

Instructions for Form IT-220

Minimum Income Tax

1986

Who Must File

If you are an individual or fiduciary of an estate or trust with total New York tax preference items greater than the allowable specific deduction, you must complete Form IT-220, *Minimum Income Tax*, and attach it to your New York State income tax return. Because of different state and federal requirements, you may have to file Form IT-220 even if you are not required to file federal Form 6251, *Alternative Minimum Tax Computation*. You may have to file Form IT-220 even if you derived no tax benefit from the items of tax preference.

The tax preference items to be reported on Form IT-220 are explained in the *Line-by-Line Instructions*.

If you checked filing status ③ or ④ on Form IT-201 or IT-203, you and your spouse must each figure your minimum income tax on a separate Form IT-220.

If you are a City of New York resident and you are subject to the New York State minimum income tax, you must figure the City of New York minimum income tax due on Form IT-220. A City of New York *nonresident* is not subject to the *city* minimum income tax.

Part-Year Residents

If you became a New York State resident or moved out of this state during the year, you must file one Form IT-220 for the resident period and another for the nonresident period. The specific deduction allowed for the resident and nonresident periods is the same as explained in the *Line-by-Line Instructions*, for resident and nonresident taxpayers, respectively. **Do not prorate the specific deduction for the resident and nonresident periods.** If your total New York tax preference items, for either the resident or nonresident period, do not exceed the allowable specific deduction for that period, Form IT-220 is not required for that period.

Resident period — The New York minimum taxable income to be reported for the resident portion of the year is determined as if your taxable year for federal income tax purposes were limited to the period of New York resident status except for any accruals required for a change of resident status. For information on accruals, see Form IT-360-I, *Instructions for Form IT-360*.

Nonresident period — The New York minimum taxable income to be reported for the nonresident portion of the year is determined as if your taxable year for federal income tax purposes were limited to the period of nonresidence. Follow the instructions for computing minimum income tax of a nonresident and make any accruals required for a change of resident status. For information on accruals, see Form IT-360-I, *Instructions for Form IT-360*.

Attach a schedule to Form IT-220 showing your tax preference items for the entire taxable year and how you figured the amounts for each period.

City of New York Taxpayers

If you changed your City of New York and New York State resident status at the same time, report both your state and city minimum income tax for the resident period on one Form IT-220. If the periods of city and state residence are different, attach a schedule showing how you figured the city minimum income tax. The City of New York minimum taxable income to be reported for the resident period is determined as if your taxable year for state income tax purposes were limited to the period of your City of New York residence.

How to Report a Change in Federal Tax Preference Items

If the Internal Revenue Service changes the tax preference items you reported on your federal form for the alternative minimum tax, you must report this change to the New York State Tax Department on Forms IT-115 and IT-115.1 (*Minimum Income Tax Supplement*) within 90 days after a final determination has been made by the Internal Revenue Service. File these forms separately; do not attach to any other return. Attach a check or money order for the full amount of any tax due plus interest.

If you file an amended federal return changing the tax preference items reported to the Internal Revenue Service, you must file an amended state return with the New York State Tax Department within 90 days. Attach to the amended return a check or money order for any additional tax due.

These requirements for reporting federal changes in tax preference items on Forms IT-115 and IT-115.1 or on an amended return apply to a New York State nonresident only if the change affects the computation of New York State minimum taxable income.

City of New York residents must report a federal change in the tax preference items for taxable years beginning on or after January 1, 1976 for City of New York minimum income tax purposes on the same New York State Forms IT-115 and IT-115.1 filed for the state minimum income tax purposes. Follow the above instructions for federal changes or the filing of an amended federal return.

Line-by-Line Instructions

Print or type the required information at the top of Form IT-220. If an estate or trust has an employer identification number, enter it in the space provided. Check the box indicating the New York State income tax return you are filing. For *Privacy Notification*, see instructions for Form IT-201, IT-203 or IT-205.

