



# Instructions for Form IT-636

## Alcoholic Beverage Production Credit

# IT-636-I

### General information

The New York State Tax Law provides a credit to taxpayers who meet certain requirements and are subject to tax under Articles 9-A and 22. Individuals (including sole proprietors), estates and trusts, shareholders of an S corporation, partners in a partnership (including a member of a limited liability company (LLC) that is treated as a partnership for federal income tax purposes), and beneficiaries of an estate or trust may claim the credit on Form IT-636.

### Eligibility

To be eligible for this credit, you must meet **all** of the following requirements:

- you are subject to tax under Article 9-A or 22
- you are registered as a distributor under Article 18 (Taxes on Alcoholic Beverages)
- you produce 60 million gallons or less of beer or cider, 20 million gallons or less of wine, or 800,000 gallons or less of liquor in New York State during the tax year

A registered distributor that produces more than one type of alcoholic beverage in New York State in the same tax year qualifies for the credit for each alcoholic beverage produced within the production limits stated above. If the production limitation is exceeded for an alcoholic beverage, no credit is allowed for that beverage.

**Example:** A registered distributor that produced 50 million gallons of cider and 100 million gallons of beer in New York State in the same tax year qualifies to claim the credit for the cider production. The registered distributor would not qualify to claim a credit for the beer production since it produced greater than 60 million gallons of beer in New York State in the tax year.

### Credit information

The amount of credit per tax year for each gallon of beer, cider, wine, or liquor produced in New York State is:

- 14 cents (.14) per gallon for the first 500,000 gallons produced, plus
- 4.5 cents (.045) per gallon for each gallon produced in excess of 500,000 gallons (up to 15 million additional gallons for beer, cider, or wine and up to 300,000 additional gallons for liquor).

However, no credit is allowed for any beer, cider, or wine produced in excess of 15.5 million gallons, or liquor produced in excess of 800,000 gallons during the tax year.

Any unused amount of credit for the current tax year will be treated as a refund or overpayment of tax to be credited to next year's tax. Interest will not be paid on the refund or overpayment.

### How to claim the credit

File Form IT-636 if you are an individual, a beneficiary or fiduciary of an estate or trust, a partner in a partnership, or a shareholder of an S corporation, and you are claiming the alcoholic beverage production credit.

An estate or trust that divides the credit among itself and its beneficiaries must submit Form IT-636 with Form IT-205, *Fiduciary Income Tax Return*, showing each beneficiary's share of the credit.

A partnership must submit Form IT-636 with Form IT-204, *Partnership Return*, showing the total credit.

An S corporation does not file Form IT-636; it must file Form CT-636. If you are a shareholder of a New York S corporation, obtain your share of the S corporation's credit from the S corporation and follow the instructions on this form for claiming your credit on your personal income tax return.

### Line instructions

See the instructions for your tax return for the *Privacy notification* or if you need help contacting the Tax Department.

Complete a separate Form IT-636 for each registered distributor.

**Line A –** Mark an **X** in the appropriate box to determine the parts of this form you need to complete. If you are claiming this credit **both** as an entity that earned the credit **and** as a partner, shareholder, or beneficiary receiving a share of the credit, mark an **X** in the **Yes** box and complete all appropriate schedules on one Form IT-636.

**Individual (sole proprietor):** Complete line A, Schedule A, Schedules B, C, D, and/or E, as applicable, and Schedules F and I.

**A married couple in a business enterprise that made an IRC 761(f) election to file two federal Schedule C forms instead of a partnership return:** If you file jointly, compute your credit as if you were filing one federal Schedule C for the business (enter the total of all applicable amounts from both federal Schedule C forms). Complete line A, Schedule A, Schedules B, C, D, and/or E, as applicable, and Schedules F and I.

**Fiduciaries:** Complete line A, Schedule A, Schedules B, C, D, and/or E, as applicable, and Schedules H and I.

**Partners in a partnership, shareholders of a New York S corporation, and beneficiaries of an estate or trust:** Complete line A, Schedules G and I.

**Partnership:** Complete line A, Schedule A, and Schedules B, C, D, and/or E as applicable.

**Note:** If more than one of the above applies to you, complete all appropriate parts of the form on one Form IT-636.

### Schedules B through E – Individual (including sole proprietor), partnership, and fiduciary

Complete the applicable Schedules (B, C, D, and/or E) for the type of alcoholic beverage that was produced in New York State in this tax year.

