



## General instructions

If you are a partner in a partnership and must file Form CT-3, CT-3-S, or be included in a combined group filing Form CT-3-A, under Article 9-A (a corporate partner; see *Who must file under Article 9-A* below), the partnership should send you a completed Form IT-204-CP, *New York Corporate Partner's Schedule K-1*. Keep Form IT-204-CP for your records. **Do not** file it with your Article 9-A franchise tax return.

If you are a partnership or a limited liability company (LLC) and you received a Form IT-204-CP from a partnership that you are a partner in, you should use the form and these instructions to determine the proper amounts to include on your Form IT-204.1 on an aggregate basis. For more information, see the *Partnership's instructions for Form IT-204.1* in Form IT-204-I, *Instructions for Form IT-204*. For more information on any Forms IT-204-CP you complete for a partner of your own, see the *Partnership's instructions for Form IT-204-CP* in Form IT-204-I.

**Note:** If you are a partnership or an LLC you should also receive a Form IT-204-IP from all partnerships that you are a partner in, and you should include the proper amounts from any such Forms IT-204-IP that you receive, on the Forms IT-204-IP you complete for your own partners.

If you are a New York C corporation, use the form and these instructions to determine the proper amount of partnership income, gain, loss, deduction, and any other partnership items you are required to report on your Article 9-A franchise tax return if you are computing your tax using the **aggregate method**, and to determine tax credits that may be deducted against the Article 9-A franchise tax.

If you are a New York S corporation, use the form and these instructions to determine the proper amount of certain partnership items that must be passed on to your shareholders under Article 22, and to determine the proper amount of receipts to include in the computation of your fixed dollar minimum tax under Article 9-A.

See below for information concerning the aggregate or entity methods, and for the foreign corporate limited partner election.

Report the partnership items for the partnership tax year that ends within the tax year for which you are filing your franchise tax return. The partnership tax year is entered near the top of page 1.

### Errors on your Form IT-204-CP

If you believe the partnership reported inaccurate information on your Form IT-204-CP, notify the partnership. Ask for a corrected Form IT-204-CP. **Do not** change any items on your copy of Form IT-204-CP.

### Who must file under Article 9-A

**Domestic corporations subject to the franchise tax under Article 9-A** – A domestic corporation (incorporated in New York State) is generally liable for franchise taxes for each fiscal or calendar year, or part thereof, during which it is incorporated until it is formally dissolved with the Department of State ([www.dos.ny.gov](http://www.dos.ny.gov)) unless specifically exempt. When filing its franchise tax return, the corporation must include the proper amount of partnership income, gain, loss, deduction, asset, liability, apportionment item, tax credit, and any other partnership items needed regardless of whether the partnership is doing business, employing capital, owning or leasing property, maintaining an office, or deriving receipts from activity, in New York State.

**Foreign corporations subject to the franchise tax under Article 9-A** – A foreign corporation (incorporated outside of New York State) is liable for franchise taxes during the period in which it is doing business, employing capital, owning or leasing property,

maintaining an office, or deriving receipts from activity, in New York State regardless of whether it is authorized to do business in New York State, unless specifically exempt.

**Foreign corporate limited partner** – A foreign corporation is doing business, employing capital, owning or leasing property, maintaining an office, or deriving receipts from activity, in New York State if it is a **limited partner** of a partnership (**other than a portfolio investment partnership**) that is doing business, employing capital, owning or leasing property, maintaining an office, or deriving receipts from activity, in New York State, and if it is engaged, directly or indirectly, in the participation or in the domination or control of all or any portion of the business activities or affairs of the partnership.

**Foreign corporate general partner** – If the partnership marked an **X** in the Yes box on Apportionment, Part 1, line 1 (indicating that it did business, employed capital, owned or leased property, maintained an office, or derived receipts from activity, in New York State) and you are a corporate **general partner**, then you are subject to the franchise tax imposed under Tax Law Article 9-A and must include the proper amount of partnership income, gain, loss, deduction, asset, liability, apportionment item, tax credit, and any other partnership items needed when completing your franchise tax return.

A limited liability corporation (LLC) or limited liability partnership (LLP) that is treated as a partnership for federal income tax purposes will be treated as a partnership for New York State tax purposes.

### Computation of tax

An Article 9-A corporate partner computes its tax with respect to its interest in the partnership using either the aggregate method or entity method, whichever applies. (See *Election by a foreign corporate limited partner* on page 2 for the exception to these methods.)

**Aggregate method** – Under the aggregate method, a corporate partner is viewed as having an undivided interest in the partnership's assets, liabilities, and items of receipts, income, gain, loss, and deduction. The partner is treated as participating in the partnership's transactions and activities.

**Entity method** – Under the entity method, a partnership is treated as a separate entity and a corporate partner is treated as owning an interest in the partnership entity. The partner's interest is an intangible asset that is classified as business capital. To the extent a corporate partner's entire net income (ENI) includes its distributive share of partnership items of income, gain, loss, or deduction, those items are treated as business income.

