New York State Department of Taxation and Finance

Instructions for Form IT-253
Claim for Alternative Fuels Credit

IT-253-I

Important notice for tax year 2006

Recent legislation reinstated the alternative fuels credit for alternative-fuel vehicle refueling property (previously referred to as clean-fuel vehicle refueling property) for tax years beginning after 2005 and before 2011. This new legislation does not allow a credit for electric vehicles, clean-fuel vehicle property, and qualified hybrid vehicles. Under prior law, the alternative fuels credit expired for tax years beginning after 2004.

Taxpayers may use Form IT-253 to claim amounts of alternative fuels credit for alternative-fuel vehicle refueling property and to claim remaining carryforwards of unused amounts of credit for electric vehicles, qualified hybrid vehicles, clean-fuel vehicle property, and clean-fuel vehicle refueling property.

General information

New York State Tax Law section 606(p) allows a credit to certain taxpayers who invest in new alternative-fuel vehicle refueling property. The credit is available for property placed in service in tax years beginning after 2005 and before 2011.

The credit for alternative-fuel vehicle refueling property is available only when the property is used in a trade or business located in New York State. This credit is not refundable, but any unused credit may be carried forward indefinitely.

Who is eligible

— individuals, estates, and trusts

— partners in a partnership (including members of a limited liability company (LLC) treated as a partnership for federal tax purposes)

— shareholders of a New York S corporation

— beneficiaries of an estate or trust

Who must file

File Form IT-253 if you are an individual, a partnership, or an estate or trust, and you qualify for the credit (or are claiming a carryover of the credit from a preceding period). In addition, if you are a partner in a partnership (including members of an LLC treated as a partnership for federal tax purposes), a shareholder of a New York S corporation, or a beneficiary of an estate or trust, file Form IT-253 to claim your share of the credit from your entity.

A partnership must file Form IT-253 with Form IT-204, *Partnership Return*, showing the partnership's total credit for alternative-fuel vehicle refueling property.

An S corporation cannot file Form IT-253. It must file Form CT-40, *Claim for Alternative Fuels Credit*. If you are a shareholder of an S corporation that has made the election under Tax Law section 660, obtain your share of the S corporation's credit from the S corporation.

Amount of credit

Alternative-fuel vehicle refueling property

The credit for alternative-fuel vehicle refueling property is equal to **50%** of the cost of the property that

— is located in this state, **and**

— is used 50% or more during the tax year in a trade or business carried on in New York State, **and**

— qualifies for a credit under IRC section 30C but does not include alternative-fuel vehicle refueling property related to a qualified hybrid vehicle as this vehicle is defined in Tax Law section 606(p)(3)(B).

Example: *In 2006, an individual purchased a building for $100,000 and refueling property for $40,000 to be used in the individual's business of operating a compressed natural gas station in New York. The building and refueling property qualify for a depreciation deduction, and the individual is the original user of the property.*

The credit is computed as follows:

		Credit allowed
Building	*Not qualified*	*-0-*
Refueling property	*$40,000 x 50% =*	*$20,000*
Total credit		*$20,000*

Definitions

Alternative-fuel vehicle refueling property (IRC section 30C) includes any property, other than buildings and structural components of buildings, used to store and dispense a clean-burning fuel into the fuel tank of a motor vehicle propelled by the fuel. The storage or dispensing of the fuel must be located at the point where the fuel is delivered into the fuel tank of the motor vehicle. For the recharging of motor vehicles propelled by electricity, the property must be located at the point where the motor vehicles are recharged. The property must be eligible for the depreciation deduction, and the original use must commence with the taxpayer.

Qualified hybrid vehicle means a motor vehicle, as defined in the Vehicle and Traffic Law section 125, that

1. draws propulsion energy from both
   a) an internal combustion engine (or heat engine that uses combustible fuel), and
   b) an energy storage device; **and**
2. employs a regenerative vehicle braking system that recovers waste energy to charge the energy storage device.

Leased property

Taxpayers who acquire property for use in their leasing business, and not for resale, may qualify for the New York credit if the property qualifies for a federal credit. However, leases to public (governmental) or tax-exempt (charitable) organizations generally do not qualify for a federal credit, and, therefore, would not qualify for the New York credit.

Credit recapture

If you have claimed the alternative fuels credit on electric vehicles, qualified hybrid vehicles (including a vehicle of which alternative-fuel vehicle property is a part), alternative-fuel vehicle property, or alternative-fuel vehicle refueling property, and that property was disposed of, modified, or removed from qualified use, you may be required to recapture all or part of the credit you claimed. For more information, see the instructions on page 3 for Schedule F, *Recapture of credit*.

