



# Instructions for Form IT-205-A

## Fiduciary Allocation

# IT-205-A-I

**Note:** Refer to page 1 of Form IT-205-A to determine which schedules of Form IT-205-A you should complete.

See Form IT-205-I, *Instructions for Form IT-205*, for the *Privacy notification* or if you need help contacting the Tax Department.

## Schedule 1

### Computation of New York tax of a nonresident estate or trust or part-year resident trust

Enter in column a, the amounts for lines 1 through 13, following the line instructions below.

Enter in column b the portion of each amount that is derived from New York City during the resident period.

**Line 1** – Enter in column a the amount from line 30, column a.

**Lines 2, 3, and 4** – Enter on each applicable line of column a the amount reported on the corresponding similar line of federal Form 1041.

**Line 7 New York modifications relating to amounts allocated to principal** – The same modifications listed in Form IT-205-I, line 2 instructions, are to be added or subtracted here to the extent that they apply to amounts not includable in federal distributable net income of the estate or trust. Submit a statement giving full details of any modifications.

**Line 9** – If all of the income of the estate or trust is taxable to the fiduciary for the 2021 tax year, enter the amount from Form IT-205, *Fiduciary Income Tax Return*, Schedule B, line 70; otherwise, enter the amount of the fiduciary's share of New York fiduciary adjustment from Form IT-205, Schedule C, column 5.

**Line 9a** – If all of the income of the estate or trust is taxable to the fiduciary for the 2021 tax year, enter the amount from Form IT-205, Schedule B, line 70c; otherwise, enter the amount of the fiduciary's share of Form IT-558 fiduciary adjustment from Form IT-205, Schedule C, column 6.

**Line 10** – Transfer the amount from line 10, column b, to Worksheet A, *Part-year New York City resident tax*, line a, on page 2 of these instructions.

**Line 11** – See *Line 11 Worksheets - New York State tax* on page 2.

If the estate or trust used Form IT-230, *Separate Tax on Lump-Sum Distributions*, Part 2, to calculate the tax on the capital gain portion of the estate's or trust's lump-sum distribution, include the amount of tax from Form IT-230, line 2, in the total for line 11. Submit Form IT-230 with the fiduciary return.

**Line 12 Income percentage** – New York additions and subtractions that relate to intangible items of income, such as interest or dividend income, are only required to the extent the property that generates the income is employed in a business, trade, profession, or occupation carried on in New York State.

Submit a copy of your computation with Form IT-205.

If the trust was a part-year resident trust, include the portion of any additions and subtractions (from lines 7, 9, and 9a) that relates to the trust's New York State resident period in the computation of the New York State income percentage on lines d, e, and e1 of the *New York income percentage* worksheet.

Also, for the period the trust was a nonresident trust, include in the computation of the New York State income percentage on lines d and e the portion of any additions and subtractions to the extent that it is attributable to a business, trade, profession, or occupation carried on in New York State or is from real or tangible personal property located in New York State.

If the estate or trust is a shareholder of a corporation that was eligible to make the election to be a New York S corporation for the tax year but did not make the election, include in the computation of the New York State income percentage on lines d, e, and e1 (substitute Yonkers income percentage for Worksheet B, on page 4) additions 612(b)(19), 612(b)(20), and 612(b)(21), and subtraction 612(c)(22) **only** if the S corporation stock was held as an asset of another business carried on by the shareholder in New York State. For example, if the S corporation's stock is held as an asset of a sole proprietorship operated by the shareholder in New York State, the shareholder is required to include the above additions and subtractions in the computation of the New York State income percentage on lines d, e, and e1.

Include in the computation of the New York State income percentage on lines d, e, and e1 any additions and subtractions that relate to S corporation items of income, gain, loss, or deductions **only** if the S corporation stock is held as an asset of another business carried on by the shareholder in New York State. For example, if the S corporation's stock is held as an asset of a sole proprietorship operated by the shareholder in New York State, the shareholder is required to include any of the additions and subtractions above in the computation of the New York State income percentage on lines d, e, and e1.

If you completed Form IT-230, Part 2, you must use the *Nonresident and Part-Year Resident income percentage schedule* on Form IT-230-I, *Instructions for Form IT-230*, to calculate the income percentage to enter on line 12.

**Line 13 Allocated New York State tax** – Multiply line 11 by line 12. Enter the result (even if the result is zero) on this line and on Form IT-205, line 9.

### Computation of New York City and Yonkers tax of a part-year resident trust

#### Part-year New York City resident tax

Complete Worksheet A on page 2 to compute the trust's part-year New York City resident tax.

#### Part-year Yonkers resident income tax surcharge

Complete Worksheet B and Worksheet C in these instructions to compute the trust's Yonkers resident income tax surcharge. (See line 12, *Income percentage*, above.)

If the trust was a New York State resident trust the entire year but changed its Yonkers resident status, complete Worksheet C, line 1.

