



Instructions for Form CT-259

Claim for Fuel Cell Electric Generating Equipment Credit

Tax Law – Article 9, Section 183, 184, 185; Articles 9-A, 32, and 33

Important reminder to file a complete return: You must complete all required schedules and forms that make up your return, and include **all pages** of those forms and schedules when you file. Returns that are missing required pages or that have pages with missing entries are considered incomplete and cannot be processed, and may subject taxpayers to penalty and interest.

General information

The Tax Law allows a credit for the purchase and installation of eligible fuel cell electric generating equipment in New York State for tax years beginning on or after January 1, 2005.

The credit applies to qualified fuel cell electric generating expenditures incurred on or after July 1, 2005, and may be claimed for the tax year in which the fuel cell electric generating equipment is placed in service. To qualify for the credit, the rated capacity of the system must be at least one kilowatt (1,000 watts) but not more than one hundred kilowatts (100,000 watts) of electricity.

Eligibility

The following taxpayers are eligible to claim the credit:

- Transportation and transmission corporations and cooperative agricultural corporations subject to tax under Article 9, sections 183, 184, and 185 that are not substantially engaged in the commercial generation, distribution, transmission, or servicing of energy or energy products
- General business corporations subject to tax under Article 9-A
- Banking corporations subject to tax under Article 32
- Insurance corporations subject to tax under Article 33

Credit amount

The amount of the credit allowed for each fuel cell electric generating unit during the tax year is equal to the lesser of

- the cost of the qualified fuel cell electric generating equipment expenditures, or
- \$1,500.

There is no limit on the number of fuel cell electric generating units purchased during the tax year. However, the credit cannot exceed \$1,500 for each unit purchased.

The credit cannot reduce the tax to less than the following minimum taxes:

- The fixed minimum tax under Article 9, sections 183 and 185
- The larger of the tax on minimum taxable income (MTI) base or fixed dollar minimum tax as computed under Article 9-A
- The fixed minimum tax of \$250 computed under Article 32
- The fixed minimum tax of \$250 under Article 33

Under Article 9, the credit must first be deducted from the taxes imposed by section 183. Any credit remaining may then be deducted from the taxes imposed by section 184.

The credit allowed is **not** refundable. However, any amount of credit not claimed in the current tax year may be carried forward

for an unlimited number of tax years. The credit may not be applied against the metropolitan transportation business tax (MTA surcharge) under Article 9, 9-A, 32, or 33.

Definitions

Fuel cell electric generating equipment means an on-site electricity generation system that utilizes proton exchange membrane fuel cells, providing a rated baseload capacity of at least one kilowatt (1,000 watts) but no more than 100 kilowatts (100,000 watts) of electricity operated in accordance with applicable industry standards.

Qualified fuel cell electric generating equipment expenditures means qualified expenditures incurred on or after July 1, 2005, associated with the purchase of fuel cell electric generating equipment, which is installed and used in New York State.

Qualified expenditures include expenditures incurred on or after July 1, 2005, for materials, labor costs properly allocated to on-site preparation, assembly and original installation, engineering services, designs and plans directly related to the construction or installation, and utility compliance costs of the fuel cell electric generating equipment.

Qualified fuel cell electric generating equipment expenditures **do not** include the following:

- Interest or finance charges
- Any amount of federal, state, or local grant received by the taxpayer that was used for the purchase and/or installation of the equipment if the grant was not included in the federal gross income of the taxpayer

Line instructions

Eligible transportation and transmission corporations and cooperative agricultural corporations taxable under Article 9, section 183, 184, or 185; general business corporations (other than New York S corporations) taxable under Article 9-A; banking corporations taxable under Article 32; and insurance corporations taxable under Article 33 complete Part 1 and Part 2.

New York S corporations: Complete Form CT-259, Part 1 only, and include the line 3 amount on Form CT-34-SH, *New York S Corporation Shareholders' Information Schedule*.

Part 1 — Computation of credit

Column A — Enter the physical address where the fuel cell is located (number and street, city, ZIP code).

Column B — Enter the date the fuel cell listed in column A was placed in service.

