New York State Department of Taxation and Finance

Instructions for Form CT-399

Depreciation Adjustment Schedule

CT-399-I

General Information

General business corporations, banking corporations, and insurance corporations must use Form CT-399 to compute the depreciation modifications required by Articles 9-A, 32 and 33 when determining New York State taxable income.

A corporation will not always be allowed to deduct depreciation computed under Internal Revenue Code (IRC) section 168 (including Accelerated Cost Recovery System (ACRS) and Modified Accelerated Cost Recovery System (MACRS) depreciation) when determining New York State taxable income. Instead, a depreciation deduction computed by any method under IRC section 167 will be permitted.

However, no modifications are required for:

- Property placed in service in New York State in tax years beginning before January 1, 1982, and on or after January 1, 1985.
- Property acquired after June 18, 1984, and subject to the limitation under IRC section 280-F (e.g., luxury cars).
- Airlines only - property placed in service before January 1, 1989.
- Property placed in service outside New York State in tax years beginning before January 1, 1982, and on or after January 1, 1994.

Depreciation may continue to be claimed under IRC section 167 for New York State tax on property that has been fully depreciated under IRC section 168 for federal tax but not fully depreciated for New York.

For more information see TSB-M-85(12)C and TSB-M-89(10)C.

Who Must Use This Form

A general business corporation, banking corporation or insurance corporation must use Form CT-399 if it claims an ACRS or MACRS deduction for property placed in service after December 31, 1980.

Specific Instructions

Part I - Computation of ACRS or MACRS Depreciation Required to be Added Back

Use lines 1 through 4 to compute the portion of the ACRS or MACRS deduction shown on federal Form 4562 that must be added back to federal taxable income when determining New York State entire net income. A copy of federal Form 4562 **must** accompany New York State Form CT-399.

Line 1 — Enter from federal Form 4562 the amount of ACRS and MACRS included in the total federal depreciation deduction.

Line 2a — Enter the amount of depreciation deduction included on line 1 for property placed in service in New York State during tax periods beginning before January 1, 1982, and on or after January 1, 1985.

Line 2b — Enter the amount of depreciation deduction included on line 1 for property acquired after June 18, 1984, that is subject to the limitation under IRC section 280-F.

Line 2c Airlines only — Enter the amount of deductions included on line 1 and not included on lines 2a and 2b for property acquired by an airline before January 1, 1989. This line cannot be used by air freight forwarders.

Line 2d — Enter the amount of deductions included in line 1 for property placed in service outside New York State in tax periods beginning before January 1, 1982, and on or after January 1, 1994.

Line 3 — Attach a separate sheet listing the property claimed on these lines. Include a brief description of the property, the date and place the property was put in service, and the cost or other basis.

Line 4 — Subtract line 3 from line 1 to determine the amount of the federal deduction that must be added back on your franchise tax return. This amount must equal the total on line 5, column E. If it does not, attach an explanation.

Part II - Computation of Allowable New York State Depreciation Deduction

Column A — Enter a brief description of each item of property. Do not list any property included in Part I, line 3. Air freight forwarders previously taxable under Article 9, must list property for which depreciation is included in the amount shown on line 4 (regardless of location).

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. The total of this column must equal the amount on line 4. Enter this amount on the appropriate line of your franchise tax return.

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, will be 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 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.

Line 5 — If you have not disposed of any property acquired during tax years 1981 through 1995, 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	line 6		line 13
CT-4	line 5		line 7a
CT-4-S	line 4		line 6
CT-32	Schedule E, Part II, col. E		Schedule E, Part II, col. G
CT-33	line 71		line 82

If you have disposed of property required to be listed in Part II, you must complete Part III.

Part III - Disposition Adjustments

Column A — Enter each item of property separately. Attach a separate sheet if additional room is needed. Do not list any property included on line 3.

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 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 ACRS or MACRS deduction, subtract column C from column D and enter the excess in this column.

Line 6 — Add the amounts in column E and enter the total on line 10.

Line 7 — Add the amounts in column F and enter the total on line 11.

Part V - Minimum Taxable Income Base Depreciation Adjustments

If the amount on line 3 is zero, do not complete Part V; enter "0" on Form CT-3 or CT-3-A, line 43, or Form CT-4, line 19.

Column A — List property that is included in the federal Form 4626, line 2a computation **and is**:

a. placed in service in New York State in tax years beginning before 1982 and after 1984;

b. subject to Internal Revenue Code section 280F;

c. property of a taxpayer principally engaged in the conduct of aviation (other than air freight forwarders acting as principal and like indirect air carriers) which was placed in service before tax years beginning in 1989; or

d. placed in service outside New York State in tax years beginning before 1982 and after 1993.

If you were not required to file Form 4626, list the property used to compute the amount called for on line 2a of that form, including only property described in a, b, c and d above.

If the amount on federal Form 4626, line 2a, represents only the depreciation adjustment for property listed in a, b, c or d above, enter the amount from federal Form 4626, line 2a, on Form CT-3 or CT-3-A, line 43, or Form CT-4, line 19; do not complete Part V.

If you filed federal Form 4626, attach a copy.

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 listed property from federal Form 4562.

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

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?

For forms or publications, call toll free (from New York State only) 1 800 462-8100. From areas outside New York State, call (518) 438-1073.

For information, forms or publications, call the Business Tax Information Center at 1 800 972-1233. The call is toll free from anywhere in the U.S. (including Alaska and Hawaii) and Canada. For information, you can also call toll free (from New York State only) 1 800 CALL TAX (1 800 225-5829). From areas outside New York State, call (518) 438-8581.

Telephone assistance is available from 8:30 a.m. to 4:25 p.m., Monday through Friday.

Persons with Disabilities - In compliance with the Americans with Disabilities Act, we will ensure that our lobbies, offices, meeting rooms and other facilities are accessible to persons with disabilities. If you have questions about special accommodations for persons with disabilities, please call the information and assistance numbers listed above.

Hotline for the Hearing and Speech Impaired - If you have a hearing or speech impairment and have access to a telecommunications device for the deaf (TDD), you can get answers to your New York State tax questions by calling 1 800 634-2110 toll free from anywhere in the U.S. (including Alaska and Hawaii) and Canada. Hours of operation are from 8:30 a.m. to 4:15 p.m., Monday through Friday. If you do not own a TDD, check with independent living centers or community action programs to find out where machines are available for public use.

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