### Corporate partners required to file under the aggregate method

A corporate partner receiving a complete Form IT-204-CP must file using the aggregate method. In addition, a corporate partner must file using the aggregate method if the corporate partner has access to the information necessary to compute its tax using the aggregate method. A corporate partner is presumed to have access to the information and therefore is required to file using the aggregate method if it meets **one or more** of the following conditions:

- it is conducting a unitary business with the partnership;
- it is a general partner of the partnership or is a managing member of an LLC which is treated as a partnership for federal income tax purposes;
- it has a 5% or more interest in the partnership;
- it has reported information from the partnership in a prior tax year using the aggregate method;
- its partnership interest constitutes more than 50% of its total assets;

- its basis in its interest in the partnership determined under Internal Revenue Code (IRC) section 705 on the last day of the partnership year that ends within or with the taxpayer's tax year is more than \$5 million; or
- any member of its affiliated group has the information necessary to perform such computation.

A corporate partner that does not receive a complete Form IT-204-CP may file using the entity method **only** if it does **not** meet any of the conditions listed above **and** does not have access (and will not have access within the time period allowed for filing a return with regard to all extensions of time to file) to the information necessary to compute its tax using the aggregate method and certifies these facts to the commissioner.

**Computation of tax under the aggregate method** – The taxpayer's **distributive share** (see IRC section 704) of each partnership item of receipts, income, gain, loss, and deduction and the taxpayer's **proportionate part** of each partnership asset, liability, and partnership activity are included in the computation of the taxpayer's business income base, capital base, and the fixed dollar minimum. These items have the same source and character in the hands of the partner for Article 9-A purposes that the items have for the partner for federal income tax purposes.

**Election by a foreign corporate limited partner** – A foreign corporation that is a limited partner in one or more limited partnerships, that is subject to tax **solely** as a result of the rule stated under *Foreign corporate limited partner* on page 1 and that does not file on a combined basis for Article 9-A purposes, may elect to compute its tax by taking into account **only** its distributive share of each partnership item of receipts, income, gain, loss, and deduction (including any modifications), and its proportionate part of each asset, liability, and partnership activity of the limited partnership.

If the taxpayer meets the criteria to make the election and does not have access to the information necessary to do the computation, the taxpayer may treat its distributive share of the partnership's items of income, gain, loss, and deduction as business income and its interest in the partnership as business capital and may allocate that business income and capital entirely to New York State.

This election may not be made if the limited partnership and corporate group are engaged in a unitary business, wherever conducted.

*Corporate group* means the corporate limited partner itself or, if it is a member of an affiliated group, the corporate limited partner and all other members of such affiliated group.

*Affiliated group* has the same meaning as such term is defined in IRC section 1504 without regard to the exclusions provided for in section 1504(b). However, the term *common parent corporation* is deemed to mean any person as defined in IRC section 7701(a)(1).

## Specific instructions

### Partner's information

#### Item C

If the *General partner or LLC member-manager* box is marked, you must use the aggregate method in determining your tax.

#### Item J

If the *No* box is marked, but after considering all your individual circumstances, you feel you are not required to pay estimated tax, see Form CT-2658-E-I, *Instructions for Form CT-2658-E*, to determine if you qualify.

#### Item K

If the partnership made estimated tax payments on your behalf, the dates the estimated tax payments were made, and the amounts, are shown in item K. In the payments section of your corporate franchise tax return, include the total amount of the estimated tax as shown on your Form IT-204-CP.

### Partner's share of entire net income (ENI) information when the corporate partner's New York filing status is a C corporation

You must take into account your distributive share of each partnership item of income, gain, loss, and deduction that is included in the computation of ENI. These amounts must be taken into account in determining your business income, investment income, and other exempt income.

You may qualify for a reduced rate of tax on your business income base or capital base, or a reduced fixed dollar minimum tax if you are a qualified New York manufacturer or a qualified emerging technology company (QETC).

You must include your distributive share or proportionate part, as applicable, of partnership items when determining if you qualify as one of the above. For the definitions of small business taxpayer, qualified New York manufacturer, and QETC, see Form CT-3-I, *Instructions for Form CT-3*; or Form CT-3-A-I, *Instructions for Form CT-3-A*, if you are included in a combined group.

#### Line 1 – Total additions

Include the amount reported to you on your Form CT-225, *New York State Modifications*, Form CT-225-A, *New York State Modifications (for filers of combined franchise tax returns)*, or Form CT-225-A/B, *Group Member's Detail Spreadsheet - New York State Modifications (for filers of combined franchise tax returns)*, as applicable.

#### Line 2 – Total subtractions

Include the amount reported to you on your Form CT-225, Form CT-225-A, or Form CT-225-A/B, as applicable.

### Partner's proportionate part of assets and liabilities

#### Lines 3 through 9

Your partnership must report to you the information you need to compute the average value of the items reported on lines 3 through 7 using the frequency basis (quarterly or more frequently) that you are utilizing for valuing such items on your Form CT-3, *General Business Corporation Franchise Tax Return*, or Form CT-3-A, *General Business Corporation Combined Franchise Tax Return*, Part 4 as applicable. Lines 8 and 9 are needed when completing Form CT-3.1, *Investment and Other Exempt Income and Investment Capital*. The amount reported on line 9 must be adjusted to remove those liabilities directly attributable to those assets/investments reported to you on Parts 1, 2, and 3 that represent stock in corporations that you or your combined group is unitary with, stock in a corporation that is included in a combined return with you pursuant to the commonly owned group election, and stock issued by you, as such stock is not investment capital. Any such liabilities removed from line 9 are added to the amount reported to you on line 8 when you are completing Form CT-3.1.

