



Instructions for Form IT-654

New York City Musical and Theatrical Production Tax Credit

IT-654-I

General information

For tax years beginning on or after January 1, 2021; the New York City Musical and Theatrical Production Tax Credit is available to eligible taxpayers that are certified by Empire State Development (ESD) to participate in the program and are issued a certificate of tax credit.

For more information about the program and application process, visit the ESD website at www.esd.ny.gov.

Eligibility

To be eligible for this credit, you must meet **all** of the following requirements:

- you are subject to tax under Tax Law Article 9-A or 22;
- you are a qualified New York City musical and theatrical production company, or the owner of such a company; **and**
- you have received, or are the owner of a business entity that has received a certificate of tax credit issued by ESD.

Credit details

The credit is 25% of the qualified production expenditures paid for during the qualified New York City musical and theatrical production's credit period. The credit may be limited; the actual amount of your credit is shown on the certificate issued by ESD, along with the following:

- name of certified business and employer identification number (EIN),
- certificate number, and
- completion date.

Qualified production expenditures used as the basis for the allowance of this credit or in the calculation of this credit cannot be used to claim any other credits.

The credit is claimed in the tax year in which the completion date falls as stated on the certificate of tax credit.

How to claim the credit

File Form IT-654 if you are an individual, a beneficiary or fiduciary of an estate or trust, a partner in a partnership (including members of an LLC treated as a partnership for federal tax purposes), or a shareholder of an S corporation, and you are claiming the New York City musical and theatrical production tax credit.

An estate or trust that divides the credit among itself and its beneficiaries must submit Form IT-654 with Form IT-205, *Fiduciary Income Tax Return*, showing each beneficiary's share of the credit.

A partnership must file Form IT-654 with Form IT-204, *Partnership Return*, showing the total credit.

A New York S corporation does not file Form IT-654. It must file Form CT-654, *New York City Musical and Theatrical Production Tax Credit*. If you are a shareholder of an S corporation, obtain your share of the New York City musical and theatrical production tax credit from the S corporation and follow the instructions on this form for claiming the credit on your personal income tax return.

The New York City musical and theatrical production tax credit cannot reduce the tax due to less than **zero**; any unused New York City musical and theatrical production tax credit may

be treated as a refund or overpayment of tax to be credited to next year's tax. Interest will not be paid on the refund or overpayment.

Line instructions

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

Line A – Mark an **X** in the appropriate box to determine the parts of this form you need to complete. If you are claiming this credit **both** as an individual (sole proprietor), partnership, or fiduciary of an estate or trust that earned the credit **and** as a partner, shareholder, or beneficiary receiving a share of the credit, mark an **X** in the **Yes** box and complete all appropriate schedules on one Form IT-654.

Individuals (including sole proprietors) and partnerships: Complete lines A through E, and Schedules A and D.

A married couple in a business enterprise that made an IRC 761(f) election to file two federal Schedule C forms instead of a partnership return: If you file jointly, compute your credit as if you were filing one federal Schedule C for the business. Complete lines A through E, and Schedules A and D.

Fiduciary: Complete lines A through E, and Schedules A, C, and D.

Partner in a partnership, shareholder of a New York S corporation, and beneficiary of an estate or trust: Complete lines A through E, and Schedules B and D.

Note: If more than one set of instructions applies to you, complete all the appropriate parts of the form on one Form IT-654.

Lines B – E – Complete lines B through E using the information from your certificate of tax credit issued by ESD. Failure to enter the correct information may result in a denial of your credit. Retain a copy of your certificate of tax credit and be prepared to produce a copy in the case of an audit.

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

Line 1 – Enter the total amount of credit listed on your certificate of tax credit issued by ESD. The amount entered cannot exceed the amount shown on your certificate of tax credit.

Additional forms – If you have more entries than will fit on the lines provided in Schedule(s) B or C, submit additional Forms IT-654, completing only the necessary schedule(s). Include your name and taxpayer identification number on each form, and include the totals from all additional Forms IT-654 on the indicated lines. Place the extra forms behind the first Form IT-654, and submit them with your return.

Schedule B – Partner's, shareholder's, or beneficiary's share of credit

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

Schedule C – Beneficiary’s and fiduciary’s share of credit

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

Schedule D – Computation of credit

Complete lines 6, 7, and 8 (whichever apply to you).

Fiduciaries: Do not enter any amounts on lines 6 or 7.

Line 9 – Enter the amount and code **654** on:

- Form IT-201-ATT, line 12;
- Form IT-203-ATT, line 12; or
- Form IT-204, line 147.

For Form IT-205, include the amount on line 33.
