

CT-42

New York State Department of Taxation and Finance

For calendar year **1987**
 or taxable period
 beginning _____
 ending _____

Claim for Carryover of Research and Development Tax Credit

Article 9-A, Section 210.18

| | | | |
|---|--------------------------------|----------------|---|
| File with your Franchise Tax Report, Form CT-3 or Form CT-3S | Employer Identification number | File number | See instructions on reverse before completing form |
| | Name | | |
| | Number | Street | |
| | City or town | State Zip code | |

Schedule A

Part I — Computation of Research and Development Tax Credit Carryover

| | | |
|---|---|--|
| 1. Unused research and development tax credit from preceding period | 1 | |
| 2. Recapture of excess credit taken in previous periods (from Schedule B, line 8, Column h) | 2 | |
| 3. Net research and development tax credit (subtract line 2 from line 1, see instructions) | 3 | |

Part II — Computation of Unused Research and Development Tax Credit Available for Carryover to Future Periods

| | | | |
|--|---|--|--|
| 4. Tax - (from Form CT-3, line 48) less any tax credits claimed on Forms CT-45, DTF-601, DTF-602 and CT-46 | 4 | | |
| 5. Higher of tax on minimum taxable income or fixed dollar minimum (See CT-3-P Instructions, Tax Rate) | 5 | | |
| 6. Research and development tax credit used this period (subtract line 5 from line 4) | 6 | | |
| 7. Unused research and development tax credit available to be carried over to future periods (subtract line 6 from line 3) | 7 | | |

Schedule B Computation of Recapture of Research and Development Tax Credit

| a | b | c | d | e | f | g | h |
|---|---------------|---------------------------------|--------------------|--------------------|--------------------|---|--|
| Description of Property | Date Acquired | Date Property Ceased to Qualify | Useful Life (Mos.) | Unused Life (Mos.) | Percentage (e ÷ d) | Total Research & Development Tax Credit Allowed | Recaptured Research and Development Tax Credit (f × g) |
| | | | | | | | |
| | | | | | | | |
| | | | | | | | |
| 8. Total — Recaptured research and development tax credit (enter on line 2, Schedule A) | | | | | | | \$ |

Instructions

Legislative Change

Chapter 817 of the Laws of 1987 disallows the research and development tax credit previously allowed under section 210.18 of the Tax Law for taxable years beginning after January 1, 1987. Although this credit has been repealed, any excess research and development credit which was not previously used up may be carried over to any taxable year beginning before January 1, 1994. Research and development property acquired after January 1, 1987 continues to be qualified for this investment tax credit. See Form CT-45, *Claim for Investment Tax Credit*, for details.

General Information

The carryover of the research and development tax credit may not reduce the tax liability to an amount less than the higher of the tax on minimum taxable income or the fixed dollar minimum.

Any research and development tax credit that cannot be used to reduce current year tax liability may be carried over to future years. However, it may not be carried over to future taxable years beginning on or after January 1, 1994.

If property used as the basis for a research and development tax credit is disposed of or ceases to be in qualified use before the end of its useful life, a recapture of the credit is required. See Schedule B for details.

Specific Instructions

Schedule A - Part I — Computation of Research and Development Tax Credit Carryover (210.18)

- Line 1** - Enter research and development tax credit carryover from prior periods.
- Line 2** - Enter recapture of research and development tax credit from Schedule B, line 8, column h.
- Line 3** - Subtract line 2 from line 1. This is the net research and development tax credit available for use this period. If the net research and development tax credit reduces your franchise tax below the higher of the tax on minimum taxable income or the fixed dollar minimum, you must complete Schedule A, Part II. If the net credit does not reduce your franchise tax to less than the higher of the tax on minimum taxable income or the fixed dollar minimum, enter the amount shown on this line on Form CT-3, line 49. When recaptured research and development tax credit, line 2, exceeds line 1, the net recaptured credit must be added to the tax shown on Form CT-3, line 48.

Schedule A - Part II — Computation of Unused Research and Development Tax Credit Available for Carryover to Future Periods

- Line 4** - Enter the amount of franchise tax computed on Form CT-3, line 48, less any credits on Forms CT-45, (*Eligible Business Facility Tax Credit*), DTF-601, DTF-602, (*Economic Development Zone Wage and Capital Corporation Credits*), and CT-46, (*Investment Tax Credit*).

- Line 5** - Enter the highest of the tax on minimum taxable income or the fixed dollar minimum.
- Line 6** - Subtract line 5 from line 4. This is the amount of research and development tax credit carryover used this period. Enter this amount on Form CT-3, line 49.
- Line 7** - Subtract amount of research and development tax credit used this period (line 6) from net research and development tax credit (line 3) to determine amount of unused research and development tax credit to be carried over to future periods.

Schedule B - Computation of Recapture of Research and Development Tax Credit

When property on which a research and development tax credit has been allowed is disposed of or ceases to be in qualified use before the end of its useful life, the difference between the credit taken and the credit allowed for actual use must be added back to the tax otherwise due in the year of disposition or disqualification. To determine the useful life of property for the recapture, see the instructions for column d of this schedule.

In years that a research and development tax credit must be recaptured, any recaptured credit may be offset against the credit claimed. If the research and development tax credit is not being claimed, then the recaptured tax credit must be added to the tax due on Form CT-3, line 48.

Recapture of the research and development tax credit is not required when the property has been in qualified use for more than 12 consecutive years.

- Column d** - Enter useful life of property in months. Useful life will vary depending on the type of property and the IRC section used to compute federal depreciation:
- For property depreciated under IRC Section 167, use the same useful life used to compute federal depreciation.
 - For 3-year property depreciated under Section 168, enter 36 months.
 - For building or structural components of a building depreciated under IRC Section 168, use the same useful life used to compute federal depreciation.

Column e - Enter unused life in months.

Column f - Divide unused life, column e, by total useful life, column d, to obtain the percentage of unused life.

Column g - Enter the total amount of research and development tax credit previously allowed.

Column h - Multiply the total research and development tax credit allowed, column g, by the percentage of unused life, column f. This is the recaptured research and development tax credit.

Line 8 - Total column h and enter the total in Schedule A, line 2.