### Adjustments to amounts reported to you on lines 10 through 31

**Note:** You may not claim investment capital treatment for stock in corporations that you, or your combined group, are unitary with, stock in corporations included in a combined return with you pursuant to the commonly owned group election, and stock issued by you that your partnership may have reported on Parts 1, 2, and 3. You must treat such stocks as business capital. In addition, you cannot claim investment income treatment for any income from such stocks that may have been reported by your partnership on lines 19 through 22. You must treat such income as business income, unless it meets the definition of other exempt income. If your partnership reported other exempt income to you on lines 16 through 18, such amounts may only be included in your total other exempt income if you, or your combined group, are unitary with the corporation that generated such income. If you, or your combined group, are not unitary with the corporation that generated such income, you must treat it as business income. If you are required to reclassify income

and capital reported to you by your partnership, you must adjust the amounts reported to you on lines 10 through 31 accordingly.

## Partner's proportionate part of items related to investment capital under Article 9-A

### Lines 10 through 14

Include the amounts reported to you (but see *Adjustments to amounts reported to you on lines 10 through 31* above) on Form CT-3.1, Schedule E, and Schedule F, Part 1, as applicable.

### Line 15

Include the amounts reported to you (but see *Adjustments to amounts reported to you on lines 10 through 31* above) on Form CT-3.1, Schedule F, Part 2.

## Partner's share of items related to investment and other exempt income under Article 9-A

### Lines 16 through 22

Include the amounts reported to you (but see *Adjustments to amounts reported to you on lines 10 through 31* above) on Form CT-3.1, Schedule B, Parts 1 and 2, and Schedule C, Part 1. **Note:** For line 19 amounts reported to you, when netting at the corporate partner or, for corporate partners included in a combined report, the combined level, on Form CT-3.1, losses can only be netted against gains; losses cannot be netted against any other income amounts, such as interest income.

## Partner's share of items related to interest deductions directly attributable to investment and other exempt income under Article 9-A

### Lines 23 through 31

Include the amounts reported to you (but see *Adjustments to amounts reported to you on lines 10 through 31* above) on Form CT-3.1, Schedule B, Parts 2, 3, and 4, and Schedule C, Part 3.

## Partner's share and proportionate part of items related to subtraction modification for qualified banks

### Lines 32 through 33b

For line 32, include the amount reported to you on Form CT-3.2, *Subtraction Modification for Qualified Banks*, Schedule C. For lines 33 through 33b, include the amounts reported to you on Form CT-3.2, Schedule E.

You may also need to include on Form CT-3.2, Schedule E, the amount reported to you on line 3 (total assets).

## Partner's share and proportionate part of items related to manufacturing

### Lines 34, 35, and 35a

The amounts reported to you on lines 34, 35, and 35a are included when making the determination if you are a qualified New York manufacturer.

## Partner's share of New York modifications (for New York S corporate partners only)

If your partnership meets the qualifications of a non-farm small business, or if it receives information from a lower-tier partnership that qualifies, it must provide you with a statement that includes:

- verification that the partnership qualified as a non-farm small business and
- your distributive share of the amount of the qualifying income base attributable to the partnership.

For more information on reporting that information to your shareholders, see Form CT-34-SH-I, *Instructions for Form CT-34-SH*.

### Lines 36 through 39

Include the amount reported to you of these addition and subtraction modifications (that must be passed through to your shareholders) on Form CT-225.

### Lines 40 through 43

Include the amount reported to you of these addition and subtraction modifications (that must be passed through to your shareholders) on Form CT-34-SH, *New York S Corporation Shareholders' Information Schedule*.

## Partner's share of income, deductions, etc.

You must include the amount reported to you of each partnership item of receipt, income, gain, loss, and deduction in the computation of your business income base (which includes federal taxable income). Each partnership item of receipt, income, gain, loss and deduction has the same source and character in the hands of the partner for Article 9-A purposes as such items have for the partner for federal income tax purposes. Include the appropriate amounts listed on lines 44 through 60 when calculating your federal taxable income on your corporate franchise tax return.

## Partner's credit information

The Form IT-204-CP provided to you by your partnership lists your distributive share of any credits, credit components, credit factors, recapture of credits, and other information reported by the partnership during the tax year. You need this information when completing your corporate franchise tax return.

## Part 1 – Flow-through credit bases and information

### Lines 61, 62, and 63 – Brownfield redevelopment tax credit

Include the amounts reported on lines 61, 62, and 63, column A, on the appropriate lines of Form CT-611, *Claim for Brownfield Redevelopment Tax Credit, for Qualified Sites Accepted into the Brownfield Cleanup Program Prior to June 23, 2008*; or the amounts from column B on Form CT-611.1, *Claim for Brownfield Redevelopment Tax Credit, for Qualified Sites Accepted into the Brownfield Cleanup Program on or After June 23, 2008, and prior to July 1, 2015*; or the amounts from column C on the appropriate line of Form CT-611.2, *Claim for Brownfield Redevelopment Tax Credit, for Qualified Sites Accepted into the Brownfield Cleanup Program on or After July 1, 2015*.

