New York State Department of Taxation and Finance

Instructions for Form IT-201-ATT Itemized Deduction and Other Credits and Taxes

IT-201-ATT-I

The lines for entering your federal itemized deductions are on **Form IT-201-ATT**. If you itemized your deductions on federal Form 1040, **fill in lines 1 through 14, Part I, of Form IT-201-ATT**. Compare the line 14 amount to your allowable standard deduction amount from the **Standard Deduction Table** on page 20 of the instructions for Form IT-201 and enter the larger amount on line 32 of your Form IT-201.

If you completed the *Worksheet for Figuring Which Deduction is Larger* on page 7 of the instructions for Form IT-201 and you take the New York standard deduction, skip lines 1 through 14 of Form IT-201-ATT.

Purpose of Form IT-201-ATT — If you elect to claim the New York itemized deduction, or if you are claiming other New York State credits, or if you are subject to other New York State or New York City taxes, fill in Form IT-201-ATT and attach it to your return. If you need more forms or schedules, call toll free **1 800 462-8100.** If you need assistance or information, call toll free **1 800 225-5829.** From areas outside the U.S. and Canada, call **(518) 485-6800.**

Be sure to carefully enter your money amounts in the boxes on lines 1 through 39. See *Filling in your tax return* on page 13 of the instructions for Form IT-201 for more information.

Part I — New York State Itemized Deduction

If you itemized your deductions on federal Form 1040, fill in lines 1 through 14. Compare the line 14 amount to your allowable standard deduction amount from the *Standard Deduction Table* on page 20 of the instructions for Form IT-201 and enter the larger amount on line 32 of your Form IT-201.

Lines 1 through 8

Enter on each line the total of each group of itemized deductions (medical and dental, taxes you paid, job expenses, etc.) and total itemized deductions exactly as you reported them on your federal *Schedule A — Itemized Deductions* (Form 1040).

If your federal adjusted gross income is more than $117,950 (more than $58,975 if married filing separately), you may not be able to deduct all of your itemized deductions. **For those taxpayers with income above this amount, the total of Form IT-201-ATT, lines 1 through 7, in most instances will not equal the amount on line 8**. The difference represents itemized deductions disallowed for federal purposes.

Line 9

State, local and foreign income taxes and other subtraction adjustments

If your Form IT-201, line 18 amount is **$117,950 or less** ($58,975 or less if you are married filing separately), and you itemized your deductions on your federal return:

— enter the amount of state, local and foreign income taxes included on line 2 of Form IT-201-ATT and any other subtraction adjustments (from itemized deductions), A through F, listed below.

If your Form IT-201, line 18 amount is **more than $117,950** (more than $58,975 if you are married filing separately), and you itemized your deductions on your federal return, you may elect to either:

— enter the amount of state, local and foreign income taxes included on line 2 of Form IT-201-ATT and any other subtraction adjustments (from itemized deductions), A through F, listed below; or

— complete the **Subtraction Adjustment Limitation Worksheet** on page 28.

If you elect to complete the *Subtraction Adjustment Limitation Worksheet*, add to the result on line 2 or line 7 (whichever applies) of the worksheet any other subtraction adjustments (from itemized deductions) A through F listed below that apply to you and that are related to federal itemized deductions not subject to the 3% limit (e.g., investment interest expense related to tax exempt U.S. obligations). Enter the total of your subtraction adjustments on Form IT-201-ATT, line 9.

Exception for city of New York nonresident earnings tax — If you included the New York City nonresident earnings tax on federal Schedule A, line 5, you do **not** have to include on line 9 the difference between the New York City nonresident earnings tax on wages figured at the old rate (0.25%) and the tax figured at the current rate (0.45%). To figure the amount of New York City nonresident earnings tax you have to include on line 9, multiply your New York City taxable wages (from Form NYC-203, line 3) by .0020 and subtract the result from your state, local and foreign income tax deduction included on federal Schedule A, line 5.

