



CT-42
(6/93)

**Claim for Carryover of
Research and Development
Tax Credit**

Tax Law — Article 9-A, Section 210.18

For calendar year 19____
or tax period:

beginning _____
ending _____

Name	Employer identification number	File number
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File this form with Form CT-3 or CT-3-S

Computation of Research and Development Tax Credit Carryover

1 Unused research and development tax credit from periods beginning before January 1, 1987	1	•		
2 Recapture of excess credit taken in periods beginning before January 1, 1987 (from line 10, column H)	2	•		
3 Net research and development tax credit (subtract line 2 from line 1; see instructions)	3	•		

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

4 Tax (from Form CT-3)	4				
5 Tax credits claimed on Forms CT-45, DTF-601, DTF-602 and CT-46	5				
6 Subtract line 5 from line 4	6				
7 Higher of tax on minimum taxable income or fixed dollar minimum (See Form CT-3-I Instructions, Tax Rate)	7				
8 Research and development tax credit used this period (subtract line 7 from line 6)	8	•			
9 Unused research and development tax credit available to be carried over to future periods (subtract line 8 from line 3)	9	•			

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

A Description of property	B Date acquired	C Date property ceased to qualify	D Useful life (months)	E Unused life (months)	F Percentage (E ÷ D)	G Total research & development tax credit allowed	H Recaptured research and development tax credit (F × G)	
10 Total — Recaptured research and development tax credit (enter on line 2)							10	

Instructions

General Information

The research and development tax credit previously allowed under section 210.18 of the Tax Law is not allowed for tax years beginning on or after January 1, 1987 (Chapter 817 of the Laws of 1987). Although this credit was repealed, you may carry over any unused credit to any tax year beginning before January 1, 1994. Research and development property acquired on or after January 1, 1987 continues to be qualified for the investment tax

credit. See Form CT-46, *Claim for Investment Tax Credit and Employment Incentive Credit*, for details.

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

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 A for details.

Instructions (continued)**Computation of Research and Development Tax Credit Carryover (210.18)**

- Line 1** - Enter the research and development tax credit carryover from periods beginning before January 1, 1987.
- Line 2** - Enter recapture of research and development tax credit from Schedule A, line 10, 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 credit reduces your franchise tax below the higher of the tax on minimum taxable income or the fixed dollar minimum, you must complete lines 4 through 9. 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 line 3 amount on Form CT-3.

If line 2 is larger than line 1, you must add the net recaptured credit to your tax. Subtract line 1 from line 2 and add this amount to the tax shown on Form CT-3.

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 5** - Enter credits from Forms CT-45, *Claim for Eligible Business Facility Tax Credit*; CT-46, *Claim for Investment Tax Credit and Employment Incentive Credit*; DTF-601, *Claim for EDZ Wage Tax Credit*; and DTF-602, *Claim for EDZ Capital Corporation Tax Credit*.
- Line 7** - Enter the higher of the tax on minimum taxable income or the fixed dollar minimum.
- Line 8** - Subtract line 7 from line 6. This is the amount of research and development tax credit carryover used this period. Enter this amount on Form CT-3.
- Line 9** - Subtract line 8 from line 3 to determine the amount of unused research and development tax credit to be carried over to future periods.

Schedule A - 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.

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 the useful life of the 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 other than 3-year property depreciated under section 168, enter 60 months.
 - For a 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 the 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 10 - Total column H and enter the total on line 2.