### Lines 66, 67, and 68 – QEZE tax reduction credit

Enter the QEZE employment increase factor, QEZE zone allocation factor, and QEZE benefit period factor reported on lines 66, 67, and 68 on the appropriate lines of Form CT-604-CP, *Claim for QEZE Credit for Real Property Taxes and QEZE Tax Reduction Credit for Corporate Partners*.

### Line 69 through 72a– Excelsior jobs program tax credit

Include the excelsior jobs program tax credit components reported on lines 69 through 72a on the appropriate lines of Form CT-607, *Claim for Excelsior Jobs Program Tax Credit*.

### Lines 73 through 76 – Farmers' school tax credit

Include the acres of qualified agricultural property, acres of qualified conservation property, eligible school district property taxes paid, and acres of qualified property converted to nonqualified use reported on lines 73 through 76 on the appropriate lines of Form CT-47, *Claim for Farmers' School Tax Credit*.



**Other flow-through credit bases and information****Lines 77a through 77f**

If the partnership entered code 212, include your proportionate part of the investment tax credit base (excluding R&D property) on Form CT-46, *Claim for Investment Tax Credit*.

If the partnership entered code 218, include your proportionate part of the R&D investment tax credit base on Form CT-46.

If the partnership entered code B12, include your proportionate part of the eligible farmer's rate investment tax credit base on Form CT-46.

If the partnership is a shareholder of a C corporation that has a special gross income from farming election, information regarding the election is reported on lines 77a through 77f. You will need this information to complete your Form CT-47. Enter the amounts reported on lines 77a through 77f on the appropriate Worksheets A, B, and D in Form CT-47-I, *Instructions for Form CT-47*.

- Code **148** – Distributive share of entire net income amount
- Code **146** – Distributive share of principal payments paid on farm indebtedness
- Code **149** – Distributive share of gross income
- Code **147** – Distributive share of gross income from farming

If the partnership reported the following codes, enter the amounts on the corresponding lines of Form CT-633.

- Code **633** – Jobs tax credit component
- Code **B33** – Investment tax credit component
- Code **C33** – Training tax credit component
- Code **D33** – Real property tax credit component

**Lines 77g through 77l**

If the following codes are reported on lines 77g through 77l, when filing your Form(s) CT-604-CP, transfer the factors reported on lines 77g through 77l to the appropriate lines of Form CT-604-CP.

- Code **CF1** – Employment increase factor
- Code **CF2** – Zone allocation factor
- Code **CF3** – Benefit period factor

If the following codes are reported on these lines, when filing your Form(s) CT-638, *START-UP NY Tax Elimination Credit*, transfer the information reported on these lines to the appropriate lines on Form CT-638.

- Code **SN1** – Certificate number
- Code **SN2** – Year of business tax benefit period
- Code **SN3** – Area allocation factor

**Part 2 – Flow-through credits, addbacks, and recaptures****Lines 78 and 79**

For those credits, addback of credits, and recaptures not specifically listed on Form IT-204-CP, the partnership provides you with the code and your distributive share of each of these items. You **must** complete a separate credit form reporting your distributive share of the credit, credit components, credit factors, and recapture of credit for each credit listed. See the chart at the end of these instructions for a list of the codes for the credits, addback of credits, and recapture amounts entered on lines 78 and 79.

**Part 3 – START-UP NY tax elimination credit information**

**Lines 80, 81, and 82** – Include the information from these lines on the appropriate lines of Form CT-638.

Your partnership **must** supply you with a separate statement indicating the name(s) of the sponsoring campus, university, or college.

**Be sure to submit all applicable credit forms with your franchise tax return.** For more information on the reporting of credits, see the instructions for the particular credit form you are filing.

**Partner's share of apportionment and Metropolitan Commuter Transportation District (MCTD) information****Part 1**

**Line 1** – If the partnership marked an **X** in the Yes box indicating that it did business, employed capital, owned or leased property, maintained an office, or derived receipts from activity, in New York State, then you must file a corporate franchise tax return.

If you are using the aggregate method you must include your distributive share of the partnership's receipts within and outside of New York State when computing your apportionment.

If you are a foreign corporate limited partner that makes the election as discussed on page 2 use **only** your distributive share of the partnership's receipts within and outside of New York State when computing your apportionment.

**Line 2** – If the partnership marked an **X** in the Yes box indicating that it did business, employed capital, owned or leased property, maintained an office, or derived receipts from activity, in the MCTD, then you must file Form CT-3-M and pay a metropolitan transportation business tax (MTA surcharge) on business done in the Metropolitan Transportation Authority region. New York S corporations are not subject to the MCTD tax surcharge.

If you are using the aggregate method, you must include your distributive share of the partnership's receipts and payroll within both the MCTD and New York State, and your distributive share or proportionate part of the partnership's property within both the MCTD and New York State when computing your MCTD allocation percentage.

If you are a foreign corporate limited partner that makes the election as discussed on page 2, use **only** your distributive share of the partnership's receipts and payroll within both the MCTD and New York State, and **only** your distributive share or proportionate part of the partnership's property within both the MCTD and New York State when computing your MCTD allocation percentage.