If the trust was a New York State resident trust for only part of the year and also changed its Yonkers resident status, complete Worksheet C, lines 2 through 7 and line 9.

**Worksheet C, line 11 Net state tax** – If the trust was a New York State resident trust the entire year, compute its net state tax on this line.

**Worksheet C, line 12 Net state tax** – If the trust was a New York State resident trust for only part of the year, compute its net state tax on this line.

**Worksheet C, line 14 Part-year Yonkers resident income tax surcharge** – If the trust was a New York State resident trust the entire year, on Worksheet C, multiply line 11 by line 13, and enter this amount on Form IT-205, line 26. If the trust was a New York State resident trust for only a part of the year, on Worksheet C, multiply line 12 by line 13, and enter this amount on Form IT-205, line 26.

#### Yonkers nonresident earnings taxes

If the estate or trust received wages or net earnings from self-employment from Yonkers sources during the estate's or trust's city nonresident period, see Form Y-206, *Yonkers Nonresident Fiduciary Earnings Tax Return*.

(Schedule 2 line instructions begin on page 5)

**Worksheet A**  
**Part-year New York City resident tax**

- a New York City taxable income (from line 10, column b) ..... a \_\_\_\_\_
- b Determine the part-year New York City tax on the amount on line a using the *New York City tax rate schedule* on page 4. **Enter here and on Form IT-205, line 15b** ..... b \_\_\_\_\_

**Line 11 Worksheets – New York State tax**

**NYAGI worksheet**

Complete New York adjusted gross income (NYAGI) worksheet as follows:

- 1 Enter federal adjusted gross income (see Adjusted gross income (AGI) in the instructions for federal Form 1041) ..... 1
- 2 Enter amount from Form IT-205-A, line 7, column a ..... 2 \_\_\_\_\_
- 3 Enter the net amount of the fiduciary share of additions and subtractions from Form IT-205, lines 63 through 69, that relate to the income reported on Form IT-205-A, lines 14 through 21 ..... 3 \_\_\_\_\_
- 3a Enter the net amount of the fiduciary share of additions and subtractions from Form IT-205, Schedule B, lines 70a and 70b, that relate to the income reported on Form IT-205, lines 43 through 50 ..... 3a
- 4 Combine lines 2, 3, and 3a ..... 4
- 5 New York adjusted gross income (line 1 and add or subtract line 4; enter here and on Form IT-205, page 1, Item B) ..... 5 \_\_\_\_\_

**Tax computation**

- If *NYAGI worksheet*, line 5, is **\$107,650 or less**, compute the estate's or trust's New York State tax on the amount on Form IT-205-A, line 10, using the *New York State tax rate schedule* in these instructions. Enter the tax amount on Form IT-205-A, line 11.
- If *NYAGI worksheet*, line 5, is **more than \$107,650**, the estate or trust must compute its tax using the appropriate tax computation worksheet below and on page 3.

**Tax computation worksheet 1**

If *NYAGI worksheet*, line 5, is **more than \$107,650, but not more than \$25,000,000**, and the estate's or trust's taxable income from Form IT-205-A, line 10, is **\$215,400 or less**, the estate or trust must compute its tax using this worksheet.

- 1 Enter the amount from *NYAGI worksheet*, line 5 ..... 1 \_\_\_\_\_
- 2 Enter the estate's or trust's taxable income from Form IT-205-A, line 10 ..... 2 \_\_\_\_\_
- 3 Multiply line 2 above by 6.33% (.0633) (**Stop:** If the line 1 amount above is **\$157,650 or more**, skip lines 4 through 8 and enter the line 3 amount on line 9) ..... 3 \_\_\_\_\_
- 4 Enter the estate's or trust's New York State tax on the line 2 amount above from the *New York State tax rate schedule* ..... 4
- 5 Subtract line 4 from line 3 ..... 5 \_\_\_\_\_
- 6 Enter the excess of line 1 over \$107,650 ..... 6 \_\_\_\_\_
- 7 Divide line 6 by \$50,000 and round the result to the fourth decimal place ..... 7 \_\_\_\_\_
- 8 Multiply line 5 by line 7 ..... 8
- 9 Add lines 4 and 8. **Enter here and on Form IT-205-A, line 11** ..... 9 \_\_\_\_\_

**Tax computation worksheet 2**

If *NYAGI worksheet*, line 5, is **more than \$215,400, but not more than \$25,000,000**, and the estate's or trust's taxable income from Form IT-205-A, line 10, is **more than \$215,400, but not more than \$1,077,550**, the estate or trust must compute its tax using this worksheet.