*Example — Your federal Schedule A, line 5 amount includes your New York City nonresident earnings tax, as well as other state, local and foreign income taxes, for a total income tax deduction of $1,000. Your taxable wages from Form NYC-203, line 3, are $16,000. Multiply $16,000 by .0020 which equals $32, the amount you do **not** have to include on line 9. Then subtract $32 from $1,000 to find the difference of $968, the amount to enter on line 9.*

The above also applies to the New York City nonresident earnings tax on net earnings from self-employment. The amount you do not have to include on line 9 is the difference between the tax figured at the old rate (0.375%) and the tax figured at the current rate (0.65%). To figure the amount you have to include on line 9, multiply your New York City taxable net earnings tax from self-employment (Form NYC-203, line 7) by .00275 and subtract the result from your state, local and foreign income tax deduction included on federal Schedule A, line 5.

Other subtraction adjustments from itemized deductions

On a separate sheet marked ***Form IT-201-ATT***, ***Line 9 — Other Subtraction Adjustments***, identify by item letter (from the list of subtractions below) other subtraction adjustments that apply to you. Show the amount of each and attach this sheet to your return. Total all your subtractions and include that amount in the total for line 9.

A Interest expense on money borrowed to purchase or carry bonds or securities whose interest is exempt from New York income tax.

B Ordinary and necessary expenses paid or incurred in connection with income, or property held for the production of income, which is exempt from New York income tax but only to the extent deducted in figuring your federal taxable income.

C Amortization of bond premium attributable to 1996 on any bond whose interest income is exempt from New York income tax, but only to the extent deducted in figuring your federal taxable income.

D Your distributive or pro rata share of deductions from an insurance business operating as a member of the New York Insurance Exchange (section 617-a of the Tax Law).

E If you are a shareholder of a federal S corporation that did not elect to be a New York S corporation, any S corporation deductions included in your federal itemized deductions. If an S corporation short year is involved, you must allocate those deductions.

F Five percent of your deduction for interest, subject to the limitation amount, related to corporate acquisitions to the extent the interest was deducted in figuring the New York itemized deduction (section 615(c)(7) of the Tax Law). For more information, see TSB-M-89-(10)I, *Mergers and Acquisitions*, dated February 20, 1990. Attach a separate schedule to your return showing your computation.

Partners — Include on line 9 the subtractions described above that apply to your share of partnership deduction items (if not included in your New York subtractions on the front page of Form IT-201). Determine your share of partnership items from Form IT-204, *Partnership Return*.

(continued)

S corporation shareholders — If you are a shareholder of a federal S corporation for which the election to treat the corporation as a New York S corporation was in effect for the tax year, or if you were not eligible to make the election to treat your corporation as a New York S corporation because the corporation is not subject to Article 9-A franchise tax, include on line 9 subtractions A through D and F, described on page 27 that apply to your pro rata share of S corporation items of income, loss or deduction. If the election to be a New York S corporation terminated during the tax year, you must allocate those items. Obtain your share of S corporation items from the S corporation's Form CT-3-S, *New York S Corporation Franchise Tax Return*, or Form CT-4-S, *New York S Corporation Franchise Tax Return - Short Form for Small Businesses*.

If you are a shareholder of a federal S corporation that did not elect to be a New York S corporation, include subtraction E only.

Subtraction Adjustment Limitation Worksheet

1. Federal itemized deductions subject to the federal limitation from federal worksheet, line 3 . . . 1. _____
2. Amount of state, local and foreign income taxes and other subtraction adjustments included on line 1* . . . . . 2. [ ]
3. Subtract line 2 from line 1. . . . . 3. _____
4. Enter amount from federal itemized deduction worksheet, line 9 . . . . . 4. _____
5. Multiply line 3 by 80% (.80). If line 5 is greater than or equal to line 4, transfer the above line 2 amount to Form IT-201-ATT, line 9. **Do not continue with this worksheet.**

   If line 5 is less than line 4, continue on line 6. . . . . 5. _____
6. Subtract line 5 from line 4 . . . . . 6. [ ]
7. **Subtract line 6 from line 2.** Add this amount to any other applicable subtraction adjustments listed (A through F). Enter the total on Form **IT-201-ATT, line 9**. . . . . 7. _____

* For a description of subtraction adjustments, see the instructions for line 9 of Form IT-201-ATT on page 27.

Line 10

Subtract line 9 from line 8 and enter the result.

