Instructions for Form IT-205-A
Fiduciary Allocation

Refer to page 1 of Form IT-205-A to determine which schedules of Form IT-205-A should be completed.

Schedule 1

Computation of New York taxable income of a nonresident estate or trust.

Line 2/Fiduciary's share of net change: Enter on this line the fiduciary's share of net change from Schedule 2, column 4.

Line 4/Net gain (loss) allocated to principal, etc.: Attach a schedule to Form IT-205-A showing details of the computation of gains or losses allocated to principal from disposition of New York property (not included in the fiduciary's share of distributable net income from New York sources reported on line 1 of Schedule 1) and enter the net gain or net loss on line 4.

Line 6/New York modifications relating to amounts allocated to principal: The same modifications listed in the instructions for Form IT-205, page 1, line 6 are to be added or subtracted here to the extent they are applicable to amounts not included on line 1 of Schedule 1. Give full details of any modifications in an attached statement.

Line 9/Other special deductions: These include (a) the amount that would have been allowable as a federal dividend exclusion (not in excess of $200) if the dividends derived from New York State sources (due to the fact they constitute part of the receipts of a business carried on in New York State) had been the sole dividend income of the estate or trust, and (b) the fiduciary's share of the portion of the federal estate tax attributable to income of a decedent, derived from New York sources.

Schedule 2

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

The federal distributable net income from New York State sources (Schedule 4, line 26, column b) and the net change that applies (line 29 of Schedule 5) are to be allocated, 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.

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, c or d) as used in Schedule C of Form IT-205 to identify each beneficiary. Note that, solely for purposes of determining the allocation of income from New York State sources and the net change that applies among the nonresident taxpayers, entries must be made for both resident and nonresident beneficiaries. If columns 3, 4 and 5 of Schedule C of Form IT-205 are required to be completed, the entries in columns 3 and 4 of Schedule C and columns 1 and 2 of Schedule 2 will be identical.

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 and enter these percentages in column 2.

Column 3 — Enter on the total line of column 3 the total income from New York sources included in federal distributable net income of the estate or trust (from page 2, line 26, column b). The share of each nonresident beneficiary or of the fiduciary of a nonresident estate or trust in such 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 with respect to a resident beneficiary or the fiduciary of a resident estate or trust.

Column 4 — Enter the net change (from page 2, line 29) on the total line of column 4. The share of each nonresident beneficiary or the fiduciary of a nonresident estate or trust in such total amount is determined by multiplying the total net change by the column 2 percentage. The nonresident beneficiary's share of net change is to be reported on his New York State Nonresident Return (Form IT-203), line 23 or line 30 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 net change must be in proportion to his share of the estate or trust income for the taxable year, under local law or the governing instrument, which is required to be distributed currently and any other amounts of such income distributed in such year. Any balance of the net change not allocable to beneficiaries must be allocated to the estate or trust. If the shares in the net change are apportioned in accordance with this paragraph, do not complete Schedule 2. Instead, show the apportionment in a schedule attached to the return.

Where 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 out above for apportioning the net change results in an inequity, as defined in Sections 120.27 and 135.28 of the Personal Income Tax Regulations regarding alternate methods of attributing modifications, a fiduciary may, in his discretion, use the applicable method set forth in such regulations. If an alternate method is used, the fiduciary, instead of completing Schedule 2, should attach to the return a schedule containing the information required under the applicable regulation.

Schedule 3

Nonresident beneficiary's share of income, deduction and tax preference items from New York State sources

Use the same letter (a, b, c or d) as used in Schedule C, Form IT-205, to identify each beneficiary.

Columns 1-4 — Enter in the appropriate column each nonresident beneficiary's share of income, gain or loss included in his share of distributable net income from New York State sources as reported on Form IT-205-A, Schedule 2, column 3. (See column 5 instructions below for separate attachment for reporting deductions.) Such amounts are to be reported by the nonresident beneficiary on the appropriate lines 1-20 of his Nonresident Return (Form IT-203) as income from New York State sources.

Column 5 —Attach a separate schedule showing each nonresident beneficiary's share of deductions for depreciation or depletion on New York property.

On a separate attachment show each nonresident beneficiary's share of other deductions from New York State sources included in his total share of distributable net income..