- 1 Enter the amount from *NYAGI worksheet*, line 5 ..... 1 \_\_\_\_\_
- 2 Enter the estate's or trust's taxable income from Form IT-205-A, line 10 ..... 2 \_\_\_\_\_
- 3 Multiply line 2 above by 6.85% (.0685) (**Stop:** If the line 1 amount above is **\$265,400 or more**, skip lines 4 through 10 and enter the line 3 amount on line 11) ..... 3 \_\_\_\_\_
- 4 Enter the estate's or trust's New York State tax on the line 2 amount above from the *New York State tax rate schedule* ..... 4
- 5 Subtract line 4 from line 3 ..... 5 \_\_\_\_\_
- 6 Enter \$526 on line 6 ..... 6
- 7 Subtract line 6 from line 5 ..... 7 \_\_\_\_\_
- 8 Enter the excess of line 1 over \$215,400 ..... 8 \_\_\_\_\_
- 9 Divide line 8 by \$50,000 and round the result to the fourth decimal place ..... 9 \_\_\_\_\_
- 10 Multiply line 7 by line 9 ..... 10
- 11 Add lines 4, 6, and 10. **Enter here and on Form IT-205-A, line 11** ..... 11 \_\_\_\_\_

**Tax computation worksheet 3**

If *NYAGI worksheet*, line 5, is **more than \$1,077,550, but not more than \$25,000,000**, and the estate's or trust's taxable income is **more than \$1,077,550 but not more than \$5,000,000**, the estate or trust must compute its tax using this worksheet.

- 1 Enter the amount from *NYAGI worksheet*, line 5 ..... 1 \_\_\_\_\_
- 2 Enter the estate's or trust's taxable income from Form IT-205-A, line 10 ..... 2 \_\_\_\_\_
- 3 Multiply line 2 above by 9.65% (.0965) (**Stop:** If the line 1 amount above is **\$1,127,550 or more**, skip lines 4 through 10 and enter the line 3 amount on line 11) ..... 3 \_\_\_\_\_
- 4 Enter the estate's or trust's New York State tax on the line 2 amount above from the *New York State tax rate schedule* ..... 4
- 5 Subtract line 4 from line 3 ..... 5 \_\_\_\_\_
- 6 Enter \$1,646 on line 6 ..... 6
- 7 Subtract line 6 from line 5 ..... 7 \_\_\_\_\_
- 8 Enter the excess of line 1 over \$1,077,550 .... 8 \_\_\_\_\_
- 9 Divide line 8 by \$50,000 and round the result to the fourth decimal place ..... 9 \_\_\_\_\_
- 10 Multiply line 7 by line 9 ..... 10
- 11 Add lines 4, 6, and 10. **Enter here and on** Form IT-205-A, line 11 ..... 11 \_\_\_\_\_

**Tax computation worksheet 4**

If *NYAGI worksheet*, line 5 is **more than \$5,000,000, but not more than \$25,000,000**, and the estate's or trust's taxable income is **more than \$5,000,000**, the estate or trust must compute its tax using this worksheet.

- 1 Enter the amount from *NYAGI worksheet*, line 5 ..... 1 \_\_\_\_\_
- 2 Enter the estate's or trust's taxable income from Form IT-205-A, line 10 ..... 2 \_\_\_\_\_
- 3 Multiply line 2 above by 10.30% (.1030) (**Stop:** If the line 1 amount above is **\$5,050,000 or more**, skip lines 4 through 10 and enter the line 3 amount on line 11) ..... 3 \_\_\_\_\_
- 4 Enter the estate's or trust's New York State tax on the line 2 amount above from the *New York State tax rate schedule* ..... 4
- 5 Subtract line 4 from line 3 ..... 5 \_\_\_\_\_
- 6 Enter \$31,817 on line 6. .... 6
- 7 Subtract line 6 from line 5 ..... 7 \_\_\_\_\_
- 8 Enter the excess of line 1 over \$5,000,000 .... 8 \_\_\_\_\_
- 9 Divide line 8 by \$50,000 and round the result to the fourth decimal place ..... 9 \_\_\_\_\_
- 10 Multiply line 7 by line 9 ..... 10
- 11 Add lines 4, 6, and 10. **Enter here and on** Form IT-205-A, line 11 ..... 11 \_\_\_\_\_

**Tax computation worksheet 5**

If *NYAGI worksheet*, line 5 is **more than \$25,000,000**, the estate or trust must compute its tax using this worksheet.

