



Instructions for Form CT-602

Claim for EZ Capital Tax Credit

General information

The empire zone (EZ) capital tax credit has expired. For tax years beginning on or after April 1, 2014, you may only claim an EZ capital tax credit carryover or recapture from previous years.

You may continue to use any credit carryovers from previous years against your tax liability. However, if your business was required to obtain an EZ retention certificate but was denied one, you will not be eligible to claim the carryover of the credit attributable to investments in a certified EZ business. You do not need an EZ retention certificate to claim carryovers of credit from contributions to community development projects.

The following limitations apply:

- The credit may not reduce the tax imposed by Article 9-A to less than the fixed dollar minimum tax, or the tax imposed by Article 33 to less than the minimum tax of \$250.
- The credit may not exceed 50% of the tax imposed by Article 9-A section 209, without regard to any credit.
- For a life insurance corporation, the credit may not exceed the **lesser** of the following:
 - the tax computed pursuant to Tax Law, Article 33, section 1505(a); **or**
 - the **greater** of:
 - the sum of the taxes imposed under Tax Law, Article 33, sections 1501 and 1510; **or**
 - the amount of tax computed pursuant to Tax Law section 1505(b).
- For life insurance corporations, this credit may not be deducted from the limitation on tax computed pursuant to Article 33 section 1505(a)(2).
- For a nonlife insurance corporation, the credit may not exceed 50% of the taxes imposed under Article 33 section 1502-a, computed without regard to any credit provided for under Article 33.

The credit is **not** allowed against the metropolitan transportation business tax (MTA surcharge) under Article 9-A or 33.

Any amount of the carryover of credit not deductible in the current tax year may be carried over to subsequent tax years.

Line instructions

C corporations – Complete all applicable schedules.

New York S corporations – Fill out this form only if you are reporting a recapture of the EZ capital tax credit. Complete **only** Schedule C, if applicable.

Schedule A – Limitations of EZ capital tax credit (New York S corporations do not complete this schedule)

Part 2 – Tax limitation

Lines 3 and 6 entries table

If you filed	Enter on line 3 any net recapture of other tax credits, plus the amount from	Enter on line 6 the minimum tax below
Form CT-3	Part 2, line 2	Part 2, line 1c
Form CT-3-A	Part 2, line 2	Part 2, line 1c
Form CT-33	Line 9a	250
Form CT-33-A	Line 10	Line 4 plus line 12
Form CT-33-NL	Line 5	250

Line 3 – Enter your tax due before credits using the *Lines 3 and 6 entries table* above.

Line 4 – Tax credits must be applied in a certain order. Refer to the instructions of your franchise tax return to determine the correct order. **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 claiming more than one tax credit for this year, enter the total amount of credit(s) before applying this credit; otherwise enter **0**.

Article 33 filers: enter **0**.

If filing as a member of a combined group, include any amount of tax credit(s), including EZ capital tax credit(s), being claimed by other members of the combined group that you want to apply before this credit.

Article 33 combined filers: include only the amount of EZ capital tax credit(s) being claimed by other members of the combined group that you want to apply before this credit.

Line 6 – Enter your minimum tax using the *Lines 3 and 6 entries table* above.

Schedule B – Computation of EZ capital tax credit used and carried forward (New York S corporations do not complete this schedule)

Line 8 – Enter your unused EZ capital tax credit from previous tax years. Former Article 32 taxpayers that have a carryover of the credit from the tax year immediately preceding the current tax year should include the amount of that carryover on this line.

Line 10 – If line 8 is greater than line 9, subtract line 9 from line 8. If line 9 is greater than line 8, subtract line 8 from line 9 and enter the result here as a negative number with a minus (-) sign.

Enter the amount here and on the appropriate line of your franchise tax return. Do not complete lines 11 and 12 if you have a net EZ capital tax recapture.

Schedule C – Recapture of EZ capital tax credit

If a contribution is recovered by the taxpayer that was the basis for the allowance of the credit, and the recovery occurs during the tax year or within 36 months from the close of the tax year when the credit was allowed, the difference between the credit taken and the credit allowed must be added back.

If additional space is necessary, attach additional sheets following the same format.

Column C – For recapture purposes, the amount of the credit to be added back must be the portion of the payment or contribution recovered, multiplied by one of the following percentages:

- 100%, if the recovery occurs within the tax year or within 12 months of the close of the tax year in which the credit was allowed
- 67%, if the recovery occurs more than 12 months, but not more than 24 months, after the end of the tax year in which the credit was allowed
- 33%, if the recovery occurs more than 24 months, but not more than 36 months, after the end of the tax year in which the credit was allowed

A recapture of credit attributable to the sale, transfer, or disposition of stock or other ownership interest that arose from a qualified investment, is no longer required. However, whenever the stock, partnership interest, or other ownership interest obtained by making a qualified investment is disposed of, the portion of the EZ capital

tax credit attributable to that stock, partnership interest, or other ownership interest is included in entire net income in the year of disposition.

Line 13 – Add column D amounts. **C corporations:** enter here and on line 9. **New York S corporations:** include the total from line 13 on Form CT-34-SH, *New York S Corporation Shareholders' Information Schedule*, and provide shareholders with their share of the recaptured credit. However, New York S corporations recapturing credit amounts originated in a New York C corporation year must include any such amounts on the applicable line of your New York S corporation franchise tax return. **Corporate partners:** include any recapture of EZ capital tax credits from partnership(s) on line 13.

Need help? and Privacy notification

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