Column 6 — On an attached schedule show each nonresident beneficiary's share of federal tax preference items derived from New York State sources and the amount of any modifications that apply. See Form IT-220-I.

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 Schedule 4. Enter in column **b** the portion of each such amount which is derived from New York sources.

Lines 1 and 2/Dividends and Interest: Report in column **b** (on appropriate line 1 or 2) income from dividends or interest included on the corresponding lines of column **a** only to the extent such income is part of the income from a trade or business carried on in New York State. Do not include in column **b** any income which is exempt from state taxes under the laws of the United States or of New York State, such as interest on United States Government bonds; exempt income on securities of United States authorities, commissions and instrumentalities; and interest on bonds of New York State or of its political subdivisions.

Line 3/Partnership income or (loss): The portion, derived from New York sources, of the estate's or trust's share of income, gain, loss or deduction from a partnership to be entered in column **b** may ordinarily be obtained from Form IT-204. 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 column **b** of Schedule 4 on the appropriate line describing the nature of the income (e.g., a partnership New York capital gain would be included in column **b** on line 7 of Schedule 4).

Line 4/Income from another estate or trust: The portion, derived from New York sources, of the estate's or trust's share of income from another estate or trust to be entered in column **b** may ordinarily be obtained from Form IT-205 (or from Form IT-205-A). Any portion of the estate's or trust's share of such income not reported here must be included elsewhere in column **b** of Schedule 4 on the appropriate line describing the nature of the income.

Line 5/Net rent and royalty income or (loss): Include in column **b** 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 such 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 that the Schedule 6 business allocation percentage does not apply to income from tangible personal property not used in a business or real property, since such income is 100% includible if the property is located in New York State and 100% excludable if located outside New York State.

Line 6/Net business and farm income or (loss): Enter in column **b** the net profit from a trade or business (including farming) 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** on line 6 the net profit from business carried on in New York State, and in column **b** on the proper 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 6 or an approved alternate method. Apply the business allocation percentage (on line 34) to line 6 of column **a** and to each other 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 7/Capital gain or (loss): Enter in column **b** the **gain** shown in Schedule 8, line 62, column 3. If line 62, column 3, is a **net loss**, compute the amount of the loss deductible on line 7 following the instructions for Part II of federal Schedule D. (See Schedule 8 instructions on this form.)

Line 9/Other income: Enter in column **b** any New York source income which is not reportable elsewhere in Schedule 4.

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 taxable year, the estate's or trust's ordinary income to be entered in column **b** may be obtained from Form CT-3S, *S Corporation Information Report.*

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

Lines 11-16: Enter in column **b** only that portion of each deduction item reported in column **a** which relates to income derived from New York sources (as reported in column **b** on lines 1-9 of Schedule 4.)

Lines 19-23: Enter in column **b** on lines 19-23 the portion of the column **a** amounts which relate to items of income, gain, loss or deduction of the estate or trust derived from or connected with New York State sources. However, do not include in column **b** any income which is exempt from state taxes under the laws of the United States or of New York State, such as interest on United States Government bonds; exempt income on securities of United States authorities, commissions and instrumentalities; and interest on bonds of New York State or of its political subdivisions.

Note: Do not include in column **b**, lines 3 or 6, any income or (loss) from an insurance business doing business as a member of the New York Insurance Exchange.

Schedule 5

Modification of amounts from New York State sources

This schedule is used for reporting any New York modifications relating to items of income, gain, loss or deduction derived from or connected with New York sources, which enter into federal distributable net income. No modification is to be made in Schedule 5 which has the effect of duplicating a modification already reflected in column **b** of Schedule 4. See Form IT-205-I, page 2, *Payments for charitable purposes — effect on fiduciary adjustment.*

S Corporation Shareholders

If the estate or trust is a shareholder of a federal S corporation for which the election to be a New York S corporation was in effect for the taxable year, include any of the following additions and subtractions that apply to the estate's or trust's pro rata share of S corporation items of income, loss and deduction, plus the modification required by Section 612(b)(18) of the Tax Law. If the election to treat the corporation as a New York S corporation terminated during the taxable year, the estate or trust must allocate the additions and subtractions (see Publication 382 for more information). Obtain the estate's or trust's share of S corporation items of income, loss and deduction from the S corporation Form CT-3S.