- 1 Enter the amount from *NYAGI worksheet*, line 5 ..... 1 \_\_\_\_\_
- 2 Enter the estate's or trust's taxable income from Form IT-205-A, line 10 ..... 2 \_\_\_\_\_
- 3 Multiply line 2 above by 10.90% (.1090) (**Stop:** If the line 1 amount above is **\$25,050,000 or more**, skip lines 4 through 10 and enter the line 3 amount on line 11) ..... 3 \_\_\_\_\_
- 4 Enter the estate's or trust's New York State tax on the line 2 amount above from the *New York State tax rate schedule* ..... 4
- 5 Subtract line 4 from line 3 ..... 5 \_\_\_\_\_
- 6 If line 2 is **\$215,400 or less**, enter \$526 on line 6. If line 2 is **more than \$215,400 but not more than \$1,077,550**, enter \$1,646 on line 6. If line 2 is **more than \$1,077,550 but not more than \$5,000,000**, enter \$31,817 on line 6. If line 2 is **more than \$5,000,000**, enter \$64,317 on line 6 ..... 6
- 7 Subtract line 6 from line 5 ..... 7 \_\_\_\_\_
- 8 Enter the excess of line 1 over \$25,000,000 .. 8 \_\_\_\_\_
- 9 Divide line 8 by \$50,000 and round the result to the fourth decimal place ..... 9 \_\_\_\_\_
- 10 Multiply line 7 by line 9 ..... 10
- 11 Add lines 4, 6, and 10. **Enter here and on** Form IT-205-A, line 11 ..... 11 \_\_\_\_\_

**New York State tax rate schedule**

If taxable income is:

over	but not over	Base tax is:			
\$ 0	\$ 8,500	4%	of taxable income		
8,500	11,700	\$ 340 plus 4.5%	of amount over		\$ 8,500
11,700	13,900	484 plus 5.25%	" " "		11,700
13,900	21,400	600 plus 5.9%	" " "		13,900
21,400	80,650	1,042 plus 5.97%	" " "		21,400
80,650	215,400	4,579 plus 6.33%	" " "		80,650
215,400	1,077,550	13,109 plus 6.85%	" " "		215,400
1,077,550	5,000,000	72,166 plus 9.65%	" " "		1,077,550
5,000,000	25,000,000	450,683 plus 10.30%	" " "		5,000,000
25,000,000		2,510,683 plus 10.90%	" " "		25,000,000

**New York State income percentage**

<b>a</b> Enter the amount from Form IT-205-A, line 22, column b .....	<b>a</b> _____
<b>b</b> Enter the portion of any administration costs, income distribution deduction, exemption, and other deductions used in determining federal adjusted gross income that relate to items of income, gain, loss, and deduction derived from or connected with New York sources.....	<b>b</b> _____
<b>c</b> Subtract line b from line a.....	<b>c</b> <input type="text"/>
<b>d</b> Enter amount from Form IT-205-A, line 7, column a, that relates to New York source income (see line 12 instructions on page 1) .....	<b>d</b> _____
<b>e</b> Enter amount from <i>Fiduciary</i> line of Schedule 2, column 4 (see line 12 instructions on page 1) .....	<b>e</b> _____
<b>e1</b> Enter amount from Form IT-205-A, line 9a, column a, that relates to New York source income (see line 12 instructions on page 1) .....	<b>e1</b> _____
<b>f</b> Line d and add or subtract line e and line e1 .....	<b>f</b> <input type="text"/>
<b>g</b> Balance (line c and add or subtract line f) .....	<b>g</b> _____
<b>h</b> Divide line g above by line 5 from the <i>NYAGI worksheet</i> on page 2. Round the result to the fourth decimal place and enter on Form IT-205-A, line 12 .....	<b>h</b> _____

**New York City tax rate schedule**

If the city taxable income is:

over	but not over	Enter on page 2, <i>Worksheet A</i> , line b:			
\$ 0	\$ 12,000	3.078%	of the amount on <i>Worksheet A</i> , line a		
12,000	25,000	\$ 369 plus 3.762%	of excess over		\$ 12,000
25,000	50,000	858 plus 3.819%	" " "		25,000
50,000		1,813 plus 3.876%	" " "		50,000

**Part-year Yonkers resident income tax surcharge worksheets**

**Worksheet B**  
**Yonkers income percentage**

<b>a</b> Enter the amount from Form IT-205-A, line 22, column d .....	<b>a</b> _____
<b>b</b> Enter the portion of any administration costs, income distribution deduction, exemption, and other deductions used in determining federal adjusted gross income that relate to items of income, gain, loss, and deduction derived from or connected with Yonkers sources.....	<b>b</b> _____
<b>c</b> Subtract line b from line a .....	<b>c</b> <input type="text"/>
<b>d</b> Enter amount from Form IT-205-A, line 7, column a, that relates to Yonkers resident period (see line 12 instructions on page 1) .....	<b>d</b> _____
<b>e</b> Enter amount from Form IT-205-A, line 9, column a, that relates to Yonkers resident period (see line 12 instructions on page 1) .....	<b>e</b> _____
<b>e1</b> Enter amount from Form IT-205-A, line 9a, column a, that relates to Yonkers resident period (see line 12 instructions on page 1) .....	<b>e1</b> _____
<b>f</b> Line d and add or subtract line e and line e1 .....	<b>f</b> <input type="text"/>
<b>g</b> Balance (line c and add or subtract line f) .....	<b>g</b> _____
<b>h</b> Divide line g by the amount from the <i>NYAGI worksheet</i> , line 5 on page 2 .....	<b>h</b> _____