References in these instructions to residents, resident estates or trusts, nonresidents and nonresident estates or trusts refer to New York State resident and nonresident taxpayers. Instructions for *City of New York* resident individuals, estates or trusts are found under *City of New York Taxpayers* throughout these instructions.

Tax Preference Items

Lines 1 through 11 — Enter your federal tax preference items from federal Form 6251 on lines 1 through 11. If federal Form 6251 was filed, attach a copy. If you are not required to file federal Form 6251, report the tax preference items on lines 1 through 11 which would have been reported if the federal form was required to be filed. Tax preference items also include those attributable to you as the beneficiary of an estate or trust, as a member of a partnership or as a shareholder in an electing New York S corporation.

If you check filing status ③ or ④ on Form IT-201 or IT-203, you and your spouse must each report your share of tax preference items on a separate Form IT-220.

Residents — If you filed Form IT-201, enter in Column B the amount of each federal tax preference item; do not use Column A.

Nonresidents — If you filed Form IT-203, enter in Column A the amount of each federal tax preference item. Enter in Column B the amounts derived from or connected with New York State sources.

Resident estates or trusts — If you filed Form IT-205, enter in Column A the amount of each federal tax preference item of the

estate or trust before any apportionment between the estate or trust and its beneficiaries. Enter in Column B the share of each federal tax preference item allocable to the estate or trust.

Nonresident estates or trusts — Enter in Column A the amount of each federal tax preference item of the estate or trust before any apportionment between the estate or trust and its beneficiaries. Enter in Column B the share of each federal tax preference item apportioned to the estate or trust that is derived from or connected with New York State sources. The rules for allocation to New York State are explained in the instructions for Form IT-205, *Fiduciary Income Tax Return*.

City of New York Taxpayers

The city tax preference items of City of New York resident individuals, estates or trusts are the same as the state tax preference items of New York State resident individuals, estates or trusts.

Line 12 — Add lines 1 through 11 and enter the total(s).

Line 13 — **New York addition for restoration of net operating loss deduction** — The amount of the net operating loss carryover which reduces federal taxable income and was used to reduce tax preference items in a prior year (see the instructions for line 26) must be added on line 13. The amount of net operating loss used in a prior year to reduce the total tax preference items must be treated as a tax preference item and added to the total federal tax preference items in the next succeeding year or years, in order of time, in which that net operating loss carryover reduces federal taxable income (Section 622(a)(3) of the Tax Law).

Line 14 — **New York addition for special additional mortgage recording tax** — If the special additional mortgage recording tax credit is not reflected in the computation of the long term capital gain when the property on which the tax was paid is sold, resulting in a decrease in such gain for federal income tax purposes, and there is a deduction for capital gains, 60% of the special additional mortgage recording tax paid must be added to the total federal tax preference items on line 14.

Line 15 — Add lines 12, 13 and 14 and enter the total(s).

New York Subtractions from Federal Amounts

Residents — Enter in Column B any amounts related to the items of tax preference reported above. Do not use Column A.

Nonresidents — Enter in Columns A and B any amounts related to the items of tax preference reported above.

Resident and nonresident estates or trusts — Enter in Columns A and B any amounts related to the items of tax preference reported above.

Line 16 — Enter that part of the federal items of tax preference reported on lines 3 and 4 that relates to recovery property placed in service in taxable years beginning after December 31, 1981, but before January 1, 1985. In addition, enter that portion of lines 3 and 4 which represents recovery property placed in service outside New York State in taxable years beginning after December 31, 1984. Do not include recovery property subject to the provisions of Section 280F of the Internal Revenue Code (such as luxury automobiles).

Line 17 — Enter that part of the federal tax preference item for amortization of certified pollution control facilities reported on line 5 which qualifies as an expenditure in connection with waste treatment facilities, air pollution control facilities and acid deposition control facilities by an election under Section 612(h) of the Tax Law.

Line 18 — Enter that part of the federal tax preference items which were your distributive or pro rata share of preference items from an S corporation for which the election to be a New York S corporation was not in effect for the taxable year.