If you made no entry on line 9, enter the amount from line 8 on line 10.

Line 11

Addition adjustments for itemized deductions

On a separate sheet marked ***Form IT-201-ATT***, ***Line 11 - Addition Adjustments to Itemized Deductions***, identify by item letter (from the list of additions below) addition adjustments that apply to you. Show the amount of each and attach this sheet to your return. Total all your additions and include that amount in the total for line 11.

G Interest expense on money borrowed to purchase or carry bonds or securities whose interest is subject to New York income tax, but exempt from federal income tax, if this interest expense was not deducted on your federal return or shown as a New York subtraction on the front page of your state return.

H Ordinary and necessary expenses paid or incurred during 1996 in connection with income, or property held for the production of income, which is subject to New York income tax but exempt from federal income tax, if these expenses were not deducted on your federal return or shown as a New York subtraction on the front page of your state return.

I Amortization of bond premium attributable to 1996 on any bond whose interest income is subject to New York income tax, but exempt from federal income tax, if this amortization was not deducted on your federal return or shown as a New York subtraction on the front page of your state return.

Partners — Include on line 11 the additions described above that apply to your share of partnership deduction items (if not included in your New York additions on the front page of Form IT-201). Determine your share of partnership items from Form IT-204, *Partnership Return*.

S corporation shareholders — If you are a shareholder of a federal S corporation for which the election to treat the corporation as a New York S corporation was in effect for the tax year, or if you were not eligible to make the election to treat your corporation as a New York S corporation because the corporation is not subject to Article 9-A franchise tax, include on line 11 additions G through I, described above, that apply to your pro rata share of S corporation items of income, loss or deduction. If the election to be a New York S corporation terminated during the tax year, you must allocate those items. Obtain your share of S corporation items from the S corporation's Form CT-3-S, *New York S Corporation Franchise Tax Return*, or Form CT-4-S, *New York S Corporation Franchise Tax Return - Short Form for Small Businesses*.

Line 12

Add lines 10 and 11 and enter the total on line 12.

If you made no entry on line 11, enter the amount from line 10 on line 12.

Line 13

Itemized deduction adjustment

Enter the amount of your itemized deduction adjustment. If Form IT-201, line 31 is:

- ☐ $100,000 or less, leave line 13 blank.
- ☐ more than $100,000 but not more than $475,000, fill in **Worksheet A** below.
- ☐ more than $475,000 but not more than $525,000, fill in **Worksheet B** below.
- ☐ more than $525,000, enter 50% (.50) of line 12 on line 13.

Worksheet A

1. New York adjusted gross income from Form IT-201, line 31, . . . 1. _____
2. Filing status ① or ③ enter $100,000, **or** filing status ④ enter $150,000, **or** filing status ② or ⑤ enter $200,000 . . . . . 2. _____
3. Subtract line 2 from line 1. (If line 2 is more than line 1, leave line 13 on Form IT-201-ATT blank. **Do not continue with this worksheet.)** . . . . . 3. _____
4. Enter the lesser of line 3 or $50,000 . . . . . 4. _____
5. Divide line 4 by $50,000 and carry the result to four decimal places . . . . . 5. _____
6. Enter 25% (.25) of Form IT-201-ATT, line 12 6. _____
7. Multiply line 5 by line 6. 7. _____

   Transfer this amount to Form IT-201-ATT, line 13.

Worksheet B

1. Enter the excess of New York adjusted gross income over $475,000 (cannot exceed $50,000) . . . . . 1. _____
2. Divide line 1 by $50,000 and carry the result to four decimal places . . . . . 2. _____
3. Enter 25% (.25) of Form IT-201-ATT, line 12 . . . . . 3. _____
4. Multiply line 2 by line 3 . . . . . .4. _____
5. Add lines 3 and 4. . . . . .5. _____

   Transfer this amount to Form IT-201-ATT, line 13.

Line 14

Subtract line 13 from line 12.

Enter the result on line 14 **and** on line 32 of your Form IT-201.

If you elected to itemize deductions on your New York return, **you must attach your completed Form IT-201-ATT to your Form IT-201.**

Part II — Other New York State Credits

If you are claiming other New York State credits listed below, fill in Part II. These credits do not apply to New York City taxes. New York State does not allow a credit similar to that claimed on federal Schedule R, *Credit for the Elderly or the Disabled*, of Form 1040.