Worksheet C

Part-year Yonkers resident income tax surcharge

		Full-year NYS resident	Part-year NYS resident
1	Total New York State tax (from Form IT-205, line 14) .....	1	
2	Base tax (amount from Form IT-205-A, line 11) .....	2	
3	New York State credits (from Form IT-205, line 10) .....	3	
4	Subtract line 3 from line 2 (if line 3 is larger than line 2, enter 0) .....	4	
5	Other New York State taxes (from Form IT-205, line 12) .....	5	
6	Add lines 4 and 5 .....	6	
7	Refundable credits from Form IT-205, line 33 (less any claim of right credit from Form IT-257) .....	7	
8	Full-year New York State resident (subtract line 7 from line 1) .....	8	
9	Part-year New York State resident (subtract line 7 from line 6) .....	9	
10	Income percentage (from Worksheet B, line h above) .....	10	%
11	Net state tax - full-year state resident (multiply line 8 by line 10) .....	11	
12	Net state tax - part-year state resident (multiply line 9 by line 10) .....	12	
13	Yonkers resident tax rate.....	13	.1675
14	<b>Part-year Yonkers resident income tax surcharge</b> (Multiply line 11 by line 13 and also enter this amount on Form IT-205, line 26; or multiply line 12 by line 13 and also enter this amount on Form IT-205, line 26) .....	14	

(continued from page 1)

**Schedule 2**

**Fiduciary's and beneficiary's share of income from New York State sources**

Allocate the federal distributable net income from New York State sources (line 38, column b) in Schedule 2 to the estate or trust (fiduciary) and its beneficiaries in proportion to their respective shares in the federal distributable net income of the estate or trust. Submit additional sheets if necessary.

**Column 1** – Enter the respective shares of federal distributable net income of each beneficiary and of the fiduciary on the appropriate lines of column 1. Use the same letter (a, b, etc.) as used in Schedule C of Form IT-205 to identify each beneficiary.

**Note:** Solely for purposes of determining the allocation of income from New York State sources that applies among the nonresident taxpayers, entries must be made for both resident and nonresident beneficiaries. If you are required to complete Form IT-205, Schedule C, columns 3, 4, and 5, the entries in columns 3 and 4 will be identical to the entries in Form IT-205-A, Schedule 2, columns 1 and 2.

**Column 2** – Determine the percentage interest of each beneficiary and the fiduciary in the federal distributable net income of the estate or trust based upon amounts in column 1. Enter these percentages in column 2.

**Column 3** – Enter on the *Totals* line of column 3 the total income from New York sources included in federal distributable net income of the estate or trust (from line 38, column b). The share of each nonresident beneficiary or of the fiduciary of a nonresident estate or trust or part-year resident trust in the total amount is determined by multiplying the total income from New York sources (column 3 total) by the column 2 percentage. No entry is required in this column for a resident beneficiary or the fiduciary of a resident estate or trust.

**Column 4** – Enter the fiduciary adjustment (from Form IT-205, line 70) on the *Totals* line of column 4. The share of each nonresident beneficiary or the fiduciary of a nonresident estate or trust in the total amount is determined by multiplying the total fiduciary adjustment by the column 2 percentage. The nonresident beneficiary's share of fiduciary adjustment is to be reported on his or her Form IT-225, *New York State Modifications*, as a net addition

or net subtraction. If the estate or trust has no federal distributable net income, the share of each beneficiary in the fiduciary adjustment must be in proportion to his or her share of the estate or trust income for the tax year, under local law or the governing instrument, which is required to be distributed currently and any other amounts of the income distributed in the tax year. Any balance of the fiduciary adjustment not allocable to beneficiaries must be allocated to the estate or trust. If the shares in the fiduciary adjustment are apportioned in accordance with this paragraph, **do not complete Schedule 2**. Instead, show the apportionment in a schedule submitted with the return.

When an item of income, gain, loss, or deduction is attributable to corpus or principal, or the beneficiaries do **not** share pro rata and the applicable method set forth above for apportioning the fiduciary adjustment results in an inequity, as defined in Personal Income Tax Regulations sections 119.3 and 139.4 (regarding alternate methods of attributing modifications), a fiduciary may, in its discretion, use the applicable method set forth in such regulations. If an alternate method is used, the fiduciary, instead of completing Schedule 2, should submit with the return a schedule containing the information required under the applicable regulation.

**Schedule 3**

**Nonresident beneficiary's share of income and deduction from New York State sources**

Use the same letter (a, b, etc.) as used on Form IT-205, Schedule C, to identify each beneficiary. Submit additional sheets if necessary.