If the estate or trust is a shareholder of a federal S corporation that did **not** have an election in effect to be a New York S corporation, or if the S corporation did **not** have the right to make the election, the nonresident beneficiaries' pro rata share of S corporation items is not considered derived from or connected with New York sources.

The estate or trust must make the adjustments for the taxable year of the S corporation that ends in the estate's or trust's taxable year.

If gain or loss is recognized on the estate's or trust's federal income tax return due to the disposition of stock or indebtedness of an S corporation that did **not** have an election in effect to be a New York S corporation for any taxable year after December 31, 1980, make the addition required by Section 612(b)(21) and the subtraction required by Section 612(c)(21) of the Tax Law. This modification is to be made only if the gain or loss on the S corporation stock is derived from New York sources.

Note: For more information on the New York additions and subtractions, see Publication 382, *How to Figure Your New York Additions and Subtractions.*

Line 27/Additions: The additions on line 27 of Schedule 5 are required only in connection with a trade or business carried on in New York State and real or tangible personal property in New York State. Describe on line 27 the nature and amount of any of the following additions which relate to items of the estate's or trust's federal distributable net income derived from New York sources (as reported in column **b** of Schedule 4):

A-1 Interest income on state and local bonds (other than New York State and its political subdivisions) to the extent not properly included in federal income.

A-2 Interest or dividend income on bonds or securities of any United States authority, commission or instrumentality which U.S. laws exempt from federal income tax but not from state income taxes.

A-3 Income taxes (including City of New York income and unincorporated business taxes) deducted in computing amounts entered in column **b** of Schedule 4 with the exception of the City of New York nonresident earnings tax to the extent that such tax exceeds the tax computed as if the rates were 0.25% of wages subject to tax and 0.375% of net earnings from self-employment subject to tax.

A-4 Interest deducted in computing amounts entered in column **b** of Schedule 4 on money borrowed and used to purchase or carry bonds or securities the income from which is exempt from New York State income tax.

A-5 Any amount deducted in computing amounts entered in column **b** of Schedule 4 for expenses which relate to income which is exempt from New York State income tax or to property held for the production of such exempt income.

A-6 Any amount deducted in computing amounts entered in column **b** of Schedule 4 for amortization of bond premium on any bond the interest from which is exempt from New York State income tax.

A-7 Amounts required under Sections 612(b)(7), 612(b)(8) and 612(b)(9) of the Tax Law in connection with certain employee benefits received by shareholders of a professional service corporation.

A-8 Any deduction for percentage depletion in the case of mines, oil and gas wells and other natural deposits. See subtraction S-10.

A-9 Any amount required to be added to federal income if an election was made under the Tax Law for waste treatment facility expenditures, air pollution control equipment expenditures or acid deposition control equipment (Section 612(h)). See subtraction S-11.

A-10 Add the amount of gain which would have been realized for New York State tax purposes from the sale or other disposition of property acquired from a decedent and valued by the executor under New York State Tax Law because the estate had an insufficient amount of assets to require the filing of a federal estate tax return (Section 612(b)(17) of the Tax Law).

A-11 Compute any addition required because of an election under Section 612(g) of the Tax Law on Form IT-211. (See *General Instructions* for Form IT-205.)

A-12 See Section 612(b)(22) for an addition that is required if the estate or trust sold reinvestment property but failed to reinvest anew in a New York new business within 12 months.

A-13 Additions under Sections 612(b)(23) and 612(b)(24) are required if an election for safe harbor leasing was made for federal purposes. Also see subtraction S-16.

A-14 If accelerated cost recovery depreciation (ACRS) was claimed under Section 168 of the Internal Revenue Code, you must add the amount allowable for federal purposes for property placed in service during 1981, 1982, 1983 and 1984 (Section 612(b)(25)). It also must be made for property placed in service outside New York State after December 31, 1984, except for recovery property subject to the provisions of Section 280-F of the Internal Revenue Code (such as luxury automobiles). See subtraction S-17 and attach Form IT-399.

A-15 See Section 612(b)(27) for the addition required at the time of disposition when the New York depreciation taken is greater than the federal ACRS depreciation taken. Attach Form IT-399.

A-16 The amount of gross receipts tax imposed on petroleum businesses under Article 13-A of the Tax Law that was deducted in figuring your federal adjusted gross income (Section 612(b)(28) of the Tax).