Line 15

Resident credit

Enter the amount of resident credit. If your income was from sources outside New York State and you paid income taxes to another state, to a local government of another state, to the District of Columbia or to a province of Canada, you may qualify for a tax credit against your New York State tax (section 620 of the Tax Law).

If you qualify, figure this credit on Form IT-112-R, *Resident Tax Credit*, and transfer the amount to Form IT-201-ATT, line 15. Attach Form IT-112-R and a copy of the tax return filed with the other state, or province of Canada, to your New York State return. For more information, see Form IT-112-R. For information on the resident credit against the separate tax on lump-sum distributions, see line 27 instructions on page 30.

Line 16

Accumulation distribution credit

Enter the amount of New York State accumulation distribution credit. If you are a beneficiary of a trust who received an accumulation distribution, you may be allowed a credit for New York State income taxes paid by the trust (section 621 of the Tax Law). Attach a schedule showing how you figured your credit.

Line 17

Investment credit

Enter the amount of investment credit. You can claim an investment credit if 1) you produce goods by manufacturing, processing, mining, agriculture or similar activities; 2) you use certain property for research and development purposes, pollution control purposes, waste treatment purposes; or 3) your business is a retail enterprise and you have qualified rehabilitation expenditures on property located in New York State (section 606(a) of the Tax Law). To figure this credit, fill in Form IT-212, *Investment Credit*, and attach it to your return. For more information, see Form IT-212-I, *Instructions for Form IT-212*.

Line 18

Special additional mortgage recording tax credit carryover

This credit is no longer allowed to shareholders of electing New York S corporations. 1993 was the last year that this credit could be claimed. However, any unused credit from a prior year can be carried over. Include on line 18 your prorated share of the S corporation's special additional mortgage recording tax credit carryover from corporation years beginning before 1994. For all others, 1987 was the last year that this credit could be claimed. However, any unused credit from a prior year can be carried over. Include on line 18 your special additional mortgage recording tax credit carryover for 1996. Attach a schedule showing how you figured your credit carryover.

See additions A-4 and A-5 on page 15 of the instructions for Form IT-201.

Line 19

Solar and wind energy credit carryover from 1995

Enter the amount of solar and wind energy credit carryover. 1985 was the last year that this credit could be claimed. Section 606(g)(6) provides that any unused credit can be carried over to the following year or years. Taxpayers carrying over any unused credit from 1995 to 1996 must attach Form IT-218.1, *Solar and Wind Energy Credit Carryover*, to their 1996 return.

Line 20

Economic development zone credits

Wage tax credit — Enter the amount of wage tax credit. In order to claim the wage tax credit, a taxpayer must be certified under Article 18-B of the General Municipal Law as eligible to receive the wage tax credit. The wage tax credit is available in those areas designated as economic development zones and zone equivalent areas:

Economic development zone (EDZ) — The computation of the wage tax credit in an economic development zone is limited to five consecutive taxable years beginning with the first year that economic development zone wages are paid. The credit may only be claimed up to four years following the taxable year in which the designation of the economic development zone expired (section 606(k) of the Tax Law).

Zone equivalent area (ZEA) — The computation of the wage tax credit in a zone equivalent area is limited to two consecutive taxable years beginning with the first year that economic development zone wages are paid. The credit must be claimed during the five-year period immediately following the date of designation as a zone equivalent area (section 606(k) of the Tax Law).

If you qualify, figure this credit on Form DTF-601, *Claim for EDZ Wage Tax Credit*, or DTF-601.1, *Claim for ZEA Wage Tax Credit*, or both, and include the amount on Form IT-201-ATT, line 20. Attach Form DTF-601, DTF-601.1, or both, to your return. For more information, see Forms DTF-601 and DTF-601.1 and their instructions.

Capital tax credit — Enter the amount of capital tax credit. The EDZ capital tax credit is allowed for qualified investments or contributions to an economic development zone capital corporation, qualified investments in certified zone businesses and contributions of money to certain community development projects from one or more economic development zone capital corporations established pursuant to section 964 of the General Municipal Law (section 606(l) of the Tax Law).