**Columns 1 through 4** – Enter in the appropriate column each nonresident beneficiary's share of income, gain, or loss included in his or her share of distributable net income from New York State sources as reported on Form IT-205-A, Schedule 2, column 3 (also see column 5 instructions for deductions). Amounts are to be reported by the nonresident beneficiaries on the appropriate lines 1 through 18 of their Form IT-203, *Nonresident and Part-Year Resident Income Tax Return*, as income from New York State sources.

**Column 5** – Submit a separate schedule showing each nonresident beneficiary's share of other deductions from New York State sources included in the beneficiary's total share of distributable net income.

## Schedule 4

### Details of federal distributable net income and amounts from New York State sources

Enter in column a the amount reported on federal Form 1041 for the applicable items listed in this schedule. If the fiduciary was a **part-year resident trust**, also include in column a all items the trust would be required to include if the trust were filing a federal return on the accrual basis. Enter in column b the portion of each amount that is derived from New York sources.

Enter in column c the portion of each amount that was received during the period of New York City residency. Enter in column d the portion of each amount that was received during the period of Yonkers residency.

#### New York City and Yonkers resident trust

If any amount from the trust is subject to the New York City or Yonkers resident income tax, substitute *New York City* or *Yonkers* for *New York State* in the following instructions and include that portion in the applicable column c or d.

**Lines 14 and 15 Interest income and dividends** – Report on lines 14 and 15, column b, income from interest and dividends included in column a that is income from a trade or business carried on in New York State.

**Line 16 Business income (or loss)** – Enter in column b the net profit from a trade or business carried on in New York State by the estate or trust. If business is carried on both in and out of New York State and the New York income can be determined from the books and records of the business, enter in column b the net profit from business carried on in New York State, and in column b on the appropriate lines the other items relating to the New York operations. If the New York income of the business cannot be determined from the books of the business, income must be allocated to New York State in accordance with the formula in Schedule 5 or an approved alternate method. Apply the business allocation percentage on line 46 to line 16, column a and to each allocable item of business income, gain, loss or deduction reported in column a on other lines of Schedule 4 to determine the New York amounts.

**Line 17 Capital gain (or loss)** – Enter in column b the gain shown on line 75, column 3. If line 75, column 3, is a net loss, compute the amount of the loss deductible on line 17 following the instructions for Part II of federal Schedule D. (See Schedule 7 instructions on page 7.)

**Line 18 Rents, royalties, partnerships, other estates and trusts, etc.** – Include in column b the portion derived from New York State sources of the estate's or trust's share of income, gain, loss, or deduction from net rents and royalties from: (1) real property situated in New York State, whether or not used in or connected with a business; (2) tangible personal property not used in a business if the property has an actual situs in New York State; and (3) tangible and intangible personal property used in or connected with a trade or business carried on in New York State by the estate or trust.

**Note:** The Schedule 5 business allocation percentage does not apply to income from tangible personal property not used in a business or real property, since this income is 100% includable if the property is located in New York State and 100% excludable if the property is located outside New York State.

Also include in column b the portion derived from New York State sources of the estate's or trust's share of income, gain, loss, or deduction from: (1) a partnership (which may ordinarily be obtained from Form IT-204); (2) an S corporation (see Form CT-3-S); (3) other estates or trusts (see Form IT-205 or IT-205-A); and (4) real estate mortgage investment conduits (REMICs).

Any portion of the estate's or trust's share of such income, gain, loss, or deduction not reported here must be included elsewhere in Schedule 4, column b, on the appropriate line describing the nature of the income (for example, a partnership's New York capital gain would be included on line 17, column b).

**Passive activity loss limitations** – Any deduction for passive activity losses for an estate or trust must be recomputed to determine the amounts that would be allowed if the federal adjusted gross income took into account only items of income, gain, loss, or deduction derived from or connected with New York sources.

If the trust was a **part-year resident trust**, you must recalculate your passive activity loss limitations as if separate federal returns were filed for the trust's resident and nonresident periods.

**Line 19 Farm income (or loss)** – Enter in column b the net profit from farming carried on in New York State by the estate or trust.

**Line 21 Other income** – Enter in column b any New York source income that is not reportable elsewhere in Schedule 4.

Prizes won by a nonresident in the New York State Lottery are New York source income if:

- the prize was won on or after October 1, 2000; and
- the total proceeds of the prize are more than \$5,000.

Gambling winnings in excess of \$5,000 from wagering transactions within New York State are New York source income.

If the trust or estate is a shareholder of a federal S corporation for which the election to be a New York S corporation was in effect for the tax year, the estate's or trust's ordinary income to be entered in column b may be obtained from the S corporation.

Report capital gains, dividends, etc. in column b on the appropriate lines.