**Property**

If you are required to calculate an MCTD allocation percentage, you must include your distributive share or proportionate part of the partnership's real and tangible personal property, owned or rented, **within** the MCTD and your distributive share or proportionate part of the partnership's real and tangible personal property, owned or rented, **within** New York State during the applicable partnership year.

**Applicable partnership year** – means any tax year of the partnership ending within or with the tax year of the partner.

Use the adjusted basis used for federal income tax purposes to value real and tangible personal property owned. However, you may make a one-time, revocable election to value real and tangible personal property at fair market value (FMV). You must make this election on or before the due date (or extended due date) for filing your franchise tax return for your first tax year.

**Inter-entity rented real or tangible personal property between the partnership and the corporate partner**

The amount of rented real or tangible personal property reported to you by the partnership does **not** include your distributive share of the partnership's rental expense for property you rented to the

partnership. The partnership was already instructed to eliminate these inter-entity rental expenses when preparing Form IT-204-CP.

If you have leased or rented real or tangible personal property **from** the partnership, include **both** your proportionate part of such property and eight times the amount of rental expense that is deemed to have been paid to the other partners for such property. The amount of rental expense deemed paid to other partners is your total rental expense paid to the partnership less your distributive share of the partnership's rental income from such property.

## Part 2

### Receipts

In calculating a New York State receipts factor for purposes of apportionment, you must include your distributive share of the partnership's business receipts **within** New York State and your distributive share of the partnership's business receipts **within and outside** of New York State during the applicable partnership year.

If you are required to calculate an MCTD allocation percentage, you must include your distributive share of the partnership's business receipts **within** the MCTD and your distributive share of the partnership's business receipts **within** New York State during the applicable partnership year.

For receipts sourced by a fraction, you must include your distributive share or proportionate part of any partnership amounts when computing such fractions. Netting and sourcing rules under Section 210-A necessitate certain information to be reported to you by type of "other" financial instruments or by type of receipt. Thus, for certain receipts, the partnership must supply a separate statement to you providing the information you need to properly source and net receipts or to compute, at your level, the fraction that you will use to source receipts to New York State. For certain receipts the partnership uses lines 56 through 77 to provide information to you that is necessary for sourcing.

For certain types of receipts reported in Apportionment, Part 2 your partnership can simply pass through to you your share of the partnership's amounts of MCTD, New York State, and Everywhere receipts so that you can include such shares in the corresponding columns and lines of Form CT-3, CT-3-S, or CT-3-A.

For the remaining lines in Apportionment, Part 2, follow the special instructions below.

For many lines, either of columns A (MCTD), B (New York State), or C (Everywhere) is shaded. In certain instances, your partnership must supply you with a statement providing the partnership amounts you need, as for example for lines 29 through 30c. In other instances, you do not need partnership amounts for the shaded column(s). Examples of this are lines where you will, at **your** level, multiply your Everywhere receipts by 8% to determine your NYS receipts. For these lines you must include your share of the partnership receipts when determining the Everywhere amount to multiply by 8%.

**Note:** For these 8% lines, column A (MCTD) amount is 90% of the column B (New York State) amount.

For certain lines it is possible that your partnership will report your share amounts as a negative number (shown using a minus (-) sign). These are lines on which partnership **net** amounts (either net gain/loss or net income/expense) must be reported to you. You must include the negative amount when determining, at **your** level, if you have an overall negative amount that must be limited to zero on your Form CT-3, CT-3-S, or CT-3-A. These are lines 3, 10, 12, 16, 18, 20, 21, 23, 24, 26, 27, 30 through 30c, 30e, 30f, and 61 through 71.

For certain lines your partnership must report to you your share of the partnership's New York State and Everywhere *gross proceeds* from the sales being reported on such lines. You must include this share in the numerator and the denominator, as applicable, of your *gross proceeds* fraction, determined at **your** level, for each such line. These are lines 10, 12, 21, and 24. As the sourcing for these lines are done at **your** level, the partnership only reports

its Everywhere net gain, or loss, on these lines. The *gross proceeds* amounts are reported to you on lines 56 through 59. See Form CT-3-I or CT-3-A-I, Part 6 Worksheet A instructions or Form CT-3-S, Part 3, Worksheet A instructions.

For certain types of financial instruments, the partnership has marked a box to inform you that the partnership has marked to market under IRC sections 475 or 1256 any of the financial instruments within that type. For those types of financial instruments for which a box is marked, you must also mark the box that appears for that same type of financial instrument on your Form CT-3, CT-3-S, or Form CT-3-A. If the box above line 29 next to *Section 210-A.5(a)(2)(H)* is marked, your partnership must supply you with a statement indicating, for **each type** of "other" financial instruments, whether or not the partnership marked to market under IRC sections 475 or 1256 **any** "other" financial instruments of **that** type. If the box above line 29 next to *Section 210-A.5(a)(2)(G)* is marked, your partnership must supply you with a statement indicating if the partnership marked to market under IRC sections 475 or 1256 **any** stock that is business capital, and **also** indicating if the partnership marked to market under IRC sections 475 or 1256 **any** partnership interest in a widely held or publicly traded partnership.

