

Instructions

General information

The Empire Zone (EZ) capital tax credit has expired. For tax years beginning on or after April 1, 2014, you may only claim an EZ capital tax credit carryover or recapture from previous years.

You may continue to use any credit carryovers from previous years against your tax liability. However, if your business was required to obtain an EZ retention certificate but was denied one, you will not be eligible to claim the carryover credit attributable to investments in a certified EZ business. You do not need an EZ retention certificate to claim the carryover of credit from contributions to community development projects.

The credit may not exceed the lesser of:

- the tax due under Article 22, or
- 50% of the tax imposed by Article 22 section 601, without regard to any credit.

Any amount of the carryover of credit not deductible in the current tax year may be carried over to be deducted from the tax for succeeding tax years.

Partnerships: Fill out this form only if you are reporting a recapture of the EZ capital tax credit.

Line instructions

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

Line 1 – Calculate the amount to enter on this line as follows:

- **Form IT-201 filers:** Enter the total of your tax from line 39 and Form IT-230-I, Worksheet A, line 1, reduced by any resident credit and accumulation distribution credit.
- **Form IT-203 filers:** Enter the total of your tax from line 46 and Form IT-203-ATT, line 18, reduced by any resident credit and accumulation distribution credit.
- **Form IT-205 filers:**

Resident – Enter the tax from line 8, reduced by any resident credit and accumulation distribution credit.

Nonresident and part-year resident – Enter the tax from line 9, reduced by any resident credit and accumulation distribution credit.

Line 4

- **Fiduciaries:** Enter the amount from line 18.
- **Individuals:** Enter the amount from line 16.

Line 5 – If line 3 is greater than line 4, subtract line 4 from line 3. Enter this amount on line 5, skip line 6, and continue with line 7.

Line 6 – If line 4 is greater than line 3, subtract line 3 from line 4. This is your net EZ capital tax credit recapture. Do not complete lines 7 through 12.

- **Individuals:** Enter the line 6 amount and code **162** on Form IT-201-ATT, line 20, or Form IT-203-ATT, line 19.
- **Fiduciaries:** Include the line 6 amount on Form IT-205, line 12.

Line 8

Form IT-201 filers: Enter the tax from Form IT-201, line 39, **plus** any amount from Form IT-201-ATT, line 21.

Form IT-203 filers: Enter the tax from Form IT-203, line 46, **plus** any amount from Form IT-203-ATT, line 20.

Form IT-205 filers: Enter the tax from Form IT-205, line 8 (for residents), or line 9 (for nonresidents), **plus** any credits shown on line 1 of the *Addbacks worksheet*, in the instructions for Form IT-205, line 12.

Line 9 – If you are applying any credits against the tax before this credit, enter those amounts here.

When applying credits, use the following rules:

- First apply any household credit.
- Next apply any credits that cannot be carried over or refunded.
- Then apply any credits that can be carried over for a limited duration.
- Then apply any credit that can be carried over for an unlimited duration.
- Apply refundable credits last.

Line 11 – Enter the amount from line 11 and code **162** on Form IT-201-ATT, line 6, or Form IT-203-ATT, line 7, or include it on Form IT-205, line 10.

Schedule C – Recapture of EZ capital tax credit

If a contribution is recovered by the taxpayer that was the basis for the allowance of the credit, and the recovery occurs within 36 months from the close of the tax year when the credit was allowed, the difference between the credit taken and the credit allowed must be added back.

Column C – For recapture purposes, the amount of the credit to be added back must be the portion of the payment or contribution recovered, multiplied by one of the following percentages:

- 100%, if the recovery occurs within the tax year or within 12 months of the close of the tax year for which the credit was allowed
- 67%, if the recovery occurs more than 12 months, but not more than 24 months, after the end of the tax year for which the credit was allowed
- 33%, if the recovery occurs more than 24 months, but not more than 36 months, after the end of the tax year for which the credit was allowed

Line 15 – This information should be provided to you by your partnership, New York S corporation, or estate or trust.

Line 16

- **Partnership:** Transfer the line 16 amount to Form IT-204, line 132.
- **Fiduciaries:** Continue with line 17.
- **All others:** Enter line 16 amount on line 4.

Line 17 – Fiduciaries: Enter the total amount of recapture allocated to beneficiaries. Provide the beneficiaries with their share of the recapture to be claimed on their tax returns.