Line 28/Subtractions: Describe on line 28 the nature and amount of any of the following subtractions which relate to items included in column **b**, Schedule 4:

S-1 Pension and annuity income included in federal adjusted gross income of a decedent who at the time of his death was 59½ years of age or older, but not more than $20,000 (Section 612(c)(3-a)). Do not enter any pension received from New York State or its political subdivisions.

Qualifying pension and annuity income includes:

- Periodic payments for services performed before retirement.
- Periodic and lump sum payments from an IRA or from an HR-10 (Keogh) plan, but **not** payments derived from contributions made after retirement.
- Lump sum payment from an HR-10 (Keogh) plan, but only if the federal special 10-year averaging method is not used. Do not include the part of the payment that was derived from contributions made after retirement.

S-2 Pensions of retired officers or employees of New York State or its political subdivisions (towns, cities, etc.) to the extent included in column **b**, Schedule 4 as well as pensions received as beneficiaries of deceased officers or employees of New York State or its political subdivisions.

S-3 The portion of any gain included in column **b**, Schedule 4, from the sale or other disposition of (a) property which had a higher New York than federal income tax basis on December 31, 1959 (or on the last day of a fiscal year ending during 1960) and (b) property held in connection with mines, oil or gas wells and other natural deposits which has a higher adjusted basis for New York State income tax purposes than for federal income tax purposes which does not exceed such difference in basis. However, if the gain is considered a long-term capital gain for federal income tax purposes, the deduction is limited to 40% of such portion of the gain.

S-4 The amount of any annuity or other income or gain included in column **b**, Schedule 4, which was properly included in income or gain in a prior New York State return under Article 16 of the Tax Law.

S-5 Any refund or credit for overpayment of income tax of any kind to the extent included in column **b**, Schedule 4.

S-6 Interest on money borrowed to purchase or carry bonds or securities subject to New York State income tax but exempt from federal income tax provided this interest was not otherwise deducted.

S-7 Ordinary and necessary expenses paid or incurred during the year in connection with income, or property held for the production of income, which is subject to New York State income tax but exempt from federal income tax provided these expenses were not otherwise deducted.

S-8 Amortization of bond premium for the taxable year on any bond the interest from which is subject to New York State income tax but exempt from federal income tax, provided this amortization was not otherwise deducted.

S-9 The amount necessary to prevent taxation of amounts properly included in New York adjusted gross income in prior years (in accordance with Section 612(b)(7) of the Tax Law) by a shareholder of a professional service corporation.

S-10 Cost depletion figured according to federal tax law on property where a percentage depletion was added on line 27, (see addition A-8).

S-11 Expenses for waste treatment facilities, air pollution control equipment or acid deposition control equipment. This subtraction applies only to depreciable, tangible business property located in New York State and certified under the provisions of the Environmental Conservation Law (Section 612(c)(11) of the Tax Law). This subtraction may not be made if a subtraction was made under Section 612(g) of the Tax Law. (See addition A-9.)

S-12 The amount of gain from the sale of a new business investment included in federal income (Section 612(c)(20) of the Tax Law).

S-13 The amount of loss which would have been realized for New York State tax purposes from the sale or other disposition of property acquired from a decedent and valued by the executor under New York State Tax Law because the estate had an insufficient amount of assets to require the filing of a federal estate tax return (Section 612(c)(19) of the Tax Law).

S-14 Compute any subtraction required because of an election under Section 612(g) of the Tax Law on Form IT-211. (See General Instructions for Form IT-205.)

S-15 See Section 612(c)(23) if the estate or trust realized a capital gain on the sale of a capital asset and, within one year from the date of sale, reinvested all or part of the proceeds in a New York new business.

S-16 Subtractions under Section 612(c)(24) and 612(c)(25) are required if an election for safe harbor leasing was made for federal purposes. (See addition A-13.)

S-17 If accelerated cost recovery depreciation (ACRS) was claimed under Section 168 of the Internal Revenue Code, subtract the amount of depreciation allowable under Section 167 of the Internal Revenue Code as such section would have applied to property placed in service on 12/31/80 (Section 612(c)(26)). This subtraction and the required addition, (see A-14), apply for property placed in service during 1981, 1982, 1983 and 1984. It also must be made for property placed in service outside New York State after December 31, 1984, except for recovery property subject to the provisions of Section 280-F of the Internal Revenue Code (such as luxury automobiles).