Line 19 — Enter the amount of depletion reported on line 9.

Line 20 — Add lines 16, 17, 18 and 19 and enter the total(s).

Figuring the Minimum Income Tax

Line 21 — Total New York tax preference items — Subtract line 20 from line 15 and enter the result(s).

Line 22 — **Specific deduction**

Residents — Enter the specific deduction of \$5,000 (\$2,500 for each spouse if married and filing separate returns, filing status (3) or (4)).

Nonresidents — Enter that percentage of \$5,000 (\$2,500, if you are married and filing separately, filing status (3) or (4)) which the total New York tax preference items from New York sources (line 21, Column B) is to the total New York tax preference items determined as if you were a New York State resident (line 21, Column A).

Resident estates or trusts — Enter that percentage of \$5,000 (not to exceed \$5,000) which the total New York tax preference items apportioned to the estate or trust (line 21, Column B) is to the total New York tax preference items of the estate or trust without any apportionment between the estate or trust and the beneficiaries (line 21, Column A).

Nonresident estates or trusts — Enter that percentage of \$5,000 (not to exceed \$5,000) which the total New York tax preference items from New York sources that are apportioned to the estate or trust (line 21, Column B) is to the total New York tax preference items of the estate or trust without any apportionment between the estate or trust and the beneficiaries (line 21, Column A).

Line 23 — Subtract line 22 from line 21 and enter the result.

Line 24 — **New York State personal income tax after credits**

Residents and nonresidents — Enter the amount of tax reported on line 53 of Form IT-201 or line 53 of Form IT-203 reduced by the amount of the following credits (see Form IT-201-ATT or IT-203-ATT):

- Resident Credit
- Accumulation distribution credit
- State child and dependent care credit
- Investment credit and retail enterprise credit
- Special additional mortgage recording tax credit
- Real property tax credit (from Form IT-201, line 69)

Resident and nonresident estates or trusts — Enter the amount of tax reported on Form IT-205, line 11 reduced by the amount of the following credits:

- Resident credit
- Accumulation distribution credit
- Investment credit and retail enterprise credit
- Special additional mortgage recording tax credit

Line 25 — Subtract line 24 from line 23 and enter the results.

Line 26 — **Available net operating loss carryover** — The amount of net operating loss remaining as a net operating loss carryover to a succeeding taxable year must be subtracted from the excess of the total New York tax preference items over the total of the allowable specific deduction and the New York personal income tax after credits for the year.

The net operating loss of a **resident** individual, estate or trust is the loss as determined for federal income tax purposes.

The net operating loss of a **nonresident** individual, estate or trust is based solely on items from New York State sources in accordance with Section 632(b) of the Tax Law but otherwise determined in the same way as the corresponding federal net operating loss.

Enter on line 26 any amount of net operating loss which remains as a carryover to a succeeding taxable year. If there is no unused net operating loss available as a carryover for a following year, no deduction is permitted on line 26.

See the instructions for line 13 for the restoration in the next succeeding year or years of the net operating loss deduction.

Line 27 — **Minimum taxable income** — Subtract line 26 from line 25 and enter the result.

City of New York Taxpayers — The city minimum taxable income of City of New York resident individuals, estates or trusts is the same as the state minimum taxable income of New York State resident individuals, estates or trusts.

Line 28 — **New York State minimum income tax due** — Enter 6% of the minimum taxable income reported on line 27.

Residents — Transfer the amount from line 28 to Form IT-201-ATT, line 10.

Nonresidents — Transfer the amount from line 28 to Form IT-203-ATT, line 8.

Resident and nonresident estates or trusts — Transfer the amount from line 28 to Form IT-205, line 16.

Line 29 — **City of New York resident minimum income tax** — Enter 2½% of the minimum taxable income reported on line 27 and transfer this amount to Form IT-201-ATT, line 16, or if an estate or trust, to Form IT-205, line 20.