### Schedule B – Credit for beer produced in New York State in this tax year

#### Parts 1 and 2

**Column A –** Enter the street number and name, and the city in New York State where the beer is produced. Do **not** enter a PO Box, or the mailing address of the company if it differs from the physical location where the beer is produced.

**Column B**

The total gallons to enter from Form MT-50, *Beer Tax Return*, and/or Form-456, *Alcoholic Beverages Tax Return*, depends on whether you file the form on an annual (calendar-year) or monthly basis.

**Annual filers:** Enter the amount from Form MT-50, line 2, and/or Form MT-456, line 3, column D filed for the tax year for which you file your income tax return.

If you file your income tax return on a fiscal-year basis, do **not** enter the amount from Form MT-50 and/or Form MT-456. Instead, compute your gallons produced in New York State during the tax years for which you file your income tax return, and enter the amount.

**Monthly filers:** Enter the sum of the amounts entered on line 2 of all Forms MT-50 and/or Form MT-456, line 3, column D filed for the tax year for which you file your income tax return.

**Line 3 –** Claim the credit for any gallons produced in New York State in excess of 500,000 gallons in Part 2. If there were no gallons produced in New York State in excess of 500,000, leave Part 2 blank and enter the amount from line 3 on line 8.

**Line 6 –** No credit is allowed for any beer produced in excess of 15,500,000 gallons (500,000 gallons in Part 1 plus 15,000,000 gallons in Part 2).

**Schedule C – Credit for cider produced in New York State in this tax year**

**Parts 1 and 2**

**Column A –** Enter the street number and name, and the city in New York State where the cider is produced. Do **not** enter a PO Box, or the mailing address of the company if it differs from the physical location where the cider is produced.

**Column B –** Enter the amount from Form MT-60, *Cider Tax Return*, line 2, or Form MT-456, line 3, column E filed for the tax year for which you file your income tax return.

**Fiscal-year filers:** Do **not** enter the amount from Form MT-60 or Form MT-456 if you file your income tax return on a fiscal-year basis. Instead, compute your gallons produced in New York State during the tax year for which you file your income tax return, and enter the amount.

**Line 11 –** Claim the credit for any cider produced in New York State in excess of 500,000 gallons in Part 2. If there were no gallons produced in New York State in excess of 500,000, leave Part 2 blank and enter the amount from line 11 on line 16.

**Line 14 –** No credit is allowed for any cider produced in excess of 15,500,000 gallons (500,000 gallons in Part 1 plus 15,000,000 gallons in Part 2).

**Schedule D – Credit for wine produced in New York State in this tax year**

**Parts 1 and 2**

**Column A –** Enter the street number and name, and the city in New York State where the wine is produced. Do **not** enter a PO Box, or the mailing address of the company if it differs from the physical location where the wine is produced.

**Column B –** The total gallons to enter in this column depends on whether you file Forms MT-40, *Return of Tax on Wines, Liquors, Alcohol, and Distilled or Rectified Spirits*; and MT-41, *Beverage Inventories and Purchases to be used by Distillers, Rectifiers, Blenders and/or Fortifiers of Wine or Liquor*, and/or Form MT-456 on an annual (calendar-year) or monthly basis. Complete the worksheet below based on the amounts entered on Form MT-41 and/or Form MT-456.

**Schedule D worksheet for Parts 1 and 2**

A	Enter the sum of the amounts from Form MT-41, line 2, columns D, E, and F .....	A _____
B	Enter the sum of the amounts from Form MT-41, line 5, columns D, E, and F .....	B _____
C	Add lines A and B .....	C _____
D	Enter the sum of the amounts from Form MT-41, line 7, columns D, E, and F .....	D _____
E	Gallons of wine produced in NYS from Form MT-41 (subtract line D from line C) ...	E _____
F	Gallons of wine produced in NYS from Form MT-456, line 3, column C .....	F _____
G	Total gallons of wine produced in NYS (add lines E and F) .....	G _____

**Annual filers:** Enter the amount from line G in column B.

If you file your income tax return on a fiscal-year basis, complete a pro forma Form MT-41 and/or Form MT-456 using your fiscal-year figures. Use this pro forma Form MT-41 and/or Form MT-456 to complete the *Schedule D worksheet for Parts 1 and 2*.