New York source income also includes:

- any gain from the sale, transfer, or other disposition of shares of stock in a cooperative housing corporation in connection with the grant or transfer of a proprietary leasehold, when the real property comprising the units of such cooperative housing corporation is located in New York State, whether or not connected with a business;
- income attributable to the ownership of any interest in real property located in New York State (including all or a portion of the gain or loss from the sale or exchange of an interest in an entity if the entity owns real property in New York State, or owns shares of stock in a cooperative housing corporation where the cooperative units relating to the shares are located in New York, provided that the sum of the fair market values of such real property, cooperative shares, and related cooperative units equals or exceeds 50% of the fair market value of the assets the entity has owned for at least two years as of the date of the sale or exchange; for additional information, see TSB-M-18(1), *Definition of New York Source Income of a Nonresident Individual Expanded*); or tangible personal property located in New York State;
- income attributable to the ownership of any interest in intangible personal property to the extent that it is used in a business, trade, profession, or occupation carried on in New York State; **and**
- any gain recognized by the estate or trust for federal income tax purposes from the sale or transfer of a partnership interest, where the sale or transfer:
  - is subject to the provisions of Internal Revenue Code (IRC) section 1060; and
  - occurred on or after April 10, 2017.

The amount of the gain to be included in New York source income is determined in a manner consistent with the applicable methods and rules for allocation under Article 22 in the year that the assets were sold or transferred (for additional information, see TSB-M-18(2), *Nonresident Partner's Treatment of Gain or Loss on Certain Sales or Transfers of a Partnership or Membership Interest*).

**Lines 23 through 28** – Enter in column b only that portion of each deduction item reported in column a that relates to income derived from New York sources (as reported on lines 14 through 21,

column b). Include the qualified business income deduction from federal Form 1041, page 1, on line 28.

**Lines 31 through 35** – Enter in column b the portion of the column a amounts that relates to items of income, gain, loss, or deduction of the estate or trust derived from or connected with New York State sources.

## Schedule 5

### Formula basis allocation of business income

Complete this schedule if the estate or trust carries on business both in and out of New York State but does not maintain books and records from which the New York income of the business can be determined. Submit a schedule showing the exact location (street address, city, and state) of each place, whether in or out of New York State, where the estate or trust conducts business. Describe each place (for example, branch office, agency, factory, etc.) and state whether it is rented or owned by the estate or trust.

If this schedule does not fairly and equitably reflect the income from New York State, an alternate allocation may be used. However, Schedule 5 must be completed, based on the statutory method, and include a detailed explanation of the alternative method used to determine New York income.

**Property percentage** – Calculate the average value of real and tangible personal property connected with the estate or trust by completing lines 39 through 41a.

**Line 39 Real property owned** – Enter in column 1 the average value of all real property owned by the business. Enter in column 2 the average value of real property owned that is located in New York State.

The average value of the property is determined by (1) adding its adjusted basis at the beginning of the tax year to its adjusted basis at the end of the tax year and (2) dividing by two.

**Line 40 Real property rented from others** – The value of real property rented to the business is generally eight times the gross rents payable for real property during the tax year for which the return is filed. For the definition of gross rents, see New York Codes, Rules and Regulations Title 20, section 132.15(d)(2) (20 NYCRR section 132.15(d)(2)).

**Line 41 Tangible personal property owned** – Enter in column 1 the average value (determined in accordance with the instruction for line 39) of all tangible personal property owned by the business. Enter in column 2 the average value of tangible personal property owned that is located in New York State.

**Line 41a Tangible personal property rented from others** – Enter the value of tangible personal property rented to the business. The value of rented tangible personal property is generally eight times the gross rents payable for tangible personal property during the tax year for which the return is filed. For the definition of gross rents, see 20 NYCRR section 132.15(d)(2).

**Line 42 Property percentage** – Add lines 39 through 41a, columns 1 and 2, and enter the totals on this line.

Divide the column 2 total by the column 1 total. Round the result to the fourth decimal place and enter it as a percentage in column 3. For example, if the total in column 1 is \$15,000 and the total in column 2 is \$10,000, divide \$10,000 by \$15,000 and enter the result (.6667) as a percentage (66.67%) in column 3.

**Line 43 Payroll percentage** – Enter wages, salaries, and other personal service compensation paid only to employees of the business. Do **not** include payments to independent contractors, independent sales agents, etc. Enter the total of the compensation paid to employees during the tax year in connection with business operations carried on both in and out of New York State in column 1. Enter the part that represents the amount paid in connection with New York operations in column 2. Compensation is paid for services in connection with New York operations if the employee works

in or travels out of an office or other place of business located in New York State.

Divide the column 2 total by the column 1 total. Round the result to the fourth decimal place and enter it as a percentage in column 3.

**Line 44 Gross income percentage** – Enter in column 1, total gross sales made, or charges for services performed, by employees, agents, agencies, or independent contractors of the business in and out of New York State. Enter in column 2 the part that represents gross sales made, or charges for services performed, by employees, agents, agencies, or independent contractors situated at, attached to, or sent out from offices of the business (or its agencies) located in New York State. For example, if a salesperson working out of the New York office covers the states of New York and New Jersey, all sales made by that salesperson are to be allocated to New York and included in column 2.