Filling in your tax forms

For complete information on how to fill in New York State scannable tax forms, see the instructions for your income or franchise tax return. Also see the instructions for your tax return

for the *Privacy notification* or if you need help contacting the Tax Department.

Please write your numbers like this in all the scannable entry areas.

Line instructions

Individuals (including sole proprietorships), partnerships, and fiduciaries must complete Schedules A, D, and E, and Schedules F and G, if applicable.

Partners in a partnership, shareholders of an S corporation, and beneficiaries of an estate or trust must complete Schedules B, C, and E and, if applicable, Schedules D, F, and G.

Schedule A — Individuals, including sole proprietorships, partnerships, estates, and trusts

Note: If you are claiming a credit for more than two alternative-fuel vehicle refueling properties, complete as many Form(s) IT-253 (name, identification number, and Schedule A only) as necessary. On the first Form IT-253, complete Schedules A through G as applicable. Include on line 1 of the first Form IT-253 the total of column D from all additional Form(s) IT-253. Attach the additional Forms(s) IT-253 to the back of the first Form IT-253 that has an entry on line 1. Enter on line 6 the total credit computed.

Complete this schedule for alternative-fuel vehicle refueling property placed in service during the tax year.

Do not complete this schedule for any property that, by the end of your tax year, met at least one of the following conditions:

- The property ceased to qualify as property described in IRC section 30C**.**
- Fifty percent or more of the property's use during the tax year was other than in a trade or business carried on in New York.
- You sold or disposed of the property, and you know or have reason to know that the property will meet one of the two conditions previously stated above.

Column B — Enter in column B the cost of the alternative-fuel vehicle refueling property.

Schedule B — Partnership, S corporation, estate, and trust information

Enter the appropriate information for each partnership, S corporation, or an estate or trust from which you received a share of the alternative fuels credit. If you need more space, attach a separate schedule.

Schedule C — Partner's, shareholder's, or beneficiary's share of credit

Enter your share of the total credit received from a partnership, a New York S corporation, or an estate or trust. If you belong to more than one partnership, New York S corporation, or estate or trust, enter the total of all your shares on the appropriate line.

Partner

Line 2 — Enter your share of the total credit from your partnership. This information should be provided to you by your partnership.

S corporation shareholder

Line 3 — Enter your share of the total credit from your S corporation. This information should be provided to you by your S corporation.

Beneficiary

Line 4 — Enter your share of the total credit from estates and trusts. This information should be provided to you by your fiduciary.

Schedule D — Beneficiary's and fiduciary's share of credit and recapture of credit

An estate or trust must complete Schedule D. If an estate or trust allocates or assigns the credit and recapture of credit to its beneficiaries, base the division on each beneficiary's proportionate share of the income of the estate or trust. If you need more space, attach a separate schedule.

Schedule E — Computation of credit

Complete line 6, 7, 8, or 9, whichever line(s) apply to you.

Line 9 — Enter the amount from 2005 Form IT-253, line 8.

Line 10 — Add lines 6 through 9, and enter the total on line 10. Transfer the line 10 amount to the schedule and line of the form that you are filing, as noted at line 10.

Schedule F — Recapture of credit

Note: If you are claiming a recapture for more than three electric vehicles, qualified hybrid vehicles, or alternative-fuel vehicle properties in Part 1, or more than three alternative-fuel vehicle refueling properties in Part 2, complete as many Forms IT-253 (name, identification number, and Schedule F only) as necessary. On the first Form IT-253, complete Schedules A through G as applicable. Include on line 11 of the first Form IT-253 the total of column D from all additional Forms IT-253, and include on line 12 of the first Form IT-253 the total of column G from all additional Forms IT-253. Attach the additional Forms IT-253 to the back of the first Form IT-253 that has an entry on line 11 or line 12. Enter on line 14 the total recaptured credit computed.

Part 1 — Computation of credit recapture on electric vehicles, qualified hybrid vehicles, and alternative-fuel vehicle property

Do not complete Schedule F for any electric vehicle, qualified hybrid vehicle, alternative-fuel vehicle property, or alternative-fuel vehicle refueling property that ceased to qualify within the tax year in which it was placed in service.

If an electric vehicle, qualified hybrid vehicle, or a vehicle of which alternative-fuel vehicle is a part was disposed of or modified within three years of the date it is placed in service so that it is no longer a qualified vehicle, a portion of the credit that was previously allowed must be recaptured in the tax year in which it ceases to qualify.

An electric vehicle ceases to be qualified if

1. it is modified by the taxpayer so that it is no longer powered primarily by electricity; **or**
2. the taxpayer receiving the credit sells or disposes of the vehicle and knows or has reason to know that the vehicle will be converted to nonqualified use.

