



Instructions for Form CT-242

Claim for Conservation Easement Tax Credit

CT-242-I

General information

The conservation easement tax credit is available to Article 9-A taxpayers who own land that is subject to a conservation easement held by a public or private conservation agency. The credit is not available to New York S corporations or their shareholders.

Credit calculation

The credit is 25% of the school district, county, and town real property taxes paid during this tax year on the **land** subject to the conservation easement. Do not include real property taxes paid on buildings, structures, and other improvements.

- The maximum credit amount is limited to \$5,000 per tax year.
- If you combine the conservation easement tax credit with any other tax credit for the school district, county, and town real property taxes, the total cannot exceed the amount of these taxes.
- The credit may not reduce the tax below the fixed dollar minimum tax.
- The credit is not allowed against the metropolitan transportation business tax (MTA surcharge).
- If you do not use the full amount of the credit against your tax liability this year, you may request a refund or apply the overpayment to next year's tax. However, the Tax Department will not pay interest on the refund or overpayment.

Definitions

Conservation easement means a perpetual and permanent easement on land located in New York State that:

- is held by a public or private conservation agency;
- serves to protect any of the following:
 - open space,
 - biodiversity, or
 - scenic, natural, agricultural, watershed, or historic preservation resources;
- is filed with the Department of Environmental Conservation (DEC) by the person causing such document to be so recorded;
- complies with the provisions of ECL, Article 49, Title 3; **and**
- complies with the provisions of the Internal Revenue Code (IRC) section 170(h).

Note: You should maintain adequate records to show the conservation easement's compliance with the provisions of IRC 170(h). This includes, but is not limited to, a copy of federal Form 8283, *Noncash Charitable Contributions*, for the year of the donation. The Tax Department will also accept a letter from the public or private conservation agency stating that the conservation easement was donated or purchased:

- for no consideration or a nominal amount, or
- for less than fair market value (FMV), if the letter is accompanied by an appraisal indicating the FMV of the conservation easement that was made at the time of the purchase of the easement. A qualified appraiser—as defined in federal regulations section 1.170A-13(c)(5)—must make the appraisal.

Dedications of land for open space through the execution of conservation easements for the purpose of fulfilling density

requirements to obtain subdivision or building permits are not considered a conservation easement for purposes of this credit.

Land means a fee simple title to real property located in New York State, with or without improvements. This includes rights of way; water and riparian rights; easements; privileges, and all other rights or interests relating to or connected with real property, excluding buildings, structures, and improvements.

Public or private conservation agency means:

- any state, local, or federal governmental body; or
- any private not-for-profit charitable corporation or trust that:
 - is authorized to do business in New York State;
 - is organized and operated to protect land for natural resources, conservation, or historic preservation purposes;
 - is exempt from federal income taxation; **and**
 - has the power to acquire, hold, and maintain land or interests in land for such purposes.

Line instructions

Combined filers: If you are filing as a member of a combined group, you are allowed to claim this credit. The credit is calculated on a separate basis but applied against the combined tax.

Additional forms: If you have more entries than will fit on the lines provided in Parts 1, 3 or 4, submit additional Forms CT-242, completing only the necessary parts. Include your name and taxpayer identification number on each form. On the indicated lines of the first Form CT-242, include the totals from all additional Forms CT-242. Place the extra forms behind the first Form CT-242 and submit them with your return.

Part 1: Calculation of credit

Enter the information relating to the real property taxes you paid during the current tax year on land (or a portion of land) subject to a conservation easement. If needed, see *Additional forms*.

Column A

Allowable real property taxes mean the school district, county, and town real property taxes paid on the land (or a portion of the land) subject to a conservation easement.

Do not include city or village property taxes, special ad valorem levies, or special assessments. (See Real Property Tax Law (RPTL) sections 102-14 and 102-15 for the definitions of special ad valorem levies and special assessments.)

Enter the real property taxes you paid during the current tax year for each conservation easement only once. Use a separate line for each conservation easement.

Allocation of real property tax

If only a portion of the land you own is subject to a conservation easement, or if the property you own includes buildings, structures, or improvements that are taxed, do not enter the full amount of property tax in column A. You must allocate the portion of school district, county, and town real property taxes that corresponds to the portion of your land subject to a conservation easement. Base the allocation on the value of the land.