For information regarding **types** of financial instruments, qualified financial instrument (QFI) determination, and the 8% fixed percentage method election, see Form CT-3-I or CT-3-A-I, Part 6, line 8 instructions, or Form CT-3-S-I, Part 3, line 8 instructions.

For certain lines, the partnership must supply a separate statement to you providing the information you need to compute, at **your** level, a fraction that will be used to source receipts to New York State. These are lines 42, 43, 45, 46, and 48 through 52. As the sourcing for these lines are done at **your** level, the partnership only reports its Everywhere amount on these lines.

### Inter-entity receipts between the partnership and the corporate partner

The amount of business receipts reported to you by the partnership does **not** include your distributive share of the partnership's business receipts from sales **to** you. The partnership was already instructed to eliminate these inter-entity receipts when preparing Form IT-204-CP.

If you have receipts from sales **to** the partnership, reduce gross receipts from your sales to the partnership by your distributive share of such purchases by the partnership.

**Line 7** – The partnership is reporting to you MCTD, New York State, and Everywhere amounts sourced using, at the **partnership** level, either of hierarchy methods 1 or 2 for receipts from the sale, licensing, or granting access to digital products. Include the amounts the partnership reported to you on this line in the corresponding columns on Form CT-3 or CT-3-A, Part 6, line 7; or Form CT-3-S, Part 3, line 7. Also see line 7a below.

**Line 7a** – The partnership is reporting to you MCTD, New York State, and Everywhere amounts sourced using, at the **partnership** level, either of hierarchy methods 3 or 4 for receipts from the sale, licensing, or granting access to digital products. The partnership must provide you with a statement breaking down this line's receipts being reported to you by hierarchy method (either 3 or 4) and digital product, for each column. If you do **not** have any additional digital receipts from the **same** digital product that you are also sourcing using hierarchy methods 3 or 4, include the amounts the partnership reported to you on this line in the corresponding columns on Form CT-3 or CT-3-A, Part 6, line 7; or Form CT-3-S, Part 3, line 7. However, if you have additional digital receipts from the **same** digital product that you cannot source using hierarchy methods 1 or 2, you will need only the Everywhere amount and you must recompute the MCTD and New York State amounts at **your** level to be included in the corresponding columns on Form CT-3 or CT-3-A, Part 6, line 7; or Form CT-3-S, Part 3, line 7. In such instances, when recomputing the New York State amounts at **your** level, you must use the apportionment fractions described in hierarchy methods 3 or 4, whichever applies to the particular digital receipt you are sourcing.

When computing such apportionment fractions you must include your distributive share of all applicable partnership receipts.

**Line 11** – The partnership is reporting to you MCTD, New York State, and Everywhere amounts. However, if the financial instruments described on this line are determined to be of a type that are QFIs, **and** you made the 8% fixed percentage method election on your Form CT-3, CT-3-S, or CT-3-A, you will need only the Everywhere amount.

**Lines 17 and 18** – The partnership is reporting to you 100% of your distributive share of the partnership's receipts constituting interest from, and net gains from sales of, debt instruments issued by other states and their political subdivisions. If the financial instruments described on these lines are determined to be of a type that are QFIs, **and** you made the 8% fixed percentage method election on your Form CT-3, CT-3-S, or CT-3-A, include these amounts in the Everywhere column, and include 8% of these amounts in the New York State column, on the corresponding lines on Forms CT-3 or CT-3-A, Part 6, or Form CT-3-S, Part 3. If you did **not** make the 8% fixed percentage method election on your Form CT-3, CT-3-S, or CT-3-A, or if the financial instruments are **not** determined to be of a type that are QFIs, you **must** include 50% of the amounts reported to you on these lines in the Everywhere column, and include 0% of these amounts in the New York State column, on the corresponding lines on Form CT-3 or CT-3-A, Part 6, or Form CT-3-S, Part 3.

**Line 22** – The partnership is reporting to you MCTD, New York State, and Everywhere amounts. However, if the financial instruments described on this line are determined to be of a type that are QFIs, **and** you made the 8% fixed percentage method election on your Form CT-3, CT-3-S, or CT-3-A, you will need only the Everywhere amount.

**Line 25** – Your partnership has reported to you on lines 72 through 77 the amounts you need to complete this line on your Form CT-3, CT-3-S, or CT-3-A.

**Line 27** – Your partnership is reporting to you on this line your share of the partnership amount of its Everywhere **net** income from sales of physical commodities. Your overall **net** income from sales of physical commodities is multiplied by a fraction in which you must include, when determining the numerator and the denominator of such fraction, your share of the partnership's New York State and Everywhere **receipts** from the partnership's sales of physical commodities, as such shares are being reported to you on line 60.

**Line 28** – Your partnership has reported to you on lines 61 through 71 the amounts you need to complete this line on your Form CT-3, CT-3-S, or CT-3-A.

**Line 29** – The partnership must supply you with a statement reporting to you MCTD, New York State, and Everywhere amounts. However, if a type of "other" financial instruments reported is determined to be QFIs, **and** you made the 8% fixed percentage method election on your Form CT-3, CT-3-S, or CT-3-A, you will need only the Everywhere amount for such type of other financial instruments.

