



Instructions for Form CT-656

Grade Number 6 Heating Oil Conversion Credit

General information

For tax years beginning on or after January 1, 2022, the grade number 6 heating oil conversion credit for costs incurred to convert from grade number 6 heating oil fuel usage to biodiesel heating fuel or a geothermal system is available to taxpayers who meet the *Eligibility* requirements.

Eligibility

You are eligible for this credit, if you:

- are subject to tax under Tax Law Article 9-A or 22;
- incur expenses for the conversion from grade number 6 heating oil fuel to biodiesel heating oil or a geothermal system at any building located in New York State outside of New York City;
- submit an application to the New York State Energy Research and Development Authority (NYSERDA) describing both the conversion and costs to complete such conversion, and obtain their approval;
- are not principally engaged in the generation or distribution of electricity, power, or energy;
- followed all environmental conservation laws and regulations; **and**
- do not owe past due New York State taxes, unless you are making payments and complying with an approved binding payment agreement with the Tax Department.

For more information about eligibility and the application process, visit the NYSERDA website at www.nyserda.ny.gov.

Credit details

The credit is 50% (0.5) of the conversion costs approved by the NYSERDA. The credit must be claimed in the tax year in which the conversion is complete, and the amount cannot exceed \$500,000 per facility.

Do not include any expense or cost, paid or incurred, to calculate **this** credit that you used to calculate **any other** tax credit.

The amount of credit allowed cannot reduce the tax due to less than the fixed dollar minimum tax or be allowed against the metropolitan transportation business tax under Article 9-A.

If you do not use the full amount of the credit against your tax liability this year, you may request a refund or apply the overpayment to next year's tax. However, the Tax Department will not pay interest on the refund or overpayment.

How to claim the credit

New York S corporations: You must calculate the credit and file Form CT-656, *Grade Number 6 Heating Oil Conversion Credit*, with Form CT-3-S, *New York S Corporation Franchise Tax Return*. However, the S corporation may not use the credit against its own tax liability. Instead, the S corporation must pass the credit through to its shareholders to use against their personal income tax liabilities on their New York State personal income tax returns.

Combined filers: A taxpayer filing as a member of a combined group may claim the credit, which is computed on a separate basis but applied against the combined tax.

Line instructions

Note: If you are claiming the grade number 6 heating oil conversion credit for more than one facility, you must complete a separate Form CT-656 for each facility.

Line A: Mark an **X** in the appropriate box to determine the parts of this form that you need to complete. If you are claiming this credit **both** as a corporation that earned the credit **and** as a corporate partner receiving a share of the credit, mark an **X** in the Yes box and complete all appropriate schedules on one Form CT-656.

Lines B through E: If you do not enter the correct information, your credit may be denied. Partners must get this information from their partnership. Retain a copy of your certificate and be prepared to produce a copy upon request by the Tax Department.

Additional forms: If you have more entries than will fit on the lines provided in Schedule(s) A or B, submit additional Forms CT-656, completing only the necessary schedules. Include your name and taxpayer identification number on each form and include the totals

from all additional Forms CT-656 on the indicated lines. Place the extra forms behind the first Form CT-656 and submit them with your return.

Schedule A: Computation of credit

If you are claiming the credit for more than one facility, you must calculate each credit separately. Complete lines B through E and Schedule A, lines 1 through 3 for each facility. If needed, see *Additional forms*.

Line 1: Enter the total amount of approved conversion costs listed on the certificate the NYSERDA issued to you.

Schedule B: Partnership information

If you were a partner in a partnership and received a share of the grade number 6 heating oil conversion credit from that entity, complete this schedule. Enter the name and employer identification number of the partnership, and the credit amount passed through to you from each partnership. Obtain this information from all partnerships allocating the credit to you. If needed, see *Additional forms*.

Line 7

New York S corporations: Transfer this amount to the applicable line of Form CT-34-SH, *New York S Corporation Shareholders' Information Schedule*, and provide your shareholders with their share of this line. The shareholders must file Form IT-656, *Grade Number 6 Heating Oil Conversion Credit*, to claim this credit on their New York State personal income tax returns.

Schedule C: Computation of credit used, refunded, or credited as an overpayment to the next tax year (New York S corporations: Do not complete this schedule.)

Line 8: Enter your tax due before credits using the *Lines 8 and 11 entries table*.

Line 9: If you are claiming more than one tax credit for this year, enter the total amount of credits claimed before applying this credit; otherwise enter 0. You must apply tax credits in a specific order.

Article 9-A filers: For the correct order of credits, see Form CT-600-I, *Instructions for Form CT-600, Ordering of Corporation Tax Credits*.

If filing as a member of a combined group, include the total amount of all tax credits you **and** other members of the combined group are claiming—including the grade number 6 heating oil conversion credit—that you want to apply before you apply this credit.

Line 11: Enter the fixed dollar minimum tax using the *Lines 8 and 11 entries table*.

Lines 8 and 11 entries table

If you filed	Enter on line 8 any net recapture of other tax credits, plus the amount from	Enter on line 11 the minimum tax below
Form CT-3	Part 2, line 2	Part 2, line 1c amount
Form CT-3-A	Part 2, line 2	Part 2, line 1c amount