Your local assessor may be able to tell you the value of the portion of your land subject to a conservation easement (excluding the value of any buildings, structures, or improvements) and the total value of your land subject to taxes. If your assessor is unable to provide this information, you may determine the value by using any other reasonable method, such as basing the value on the recent sale price of similar property in your area. Keep records to show how you allocated the taxes.

Calculating the allocated taxes

The credit applies only to that portion of your total assessment represented by land (not buildings and/or other structures) and to the fraction of the land that is protected by the easement. Calculate as follows:

$$\begin{array}{l} \text{percentage of the assessment represented by land} \\ \times \text{percentage of land protected by easement} \\ \times \text{total property taxes} \end{array}$$

Example

A property owner pays \$10,000 in property taxes on a 100-acre parcel, of which 75 acres is protected by a conservation easement. The property owner learns from the assessor that the house and garage account for a total of 80% of the assessed value of the property; the remaining 20% is represented by land. The allocated taxes are \$1,500, calculated as follows:

$$\begin{array}{l} .20 \text{ (percent of the assessment represented by land)} \\ \times .75 \text{ (percent of land protected by easement)} \\ \times \$10,000 \text{ (property taxes)} \end{array}$$

If you own land subject to a conservation easement with others, include only the total allowable real property taxes you paid during the current tax year in column A.

Column C

If the land subject to a conservation easement also entitles you to claim any of the following credits, calculate any of these credits that apply to you before you continue with this form:

- the farmers' school tax credit (Form CT-47);
- the QEZE credit for real property taxes (Form CT-606);
- the remediated brownfield credit for real property taxes (Form CT-612); and
- the manufacturer's real property tax credit (Form CT-641).

If you included the allowable real property taxes from column A in the calculation of any of the credits listed above, enter in this column the amount of any credits that are based on the same real property taxes. If only a portion of the credit is based on the same taxes used in column A, prorate the amount of the credits, and enter the result in this column.

Line 2

Obtain this amount from all partnerships allocating this credit to you. Complete Part 3, *Partnership information*, and mark an **X** in box A at the bottom of the form.

Part 2: Calculation of credit used, refunded, or credited as an overpayment to the next tax year

Line 5

Enter the amount from Form CT-3 or Form CT-3-A, Part 2, line 2, **plus** any net recaptured tax credits.

Line 6

If you are claiming more than one tax credit this year, enter the total amount of credits you claimed before applying this credit; otherwise enter **0**. You **must** apply tax credits in a specific order.

Refer to Form CT-600-I, Instructions for Form CT-600, *Ordering of Corporation Tax Credits*, for the proper ordering of your credits.

If you are filing as a member of a combined group, include the total amount of all tax credits you **and** other members of the combined group are claiming—including conservation easement tax credits—that you wish to apply before you apply this credit.

Line 8

Enter your fixed dollar minimum tax from Form CT-3, or the designated agent's fixed dollar minimum tax from Form CT-3-A.

Part 3: Partnership information

If you were a partner in a partnership and received a share of the conservation easement credit from that entity, complete this part. Enter the name, identification number, and the credit amount passed through to you from each partnership. Obtain this information from all partnerships allocating the credit to you. If needed, see *Additional forms*.

Part 4: Conservation easement identifying information

Enter the information for each easement in the same order as the easements are listed under Part 1. If needed, see *Additional forms*.

Address: Enter the address of the land subject to a conservation easement as it appears in your deed or other instrument that records the easement. Include the name of the city, village, or town and county where the easement is located.

Name of conservation agency: Enter the name of the public or private conservation agency that holds the conservation easement.

Recording information: Enter the recording information (typically county, liber, and page or instrument number) assigned to the conservation easement at the time it was recorded and indexed in the county clerk's office for the county in which the property is located. Recording information should be available through the county clerk's office or from the agency that holds the conservation easement.

Date of conveyance: Enter the date the conservation easement was conveyed to the public or private conservation agency.

DEC identification number: Enter the identification number assigned to the conservation easement when it was filed with DEC. This number should be available from the agency that holds the conservation easement. The letters CE have been preprinted in the entry space for the DEC identification number.