**Lines 30 through 30f** – See Form CT-3-I or CT-3-A-I, Part 6, Worksheet B instructions, or Form CT-3-S-I, Part 3, Worksheet B instructions, as well as the specific line instructions below.

**Line 30** – The partnership must supply you with a statement reporting to you MCTD, New York State, and Everywhere amounts. However, if a type of "other" financial instruments reported is determined to be QFIs, **and** you made the 8% fixed percentage method election on your Form CT-3, CT-3-S, or CT-3-A, you will need only the Everywhere amount for such type of other financial instruments.

**Line 30b** – The partnership must supply you with a statement reporting to you MCTD, New York State, and Everywhere amounts. However, if a type of "other" financial instruments reported is determined to be QFIs, **and** you made the 8% fixed percentage method election on your Form CT-3, CT-3-S, or CT-3-A, you will

need only the Everywhere amount for such type of other financial instruments.

**Line 48** – The partnership must supply on a separate statement to you the information you need to compute, at **your** level, the *Worksheet for Part 6, line 48*, in Form CT-3-I or CT-3-A-I, or the *Worksheet for Part 3, line 48*, in Form CT-3-S-I.

**Line 53** – The partnership is reporting to you MCTD, New York State, and Everywhere amounts sourced using, at the **partnership** level, either of hierarchy methods 1 or 2 for receipts from other services or activities not specified. Include the amounts the partnership reported to you on this line in the corresponding columns on Form CT-3 or CT-3-A, Part 6, line 53; or Form CT-3-S, Part 3, line 53. Also see line 53a below.

**Line 53a** – The partnership is reporting to you MCTD, New York State, and Everywhere amounts sourced using, at the **partnership** level, either of hierarchy methods 3 or 4 for receipts from other services/activities not specified. The partnership must provide you with a statement breaking down this line's receipts being reported to you by hierarchy method (either 3 or 4) and type of receipt, for each column. If you do **not** have any additional receipts from other services/activities of the **same** type that you are also sourcing using hierarchy methods 3 or 4, include the amounts the partnership reported to you on this line in the corresponding columns on Form CT-3 or CT-3-A, Part 6, line 53; or on Form CT-3-S, Part 3, line 53. However, if you have additional receipts from other services/activities of the **same** type that you cannot source using hierarchy methods 1 or 2, you will need only the Everywhere amount and you must recompute the MCTD and New York State amounts at **your** level to be included in the corresponding columns on Form CT-3 or CT-3-A, Part 6, line 53; or on Form CT-3-S, Part 3, line 53. In such instances, when recomputing the New York State amounts at **your** level, you must use the apportionment fractions described in hierarchy methods 3 or 4, whichever applies to the particular receipts from other services/activities you are sourcing. When computing such apportionment fractions you must include your distributive share of all applicable partnership receipts.

## Payroll

**Line 54** – If you are required to calculate an MCTD allocation percentage, you must include your distributive share of the wages, salaries, and other personal service compensation paid by the partnership to its employees (**except** employees of the partnership having partnership-wide authority or having responsibility for an entire division of the partnership) **within** the MCTD and your distributive share of the wages, salaries, and other personal service compensation paid by the partnership to its employees (**except** employees of the partnership having partnership-wide authority or having responsibility for an entire division of the partnership) **within** New York State during the applicable partnership year, as these amounts are being reported to you on this line.

## Line 55 – Number of employees

A small business corporation may claim certain tax benefits if it meets certain requirements. To determine if you qualify as a small business corporation, you must take into account your proportionate part of the number of employees of the partnership located **within** New York State, as such part is being reported to you on this line.

## Marked to market net gain or loss from deemed sales

**Line 61 through 71 – Marked to market** – The amounts reported on lines 61 through 71 are needed for the computation of marked to market net gains under Section 210-A.5(a)(2)(J), which are reported on Form CT-3 or CT-3-A, Part 6, line 28, or Form CT-3-S, Part 3, line 28, and which are computed as per Form CT-3-I, CT-3-A-I, or CT-3-S-I, *Worksheet C - Marked to market (MTM) net gains for line 28*. A corporate partner (if the corporate partner files Form CT-3 or CT-3-S), or a combined group (if the corporate partner is a member of a combined group filing Form CT-3-A), must follow Form CT-3-I or CT-3-A-I, Part 6, line 28 instructions, or Form CT-3-S-I, Part 3, line 28 instructions, including the Worksheet C instructions, to compute marked to market net



gains, and the amounts reported on lines 61 through 71, or on any line 71 statements, must be included in this computation.

**Items related to repurchase agreements and securities borrowing/lending agreements**

**Lines 72 through 77 – Repurchase agreements** – The amounts reported on lines 72 through 77 are needed for the computation of *interest income from reverse repurchase and securities borrowing agreements* under Section 210-A.5(a)(2)(E), which is

reported on Form CT-3 or CT-3-A, Part 6, line 25, or Form CT-3-S, Part 3, line 25. A corporate partner (if the corporate partner files Form CT-3 or CT-3-S), or a combined group (if the corporate partner is a member of a combined group filing Form CT-3-A), must follow Form CT-3-I or CT-3-A-I, Part 6, line 25 instructions, or Form CT-3-S-I, Part 3, line 25 instructions, to compute *interest income from reverse repurchase and securities borrowing agreements*, and the amounts reported on lines 72 through 77 must be **included** in this computation.

