produced in New York State in this tax year

#### Parts 1 and 2

**Column A** – Enter the street number and name, and the city in New York State where the cider is produced. Do **not** enter a PO Box, or the mailing address of the company if it differs from the physical location where the cider is produced.

**Column B** – Enter the amount from Form MT-60, *Cider Tax Return*, line 2, filed for the corporation's tax year.

**Fiscal-year filers:** Do **not** enter the amount from Form MT-60 if you file your corporation tax return on a fiscal-year basis. Instead, compute your gallons produced in New York State during the tax year for which you file your corporation tax return, and enter the amount.

**Line 11** – Claim the credit for any cider produced in New York State in excess of 500,000 gallons in Part 2. If there were no gallons produced in New York State in excess of 500,000, leave Part 2 blank and enter the amount from line 11 on line 16.

**Line 14** – No credit is allowed for any cider produced in excess of 15,500,000 gallons (500,000 gallons in Part 1 plus 15,000,000 gallons in Part 2).

## Schedule D – Credit for wine produced in New York State in this tax year

### Parts 1 and 2

**Column A** – Enter the street number and name, and the city in New York State where the wine is produced. Do **not** enter a PO Box, or the mailing address of the company if it differs from the physical location where the wine is produced.

**Column B** – The total gallons to enter in this column depends on whether you file Forms MT-40, *Return of Tax on Wines, Liquors, Alcohol, and Distilled or Rectified Spirits*; and MT-41, *Beverage Inventories and Purchases to be used by Distillers, Rectifiers, Blenders and/or Fortifiers of Wine or Liquor*, on an annual (calendar-year) or monthly basis. Complete the worksheet below based on the amounts entered on Form MT-41.

#### Schedule D worksheet for Parts 1 and 2

A	Enter the sum of the amounts from Form MT-41, line 2, columns D, E, and F.....	A _____
B	Enter the sum of the amounts from Form MT-41, line 5, columns D, E, and F.....	B _____
C	Add lines A and B.....	C _____
D	Enter the sum of the amounts from Form MT-41, line 7, columns D, E, and F.....	D _____
E	Gallons of wine produced in New York State (subtract line D from line C) .....	E _____

**Forms MT-40 and MT-41 annual filers:** Enter the amount from line E in column B.

If you file your corporation tax return on a fiscal-year basis, complete a pro forma Form MT-41 using your fiscal-year figures. Use this pro forma Form MT-41 to complete the *Schedule D worksheet for Parts 1 and 2*.

**Forms MT-40 and MT-41 monthly filers:** Complete one *Schedule D worksheet for Parts 1 and 2* for each Form MT-41 filed for the corporation's tax year and enter the sum of the line E amounts from all the worksheets in column B.

**Line 19** – Claim the credit for any wine produced in New York State in excess of 500,000 gallons in Part 2. If there were no gallons produced in New York State in excess of 500,000, leave Part 2 blank and enter the amount from line 19 on line 24.

**Line 22** – No credit is allowed for any wine produced in excess of 15,500,000 gallons (500,000 gallons in Part 1 plus 15,000,000 gallons in Part 2).

## Schedule E – Credit for liquor produced in New York State in this tax year

### Parts 1 and 2

**Column A** – Enter the street number and name, and the city in New York State where the liquor is produced. Do **not** enter a PO Box, or the mailing address of the company if it differs from the physical location where the liquor is produced.

**Column B** – The total gallons to enter in this column depends on whether you file Forms MT-40 and MT-41 on an annual (calendar-year) or monthly basis. Complete the worksheet below based on the amounts entered on Form MT-41.

#### Schedule E worksheet for Parts 1 and 2

A	Enter the sum of the amounts from Form MT-41, line 2, columns A, B, and C.....	A _____
B	Enter the sum of the amounts from Form MT-41, line 5, columns A, B, and C .....	B _____
C	Add lines A and B .....	C _____
D	Enter the sum of the amounts from Form MT-41, line 7, columns A, B, and C.....	D _____
E	Subtract line D from line C .....	E _____
F	Conversion factor .....	F <b>0.2642</b>
G	Gallons of liquor produced in New York State (multiply line E by line F).....	G _____

**Forms MT-40 and MT-41 annual filers:** Enter the amount from line G in column B.

If you file your corporation tax return on a fiscal-year basis, complete a pro forma Form MT-41 using your fiscal-year figures. Use this pro forma Form MT-41 to complete the *Schedule E worksheet for Parts 1 and 2*.

**Forms MT-40 and MT-41 monthly filers:** Complete one *Schedule E worksheet for Parts 1 and 2* for each Form MT-41 filed for the corporation's tax year and enter the sum of the line G amounts from all the worksheets in column B.

**Line 27**– Claim the credit for any liquor produced in New York State in excess of 500,000 gallons in Part 2. If there were no gallons produced in New York State in excess of 500,000, leave Part 2 blank and enter the amount from line 27 on line 32.

**Line 30** – No credit is allowed for any liquor produced in excess of 800,000 gallons (500,000 gallons in Part 1 plus 300,000 gallons in Part 2).

**Schedule G – Computation of tax credit used, refunded, or credited as an overpayment to the next year** (New York S corporations do not complete this schedule.)

#### Lines 36 and 39 entries table

If you filed	Enter on line 36 any net recapture of other tax credits <b>plus</b> the amount from	Enter on line 39 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 36** – Enter your tax due before credits using the *Lines 36 and 39 entries table* above.

**Line 37** – 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 certain credits before this credit. See the instructions for your franchise tax return or Form CT-600-I, *Instructions for Form CT-600, Ordering of Corporation Tax Credits*, for the correct 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 alcoholic beverage production credit, that you want to apply before the credit claimed on this form.

**Line 39** – Enter your minimum tax using the *Lines 36 and 39 entries table* above.

**Lines 41, 43, and 44** – On line 41, enter the lesser of line 35 or line 40. Transfer the amounts from lines 41, 43, and 44 to your franchise tax return.

### **Schedule H – Partnership information**

Complete this schedule only if you were a partner in a partnership and received a share of the alcoholic beverage production credit from that entity. Enter the name, employer identification number (EIN), and credit amount for each type of alcoholic beverage passed through to you from each partnership. If you need more space, attach a separate schedule. Include your name and identification number on any separate sheets you file with your return. Obtain this information from the partnership(s) allocating the credit to you.

### **Need help? and Privacy Notification**

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

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