**Monthly filers:** Complete one *Schedule D worksheet for Parts 1 and 2* for each Form MT-41 and/or Form MT-456 filed for the tax year for which you file your income tax return and enter the sum of the line G amounts from all the worksheets in column B.

**Line 19 –** Claim the credit for any wine produced in New York State in excess of 500,000 gallons in Part 2. If there were no gallons produced in New York State in excess of 500,000, leave Part 2 blank and enter the amount from line 19 on line 24.

**Line 22 –** No credit is allowed for any wine produced in excess of 15,500,000 gallons (500,000 gallons in Part 1 plus 15,000,000 gallons in Part 2).

**Schedule E – Credit for liquor produced in New York State in this tax year**

**Parts 1 and 2**

**Column A –** Enter the street number and name, and the city in New York State where the liquor is produced. Do **not** enter a PO Box, or the mailing address of the company if it differs from the physical location where the liquor is produced.

**Column B –** The total gallons to enter in this column depends on whether you file Forms MT-40 and MT-41 and/or Form MT-456 on an annual (calendar-year) or monthly basis. Complete the worksheet below based on the amounts entered on Form MT-41 and/or Form MT-456.

**Schedule E worksheet for Parts 1 and 2**

A	Enter the sum of the amounts from Form MT-41, line 2, columns A, B, and C .....	A	_____
B	Enter the sum of the amounts from Form MT-41, line 5, columns A, B, and C .....	B	_____
C	Add lines A and B .....	C	_____
D	Enter the sum of the amounts from Form MT-41, line 7, columns A, B, and C .....	D	_____
E	Liters produced from Form MT-41 (subtract line D from line C) .....	E	_____
F	Liters of liquor produced in NYS from Form MT-456, line 3, columns A and B .....	F	_____
G	Total liters of liquor produced in NYS (add line E and F) .....	G	_____
H	Conversion factor .....	H	<b>0.2642</b>
I	Gallons of liquor produced in NYS (multiply line G by line H) .....	I	_____

**Schedule I – Computation of credit**

**Fiduciaries:** Do not enter any amounts on lines 38 or 39. Enter the amount from Schedule H, line 37, column G, on line 40.

**Line 41 –** Enter this amount and code **636** on Form IT-201-ATT, line 12, or on Form IT-203-ATT, line 12, or include it on Form IT-205, line 33.

**Annual filers:** Enter the amount from line I in column B.

If you file your income tax return on a fiscal-year basis, complete a pro forma Form MT-41 and/or Form MT-456 using your fiscal-year figures. Use this pro forma Form MT-41 and/or Form MT-456 to complete the *Schedule E for worksheet Parts 1 and 2*.

**Monthly filers:** Complete one *Schedule E worksheet for Parts 1 and 2* for each Form MT-41 and/or Form MT-456 filed for the tax year for which you file your income tax return, and enter the sum of the line I amounts from all the worksheets in column B.

**Line 27–** Claim the credit for any liquor produced in New York State in excess of 500,000 gallons in Part 2. If there were no gallons produced in New York State in excess of 500,000, leave Part 2 blank and enter the amount from line 27 on line 32.

**Line 30 –** No credit is allowed for any liquor produced in excess of 800,000 gallons (500,000 gallons in Part 1 plus 300,000 gallons in Part 2).

**Schedule G – Partner’s, shareholder’s or beneficiary’s share of credit**

**Partners, S corporation shareholders, and beneficiaries:**

Enter the appropriate information for each partnership, New York S corporation, or estate or trust from which you received a share of the credit. You may obtain this information from the partnership, New York S corporation, or estate or trust. If you need more space, submit a separate schedule (be sure to include your name and taxpayer identification number).

**Schedule H – Beneficiary’s and fiduciary’s share of credit**

An estate or trust must complete this schedule. If an estate or trust allocates or assigns the credits to its beneficiaries, it must base the division on each beneficiary’s proportionate share of the income of the estate or trust. Provide any amounts allocated or assigned to the beneficiaries to claim on their own income tax returns.

**Line 35 –** Include the amounts from lines 8, 16, 24, 32, and 34 in the corresponding columns.