



# CT-38

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New York State Department of Taxation and Finance

## Minimum Tax Credit

Tax Law - Article 9-A

Name	Employer identification number
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File this form with Form CT-3, *General Business Corporation Franchise Tax Return*, or Form CT-3-A, *General Business Corporation Combined Franchise Tax Return*

If your tax due this year is based on the minimum taxable income base, complete Schedule A, Parts I and II to compute the minimum tax credit generated this year.

### Schedule A, Part I — Computation of modified minimum tax

1 Entire net income (ENI) (see instructions)	1.		
2 Depletion (see instructions)	2.		
3 Total (add lines 1 and 2)		3.	
4 Investment income before allocation (see instructions)		4.	
5 Modified business income before allocation (subtract line 4 from line 3)		5.	
6 Allocated modified business income (multiply line 5 by [ ]%, see instructions)		6.	
7 Allocated investment income (multiply line 4 by [ ]%, see instructions)		7.	
8 Total allocated modified minimum income (add lines 6 and 7)		8.	
9 Optional depreciation adjustments (see instructions)		9.	
10 Modified minimum taxable income base (add or subtract line 9 from line 8)		10.	
11 Modified minimum tax (multiply line 10 by 2.5% (.025))		11.	

### Schedule A, Part II — Computation of adjusted minimum tax

12 Tax on minimum taxable income base from Form CT-3 or Form CT-3-A, line 71		12.	
13 Largest amount from Form CT-3 or Form CT-3-A, line 72, 73, or 74d (enter here and on line 16)		13.	
14 Excess minimum tax (subtract line 13 from line 12; if less than zero, enter 0)		14.	
15 Modified minimum tax from line 11	15.		
16 Amount from line 13	16.		
17 Excess modified minimum tax (subtract line 16 from line 15; if less than zero, enter 0)		17.	
18 Adjusted minimum tax (subtract line 17 from line 14; if less than zero, use a minus (-) sign to show negative amount)		18.	

If your tax in a prior year was based on the minimum taxable income base, and your tax due this year is based on the entire net income base, complete Schedule B to compute the minimum tax credit used this year and carried forward to future years.

### Schedule B — Computation of minimum tax credit used and carried forward

19 Minimum tax credit carry-forward from prior periods (see instructions)		19.	
20 Tax on ENI base (enter amount from Form CT-3 or CT-3-A, line 72)		20.	
21 Next largest tax (enter largest amount from Form CT-3 or CT-3-A, line 71, 73, or 74d)	21.		
22 Tax on subsidiary capital (see instructions)	22.		
23 Add lines 21 and 22		23.	
24 Limitation on credit to be used this period (subtract line 23 from line 20; this amount may not exceed line 19)		24.	
25 Minimum tax credit used this period (see instructions)		25.	
26 Minimum tax credit carried forward (subtract line 25 from line 19)		26.	

## Instructions

### New for 2004

The minimum tax credit is no longer calculated on Form CT-3-ATT, *Schedules B, C, and D - Attachment to Form CT-3*, or Form CT-3-A, *General Business Corporation Combined Franchise Tax Return*. Instead, use new Form CT-38, *Minimum Tax Credit*, to calculate the credit.

### General information

The minimum tax credit is generated in those years when the largest tax is based on the minimum taxable income base (MTI base), and may be claimed in a subsequent year when your tax is based on the entire net income base (ENI base). The credit is designed to prevent the double taxation that might otherwise arise because of the inclusion of timing items of tax preference and adjustment in both the MTI and ENI bases but in different tax years. The minimum tax credit for any tax year is the amount, if any, that the **adjusted minimum tax** imposed for all prior tax periods beginning after 1989 exceeds the amount allowed as a minimum tax credit, that was deducted from the taxpayer's tax for such prior years.

If your tax due this year is based on the MTI base, complete Schedule A, Parts I and II to compute the minimum tax credit generated this year.

If your tax in a prior year was based on the MTI base and your tax due this year is based on the ENI base, complete Schedule B to compute the minimum tax credit used this year and carried forward to future years.

**Combined filers:** Lines 1 through 26 should be read as if the terms were on a combined return, Form CT-3-A. For example: the reference to *entire net income* on line 1 should be read by the combined filer as *combined entire net income*.

### Schedule A, Part I – Computation of modified minimum tax

The *modified minimum tax* is the minimum tax recomputed excluding those adjustments and tax preference items related to timing differences. The only adjustment or tax preference item you may take into account is **depletion**.

**Line 1** — Enter the amount from Form CT-3, line 17 or Form CT-3-A, line 17, column E.

**Line 2** — Enter the amount from Form CT-3, line 52 or Form CT-3-A, line 52, column E.

**Line 4** — Enter the amount from Form CT-3, line 18 or Form CT-3-A, line 18, column E.

**Line 6** — Multiply the amount on line 5 by the percentage from Form CT-3, lines 119, 121, or 161. Combined filers should use the amount from Form CT-3-A, lines 128, 163, or 195.

**Line 7** — Multiply line 4 by the percentage from Form CT-3-ATT, line 5 or Form CT-3-A, line 199.

**Line 9** — Enter the amount from Form CT-3, line 23, or Form CT-3-A, line 23, column E.

### Schedule A, Part II – Computation of adjusted minimum tax

The *adjusted minimum tax* is the excess of the amount of the minimum tax over the next largest tax computed for the tax year. The *next largest tax* means the largest amount based on the ENI, capital, or fixed dollar minimum tax bases. You must reduce this amount by the excess, if any, of the modified minimum tax over the next largest tax.

### Schedule B – Computation of minimum tax credit used and carried forward

You may use the minimum tax credit to reduce your franchise tax only if the tax is based on ENI. The amount of credit is the adjusted minimum tax computed on Form CT-3-ATT or Form CT-3-A for all prior years, minus any amount used as a minimum tax credit in prior years. Use lines 19 through 26 to compute and apply the minimum tax credit.

**Line 19** — The amount of minimum tax carry-forward is the total amount of the adjusted minimum tax calculated in prior years minus any amount used as a minimum tax credit in prior years.

**Line 22** — Enter the amount from Form CT-3, line 77 or Form CT-3-A, line 76.

**Line 25** — If your franchise tax for this tax year is based on ENI, you may apply all or part of the total credit available from line 19. The amount of credit applied may not reduce your tax to less than the sum of:

- (1) the largest of
  - the tax on capital base (Form CT-3 or Form CT-3-A, line 73); or
  - the tax on MTI base (Form CT-3 or Form CT-3-A, line 71); or
  - the fixed dollar minimum tax (Form CT-3 or Form CT-3-A, line 74d); plus
- (2) the tax on subsidiary capital (Form CT-3, line 77 or Form CT-3-A, line 76).

If you are **only** claiming this one credit, enter the lesser of line 19 or line 24. If you are claiming more than one credit, see Form CT-600-I, *Instructions for the Ordering of Corporation Tax Credits*. Enter the minimum tax credit used.