A qualified hybrid vehicle ceases to be qualified if

1. it is modified by the taxpayer so that it no longer meets the requirements of a qualified hybrid vehicle as defined on page 1; **or**
2. the taxpayer receiving the credit sells or disposes of the vehicle and knows or has reason to know that the vehicle will be so modified.

Alternative-fuel vehicle property ceases to qualify if

1. the vehicle of which it is a part is modified so that it can no longer be propelled by a clean-burning fuel; **or**
2. the vehicle ceases to qualify as a property defined in IRC section 179-A(c); **or**
3. the taxpayer receiving the credit sells or disposes of the vehicle and knows or has reason to know that the vehicle will be used in a manner described in 1 or 2 above.

Columns A and B — If a recapture is required, enter the tax year the credit was originally allowed in column A and the amount of original credit allowed in column B.

Column C — In column C, enter the appropriate recapture percentage as follows:

— 100% (1.00) if the vehicle ceased to qualify within the first full year after the date the vehicle was placed in service;

— 66 2/3% (.6667) if the vehicle ceased to qualify within the second full year after the date the vehicle was placed in service; **or**

— 33 1/3% (.3333) if the vehicle ceased to qualify within the third full year after the date the vehicle was placed in service.

Column D — To compute the recapture, multiply column B by column C, and enter the result in column D.

Part 2 — Computation of credit recapture on alternative-fuel vehicle refueling property

If alternative-fuel vehicle refueling property ceases to be qualified at any time before the end of its recovery period (depreciable life), a portion of the credit that was previously allowed must be recaptured.

Alternative-fuel vehicle refueling property ceases to be qualified if **one or more** of the following applies:

1. The property no longer qualifies as property described in IRC section 30C; **or**
2. fifty percent or more of the use of the property in a tax year is other than in a trade or business in New York; **or**
3. the taxpayer receiving the credit sells or disposes of the property and knows or has reason to know that the property will be used in a manner described in 1 or 2 above.

If a recapture is required, enter in column A the tax year the credit was originally allowed. Column B is the total recovery period (depreciable life) of the property for federal tax purposes. In column C, enter the number of years the property was in service prior to the recapture year.

To compute the recapture percentage in column E, divide column D by column B. To compute the recapture in column G, enter the original credit allowed in column F, and multiply it by the column E recapture percentage.

The amount to be recaptured is equal to the credit allowed multiplied by a fraction. The numerator of the fraction is the total recovery years of the property minus the years the property was in service (not including the recapture year), and the denominator is the total recovery years.

Example: *In year one, a taxpayer claims a credit of $10,000 on refueling property that had a recovery period of ten years. The taxpayer uses the property for three years and disposes of it in year four. The recapture is computed as follows:*

Total recovery period less number of years prior to recapture year (10-3)	*seven years*
Total recovery period	*ten years*
Recapture % (7/10)	*70%*
Credit originally allowed	*$10,000*
Recaptured credit	*$7,000*

Line 13 — Partner in a partnership, shareholder of an S corporation, or beneficiary of an estate or trust: Enter your share of the credit recapture. You can get this information from your partnership, S corporation, estate, or trust.

Line 14 — Add lines 11, 12, and 13, and enter the total on line 14. Transfer the line 14 amount to the schedule and line of the form that you are filing, as noted at line 14.

Schedule G — Application of credit and computation of carryover

You must first complete Form IT-201-ATT, *Other Tax Credits and Taxes*, or Form IT-203-ATT, *Other Tax Credits and Taxes*, before completing this schedule. Follow the instructions for Form IT-201-ATT, Section B or Form IT-203-ATT, Section B to determine the amount of credit to enter on line 16.

Need help?

Internet access: *www.nystax.gov*
Access our Answer Center for answers to frequently asked questions; check your refund status; check your estimated tax account; download forms, publications; get tax updates and other information.

Fax-on-demand forms: Forms are available 24 hours a day, 7 days a week. 1 800 748-3676

Telephone assistance is available from 8:00 A.M. to 5:00 P.M. (eastern time), Monday through Friday.

Refund status: 1 800 443-3200
(Automated service for refund status is available 24 hours a day, 7 days a week.)

To order forms and publications: 1 800 462-8100

Personal Income Tax Information Center: 1 800 225-5829

From areas outside the U.S. and outside Canada: (518) 485-6800

Hotline for the hearing and speech impaired: If you have access to a telecommunications device for the deaf (TDD), contact us at 1 800 634-2110. 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.

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 1 800 225-5829.