Column C — Enter the qualified fuel cell electric generating equipment expenditures for each fuel cell purchased. **Do not** include the following:

- Interest or finance charges
- Any amount of federal, state, or local grant received by the taxpayer that was used for the purchase and/or installation of the equipment if the grant was not included in the federal gross income of the taxpayer
- Any expenditure made prior to July 1, 2005

Column E — For each fuel cell listed in column A, enter the column C amount or **1,500**, whichever is less. The credit amount cannot exceed \$1,500 for each unit purchased.

If additional space is necessary, attach additional sheets following the same format as columns A through E. Enter the total of column E from all sheets on the line above line 1.

Line 1 — Use line 1 if you own the fuel cell electric generating equipment and you are claiming credit for the purchase. Do not include on line 1 a credit for purchase of the fuel cell electric generating equipment received from a pass-through entity; report it on line 2a.

Line 2a — If you have a credit for the purchase of fuel cell electric generating equipment from a pass-through entity that is a partnership, enter on line 2a the pro rata share of the credit of the fuel cell electric generating equipment received from the partnership. This information should be provided to you by the partnership. The partnership completes Form IT-259, *Claim for Fuel Cell Electric Generating Equipment Credit*, and provides each partner with their pro rata share of the credit for the purchase of fuel cell electric generating equipment. Enter in the *Partnership information* area of this form the name, identifying number, and credit amount for each partnership that passed the credit through to you.

If you have pass-through credits from more than one partnership, add them together and enter the total on line 2a.

If you do not have credit for the purchase of fuel cell electric generating equipment from a pass-through entity that is a partnership, enter **0** on line 2a.

Line 2b — New York C corporations enter the amount of credit carried forward from the tax year immediately preceding the current tax year. New York S corporations enter **0**. No credit or carryover of credit allowed in a New York C year may be carried forward to a New York S year, and no credit or carryover of credit allowed in a New York S year may be carried forward to a New York C year.

Line 3 — New York S Corporations: Transfer the line 3 amount to Form CT-34-SH, and provide each shareholder with his or her pro rata share of the credit. Do not complete Part 2. Each shareholder of the New York S corporation will claim his or her share of the credit on Form IT-259, Schedule C. For further information, see Form IT-259-I, *Instructions for Form IT-259*.

A credit that originates in a New York S corporation year flows through to the individual shareholders of the New York S corporation under Article 22, and the credit cannot be applied against the New York State corporation franchise tax.

Part 2 — Computation of credit used and carried forward

Line 4 — Enter your tax before credits using the *Lines 4 and 7 entries table*.

Line 5 — If you are claiming more than one tax credit for this year, enter the amount of credits claimed before applying this tax credit. Refer to the instructions of your franchise tax return to determine the order of credits. Otherwise, enter **0**.

Article 9-A taxpayers: Refer to Form CT-600-I, *Instructions for Form CT-600, Ordering of Corporation Tax Credits*.

If you are included in a combined return, include any amount of tax credit(s) being claimed by other members of the combined group, including the fuel cell electric generating equipment credit, that you

wish to apply before your fuel cell electric generating equipment credit.

Life insurance corporations: Do not enter on this line any amount of empire zone (EZ) wage tax credit, zone equivalent area (ZEA) wage tax credit, or EZ capital tax credit you may be claiming. If you are included in a combined return, do not include any amount of these credits being claimed by other members of the combined group.

Line 7 — Enter your minimum tax using the *Lines 4 and 7 entries table*.

Lines 4 and 7 entries table

If you filed	Enter on line 4 the amount from	Enter on line 7 the minimum tax below
Forms CT-183 and CT-184	Line 4 of Form CT-183 plus the amount from line 3 or 4 of Form CT-184	75
Form CT-185	Line 6	10
Form CT-3	Line 78	Line 81 amount
Form CT-3-A	Line 77	Line 80 amount
Form CT-32	Line 5	250
Form CT-32-A	Line 5	250
Form CT-33	Line 11	250
Form CT-33-A	Line 15	The result of adding line 4 and line 12
Form CT-33-NL	Line 5	250

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To order forms and publications: **1 800 462-8100**
Corporation Tax Information Center: 1 888 698-2908
From areas outside the U.S. and outside Canada: **(518) 485-6800**



Text Telephone (TTY) Hotline (for persons with hearing and speech disabilities using a TTY): If you have access to a TTY, contact us at 1 800 634-2110. If you do not own a TTY, 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 1 800 972-1233.