**Lines 78 and 79 – Other flow-through credits, addbacks, and recaptures**

Code number	Name of credit, addback, or recapture	Form number
163	<b>EZ investment tax credit</b> (and employment incentive credit) Addback on early dispositions	CT-603
165	<b>FSI EZ investment tax credit</b> (and employment incentive credit) Addback on early dispositions	CT-605
166 166	<b>QEZE credit for real property taxes</b> Addback	CT-604-CP CT-604-CP
169	<b>Brownfield redevelopment tax credit</b> addback	CT-611.2
170	<b>Brownfield redevelopment tax credit</b> addback	CT-611.1
171	<b>Brownfield redevelopment tax credit</b> addback	CT-611
172 172	<b>Brownfield credit for real property taxes</b> Addback for real property taxes	CT-612 CT-612
173 173	<b>Brownfield credit for environmental remediation insurance</b> Addback for environmental remediation insurance	CT-613 CT-613
212	<b>Investment credit</b> (and employment incentive credit) Addback on early dispositions	CT-46
C12	<b>Investment credit for eligible farmers on qualified property</b>	CT-46
236	<b>Taxicabs and livery service vehicles accessible to persons with disabilities credit</b> (For costs incurred on or after January 1, 2011)	CT-236
238 238	<b>Rehabilitation of historic properties credit</b> Addback	CT-238 CT-238
248 B48 C48	<b>Empire State film production credit</b> (current tax year credit) <b>Empire State film production credit</b> (second year credit) <b>Empire State film production credit</b> (third year credit)	CT-248 CT-248 CT-248
249	<b>Long-term care insurance credit</b>	CT-249
250	<b>Defibrillator credit</b>	CT-250
251	<b>Employment of persons with disabilities credit</b>	CT-41
252	<b>FSI investment tax credit</b> (and employment incentive credit) Addback on early dispositions	CT-44
253	<b>Alternative fuels credit</b> addback on early dispositions	CT-40
256	<b>Special additional mortgage recording tax credit</b>	CT-43
301	<b>Clean heating fuel credit</b>	CT-241
302	<b>Conservation easement credit</b>	CT-242
355	<b>Empire State commercial production credit</b>	CT-246
356 B56 C56	<b>Empire State film post-production credit</b> (current tax year credit) <b>Empire State film post-production credit</b> (second year credit) <b>Empire State film post-production credit</b> (third year credit)	CT-261 CT-261 CT-261
607	<b>Excelsior jobs program tax credit</b> addback	CT-607
621	<b>QETC employment credit</b>	DTF-621
622 622	<b>QETC capital tax credit</b> Addback on early dispositions	DTF-622 DTF-622
624 626	<b>Low-income housing credit</b> Addback	DTF-624 DTF-626
631	<b>Security officer training credit</b>	CT-631
633	<b>Economic transformation and facility redevelopment program credit</b> Addback	CT-633
634 634	<b>Empire State jobs retention program credit</b> Addback	CT-634 CT-634
635	<b>New York youth jobs program tax credit</b>	CT-635

**Other flow-through credits, addbacks, and recaptures** *(continued)*

<b>Code number</b>	<b>Name of credit, addback, or recapture</b>	<b>Form number</b>
	<b>Alcoholic beverage production credit</b>	
636	Beer produced	CT-636
B36	Cider produced	CT-636
C36	Wine produced	CT-636
D36	Liquor produced (containing more than 2% but not more than 24% ABV)	CT-636
E36	Liquor produced (containing more than 24% ABV)	CT-636
637	<b>Alternative fuels and electric vehicle recharging property credit</b>	CT-637
637	Addback	CT-637
640	<b>START-UP NY telecommunication services excise tax credit</b>	CT-640
641	<b>Manufacturer's real property tax credit</b>	CT-641
641	Addback	CT-641
642	<b>Empire State musical and theatrical production credit</b>	CT-642
643	<b>Hire a veteran credit</b>	CT-643
644	<b>Workers with disabilities credit</b>	CT-644
645	<b>Recapture of START-UP NY tax benefits</b>	CT-645
646	<b>Employee training incentive program</b>	CT-646
647	<b>Farm workforce retention credit</b>	CT-647
648	<b>Life sciences research and development tax credit</b>	CT-648
649	<b>Farm donations to food pantries credit</b>	CT-649
650	<b>Empire State apprenticeship tax credit</b>	CT-650
651	<b>Recovery tax credit</b>	CT-651
652	<b>Employer-provided childcare credit</b>	CT-652
652	Addback	CT-652
654	<b>New York City musical and theatrical production tax credit</b>	CT-654
655	<b>Restaurant return-to-work credit</b> Addback	CT-655
657	<b>COVID-19 capital costs credit</b>	CT-657
657	Addback	CT-657
658	<b>Additional restaurant return-to-work credit</b> Addback	CT-658
660	<b>Empire State digital gaming media production credit</b>	CT-660
661	<b>Farm employer overtime credit</b>	CT-661
662	<b>Child care creation and expansion credit</b>	CT-662
662	Addback	CT-662
663	<b>Commercial Security Credit</b>	CT-663
663	Addback	CT-663