



Instructions for Form IT-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.

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

If you are an individual, a beneficiary or fiduciary of an estate or trust, a partner in a partnership (including members of an LLC treated as a partnership for federal tax purposes), or a shareholder of an S corporation, and you are claiming the grade number 6 heating oil conversion credit, file Form IT-656.

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

An **estate or trust** that divides the credit between itself and its beneficiaries must submit Form IT-656 with Form IT-205, *Fiduciary Income Tax Return*, showing each beneficiary's share of the credit.

A **partnership** must file Form IT-656 with Form IT-204, *Partnership Return*, showing the total credit.

A **New York S corporation** does not file Form IT-656. It must file Form CT-656, *Grade Number 6 Heating Oil Conversion Credit*.

If you are a **shareholder of an S corporation**, obtain your share of the grade number 6 heating oil conversion credit from the S corporation and follow the instructions on this form for claiming the credit on your personal return.

Line instructions

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 individual (sole proprietor), partnership, or fiduciary of an estate or trust 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-656.

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

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. Complete Schedules A and D.

Note: If you earned this credit directly **and** received a share of the credit from another entity, complete all the appropriate parts on one Form IT-656.

Additional forms: If you have more entries than will fit on the lines provided in Schedule(s) A, B, or C, submit additional Forms IT-656, completing only the necessary schedules. Include your name and taxpayer identification number on each form and include the totals from all additional Forms IT-656 on the indicated lines. Place the extra forms behind the first Form IT-656 and submit them with your return.

Schedule A: Individual (including sole proprietor), partnership, and estate or trust

If you are claiming the credit for more than one facility, you must calculate each credit separately. Complete lines B through F 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: Partner's, shareholder's, or beneficiary's share of credit

Enter the appropriate information for each partnership, New York S corporation, estate, or trust from which you received a share of the credit. Obtain your share of the credit from your partnership, S corporation, estate, or trust. If needed, see *Additional forms*.

Schedule C: Beneficiary's and fiduciary's share of credit

An estate or trust must complete Schedule C. If an estate or trust allocates or assigns the credit to its beneficiaries, it must base the division on each beneficiary's proportionate share of the income of the estate or trust. Provide the beneficiaries with their share of the credit. If needed, see *Additional forms*.

Schedule D: Computation of credit

Lines 10 through 12: Complete the lines that apply to you.

Fiduciaries: Do not enter any amounts on lines 10 or 11.

Line 13: Enter the amount and code **656** on:

- Form IT-201-ATT, *Other Tax Credits and Taxes*, line 12;
- Form IT-203-ATT, *Other Tax Credits and Taxes*, line 12; or
- Form IT-204, line 147.

If you file Form IT-205, include the amount on line 33.