S-18 See Section 612(c)(28) for the subtraction required at the time of disposition when the federal ACRS depreciation taken is greater than the New York depreciation taken. Attach Form IT-399.

Schedule 6

Formula basis allocation of business income

Complete Schedule 6 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. Attach 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 carries on business. Describe each place (i.e., branch office, agency, factory, etc.) and state whether it is rented or owned by the estate or trust.

Even though Schedule 6 may not fairly and equitably reflect the income from New York State and an alternate allocation method is used, Schedule 6, based upon the statutory formula, must be completed and a detailed explanation of the alternate method used to determine the New York income must be attached.

Line 30a/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 located in New York State.

The average value of property is figured by adding its value at the beginning and at the end of the taxable year and dividing by two.

Line 30b/Real property rented from others: The value of real property rented to the business and to be included in line 30b generally is eight times the gross rent payable during the taxable year for which the return is filed.

Line 30c/Tangible personal property owned: Enter in column (1) the average value (determined in accordance with the instruction for line 30a) of all tangible personal property owned by the business. Enter in column (2) the average value of tangible personal property located in New York State.

Line 31/Wages and salaries paid during the year: 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 taxable year in connection with business operations carried on both in and out of New York State on line 31 in column (1). Enter the part which 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.

Line 32/Gross sales or charges for services during year: Enter on line 32, 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 which represents sales made, or services performed, by or **through** an agency in New York State. This includes sales made or 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 salesman working out of the New York office covers the states of New York and New Jersey, **all** sales made by him are to be allocated to New York and included in column (2).

Line 34/Business allocation percentage: The business allocation percentage is to be applied to each item of business income, gain, loss or deduction reported in column **a**, Schedule 4, to determine the amount required to be entered in column **b** of Schedule 4. Make appropriate entry in the space below line 34, attaching an additional schedule if needed.

The business allocation percentage is to be applied to the modification of amounts from New York State sources (Schedule 5) 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.

The business allocation percentage is not applied to income from tangible personal 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 such property located in New York State is taxable and the entire loss in connection with that property is deductible. 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 7

Computation of New York charitable deduction

Determine the charitable deduction by completing Schedule 7 in the same manner as Schedule A of federal Form 1041 but with respect to New York items only.

Enter on line 35 that portion of the amount reported on the corresponding line of Schedule A, federal Form 1041, which 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.

Enter on line 36 that portion of the amount reported on the corresponding line of Schedule A, federal Form 1041, which reflects the New York charitable contributions included in line 35 attributable to income exempt from New York income tax or to income derived from sources out of New York State.

Schedule 8

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 Schedule 8 in the same manner as federal Schedule D, Form 1041, but with respect to gains and losses from New York property only. The short-term capital loss carryovers from preceding taxable years at line 50 and the long-term capital loss carryovers at line 58 are computed only with respect to 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 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 included is 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 34, Schedule 6). (Gains and losses from the sale or disposition of real property are not subject to allocation.)

The amounts to be reported as capital gains and losses from New York State sources in Schedule 8 must be determined in accordance with applicable federal provisions for determining capital gains and losses.

If at line 62, a total net capital loss is reported in column 3 from sales or exchanges of New York property, the amount of loss allowed as a deduction on Schedule 4, line 7, column **b** is computed according to federal provisions for capital loss limitations. A copy of federal Schedule D (Form 1041), dealing with computation of fiduciary's capital loss limitation, should be used as a worksheet in determining the New York net capital loss allowable as a deduction, using the New York amounts shown in Schedule 8.

Schedule 9

Supplemental Schedule of gains and losses from New York property

If the estate or trust had any gains or losses from sale, exchange or involuntary conversion of New York property reported on federal Form 4797, complete Schedule 9 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 (Schedule 6, line 34).

Compute the gains and losses from New York property to be included in Schedule 9 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, attach 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 Internal Revenue Code Sections 1245, 1250, 1251, 1252, 1254 or 1255, use a copy of page 2, federal Form 4797 as a worksheet in determining the gain from New York property reportable in Part I or Part II of Schedule 9.