Divide the column 2 total by the column 1 total. Round the result to the fourth decimal place and enter it as a percentage in column 3.

**Line 46 Business allocation percentage** – Apply the business allocation percentage to each item of business income, gain, loss, or deduction reported in Schedule 4, column a, to determine the amount required to be entered in Schedule 4, column b. Make the appropriate entries in the spaces below line 46; submit an additional schedule if needed.

Apply the business allocation percentage to the modification of amounts from New York State sources (IT-205, Schedule B) with respect to modifications affecting items of business income, gain, loss, or deduction (except those attributable to real property) if business is carried on both in and out of New York State.

Do not apply the business allocation percentage to income from tangible property not used in a business or to income from the rental of (or gains or losses from the sale of) real property. The entire income or gain from the sale of the property located in New York State is taxable, and the entire loss in connection with that property is deductible to the extent it would be deductible for federal purposes. Conversely, no portion of the income or gain from the sale of property of this type located out of New York State is taxable, nor is any portion of any loss sustained in connection with out-of-state property deductible.

## Schedule 6

### Computation of New York charitable deduction

Determine the charitable deduction by completing this schedule in the same manner as Schedule A of federal Form 1041, but for New York items only.

**Line 47** – Enter that portion of the amount reported on the corresponding line of Schedule A, federal Form 1041, that constitutes contributions to New York State, or any of its political subdivisions (cities, towns, counties, etc.), or to any corporation, trust, community chest, fund, foundation, or other entity organized or operated under the laws of New York State.

**Line 48** – Enter that portion of the amount reported on the corresponding line of Schedule A, federal Form 1041, that reflects the New York charitable contributions included on line 47 attributable to income exempt from New York income tax or to income derived from sources out of New York State.

## Schedule 7

### Capital gains and losses from sales or exchanges of New York capital assets

If the estate or trust had any capital gains or losses from sales or exchanges of New York property, complete this schedule in the same manner as federal Form 1041, Schedule D, but with respect to gains and losses from New York property **only**. The short-term capital loss carryovers from preceding tax years on line 63 and the long-term capital loss carryovers on line 71 are computed only for gains and losses from New York property.

**Capital transactions from New York State sources** include capital gains or losses derived from real or tangible personal property having an actual situs in New York State, whether or not connected with a trade or business (including all or a portion of the gain or loss from the sale or exchange of an interest in an entity if the entity owns real property in New York State, or owns shares of stock in a cooperative housing corporation where the cooperative units relating to the shares are located in New York, provided that the sum of the fair market values of such real property, cooperative shares, and related cooperative units equals or exceeds 50% of the fair market value of the assets the entity has owned for at least two years as of the date of the sale or exchange (for additional information, see TSB-M-18(1)); and capital gains or losses from stocks, bonds, and other intangible personal property used in or connected with a business, trade, profession, or occupation carried on in New York State. Also include the estate's or trust's share of any capital gain or loss derived from New York sources of a partnership or another estate or trust.

If business is being carried on both in and out of New York State, gain or loss on the sale or disposition of property (other than real property) used in the trade or business or carried as business assets is subject to the business allocation percentage (line 46). Gains and losses from the sale or disposition of real property are not subject to allocation.

Determine the amounts to be reported as capital gains and losses from New York State sources in Schedule 7, in accordance with applicable federal provisions for determining capital gains and losses.

**Line 75** – If a total net capital loss is reported in column 3, from sales or exchanges of New York property, compute the amount of loss allowed as a deduction on line 17, column b, according to federal provisions for capital loss limitations. Use a copy of federal Form 1041, Schedule D, dealing with computation of fiduciary's capital loss limitation, as a worksheet in determining the New York net capital loss allowable as a deduction, using the New York amounts shown in Schedule 7.

## Schedule 8

### Supplemental schedule of gains and losses from New York property

If the estate or trust had any gains or losses from the sale, exchange, or involuntary conversion of New York property reported on federal Form 4797, complete Schedule 8 in the same manner as federal Form 4797, but only with respect to gains and losses from New York property. If any transactions involve property (other than real property) of a business carried on both in and out of New York State, apply the business allocation percentage (line 46).

Compute the gains and losses from New York property to be included in Schedule 8 by applying the appropriate federal provisions for determining gains and losses reportable on federal Form 4797.

If the estate or trust had any gains or losses from involuntary conversion of New York property from casualty or theft, submit a copy of federal Form 4684 and a schedule showing the gain or loss from New York property.

If gain has been realized from the disposition of New York property under the provisions of federal IRC sections 1245, 1250, 1252, 1254, or 1255, use a copy of federal Form 4797, page 2, as a worksheet in determining the gain from New York property reportable in Schedule 8, Part 1 or Part 2.

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