If you qualify, figure this credit on Form DTF-602, *Claim for EDZ Capital Tax Credit*, and include the amount on Form IT-201-ATT, line 20. Attach Form DTF-602 to your return. For more information, see Form DTF-602.

EDZ investment tax credit — Enter the amount of investment tax credit. The EDZ investment tax credit is 8% of the cost (or other federal basis) of qualified property which was acquired, constructed, reconstructed or erected in an economic development zone after its date of designation and prior to its date of expiration as an economic development zone. To claim this credit, you must also be certified pursuant to Article 18-B of the General Municipal Law (section 606(j) of the Tax Law).

If you qualify, figure this credit on Form DTF-603, *Claim for EDZ Investment Tax Credit and EDZ Employment Incentive Tax Credit*, and include the amount on Form IT-201-ATT, line 20. Attach Form DTF-603 to your return. For more information, see Form DTF-603 and its instructions, Form DTF-603-I.

Part III — Carryover and Refund: New York State Investment Credit and EDZ Credits

If you qualify for any of the following credits, refunds and carryovers, complete Part III.

Line 22

Net investment credit available for carryover to 1997.

Enter the amount of net credit available for carryover to 1997 from Form IT-212, line 28.

Line 23

Net economic development zone credit available for carryover to 1997

Enter the amount of net credit available for carryover to 1997 from Form(s) DTF-601, DTF-601.1, DTF-602 or DTF-603.

Line 24

Investment credit refund for new businesses

Enter the amount of investment credit refund for new businesses. If your new business qualifies, you can claim a refund for the amount of your current year's unused investment credit instead of carrying it over to next year. For more information see Form IT-212-I, *Instructions for Form IT-212*.

Also include the amount of your investment credit refund for new businesses on Form IT-201 in the total for line 57.

Line 25

Economic development zone (including zone equivalent area) wage tax credit and investment tax credit refund(s)

Enter the total amount(s) of your wage tax credit refund computed for the economic development zone from Form DTF-601, line 27, zone equivalent area from Form DTF-601.1, line 27, and the economic development zone investment tax credit

(continued)

refund from Form DTF-603, line 11. If you qualify as the owner of a new business, you can elect to claim a refund of 50 percent of your unused credit carryover as an overpayment of tax, to be credited or refunded for the tax year for which the credit is allowed.

Unused credit carryover is defined as the amount of credit, including any carryover that exceeds your tax, plus the portion of the credit that may not be deducted because of the restriction that the credit may not exceed 50% of your 1996 tax liability. For more information, see the instructions for Forms DTF-601, 601.1 and 603.

Include the amount of your EDZ (including ZEA) wage tax credit and EDZ investment tax credit refund(s) on Form IT-201 in the total for line 57. For more information, see the instructions for line 57 on page 23 of the instructions for Form IT-201.

Part IV — Other New York State Taxes

If you are subject to other New York State taxes as listed below, complete Part IV.

Line 26

New York State separate tax on lump-sum distributions

Enter your New York State separate tax on lump-sum distributions. If you used federal Form 4972 to figure your federal tax on lump-sum distributions, figure your state separate tax on Form IT-230 and attach it to your return. For more information, see Form IT-230-I, *Instructions for Form IT-230*.

Line 27

Resident credit against separate tax on lump-sum distributions

Enter the amount of resident credit you are claiming against the separate tax on lump-sum distributions. If you received a distribution that is considered a lump-sum distribution for federal income tax purposes, you may qualify for a credit against the state separate tax on lump-sum distributions reported on line 26. This distribution must be from sources outside New York State and must be subject to income tax or to a separate tax by another state, by a local government of another state, by the District of Columbia, or by a province of Canada.

To claim this credit, fill in Form IT-112.1, *Resident Credit Against Separate Tax on Lump-Sum Distributions*. Attach Form IT-112.1 and a copy of the tax return filed with the other state or province of Canada to your New York State return.

Line 29

New York State minimum income tax

Enter your New York State minimum income tax. If you had New York State tax preference items totaling more than your specific deduction of $5,000 ($2,500 if married and filing separately), you may be subject to the state minimum income tax. Fill in Form IT-220 and attach it to your return. For more information, see Form IT-220-I, *Instructions for Form IT-220*.

Line 30

Add-back of investment credit on early dispositions

Enter the amount of add-back of investment credit on early dispositions of investment credit property. If you dispose of property on which an investment credit has been taken, or prior to January 1, 1987, a research and development credit was taken, or if the property ceases to be in qualified use before the end of its useful life or specified holding period ends, you must add back in the year of disposition the difference between the investment credit or research and development credit taken and the investment credit or research and development credit allowed. Fill in Form IT-212 and attach it to your return.

Line 31

Add-back of economic development zone capital tax credit and EDZ investment tax credit on early dispositions

Enter the amount of add-back of economic development zone capital tax credit on early dispositions of stock, a partnership interest or other ownership interest arising from the making of a qualified investment. If you sell, transfer or otherwise dispose of corporate stock, a partnership interest or other ownership interest that was the basis for the allowance of the EDZ capital tax credit or where a contribution or investment is in any manner recovered by you, you must add back in the year of disposition the difference between the EDZ capital tax credit taken and the EDZ capital tax credit allowed. Fill in Form DTF-602 and attach it to your return.

Enter the amount of add-back of economic development zone investment tax credit on early dispositions of qualified property located within the economic development zone. If you dispose of property on which an EDZ investment tax credit has been taken or if the property ceases to be in qualified use before the end of its useful life or specified holding period ends, you must add back in the year of disposition the difference between the EDZ investment tax credit taken and the EDZ investment tax credit allowed. Fill in Form DTF-603 and attach it to your return.

Line 32

Add-back of resident credit for taxes paid to a province of Canada

Enter the amount of add-back of resident credit for taxes paid to a province of Canada from Form IT-112-R. If any part of the provincial tax that entitled you to a resident credit in a previous year is claimed as a foreign tax credit on your federal return in a succeeding year, you must add back the amount that exceeded your provincial resident tax credit in that succeeding tax year. Attach Form IT-112-R to your return.

Line 33

New York State tax on capital gain portion of lump-sum distribution

Enter the amount of New York State tax on the capital gain portion of your lump-sum distribution after completing **Worksheet A** on the back of Form IT-201-ATT. If you used federal Form 4972, Part II, to figure your federal tax on the capital gain portion of a lump-sum distribution, figure your state tax on Form IT-230, *Separate Tax on Lump-Sum Distributions*, Part II, and attach it to your return. For more information, see Form IT-230-I, *Instructions for Form IT-230*.

Part V — Other City of New York Taxes

If you are subject to other New York City taxes as listed below, complete Part V.

Line 35

Part-year city of New York resident tax

Enter your part-year New York City resident tax. If you were a New York City resident for only part of 1996, fill in Form IT-360.1 and attach it to your return. If you were subject to the New York City nonresident earnings tax for the remainder of the year, see the instructions for Form NYC-203. For more information, see IT-360.1-I, *Instructions for Form IT-360.1*.

Line 36

City of New York minimum income tax

Enter your New York City minimum income tax. If you are a New York City resident and you are subject to the New York State minimum income tax, you must also figure your **New York City** minimum income tax on Form IT-220 and attach it to your return. For more information, see IT-220-I, *Instructions for Form IT-220*.

Line 37

City of New York separate tax on lump-sum distributions

Enter your New York City separate tax on lump-sum distributions. If you are a New York City resident and if you used federal Form 4972 to figure your federal tax on lump-sum distributions, figure your New York City separate tax on Form IT-230 and attach it to your return. For more information, see IT-230-I, *Instructions for Form IT-230*.

Line 38

City of New York tax on capital gain portion of lump-sum distribution

Enter the amount of city of New York tax on the capital gain portion of your lump-sum distribution after completing **Worksheet B** on the back page of Form IT-201-ATT. If you are a New York City resident and if you used federal Form 4972, Part II, to figure your federal tax on the capital gain portion of a lump-sum distribution, figure your city of New York tax on Form IT-230, *Separate Tax on Lump-Sum Distributions*, Part II, and attach it to your return. For more information, see Form IT-230-I, *Instructions for Form IT-230*.