



Instructions for Form IT-219 Credit for City of New York Unincorporated Business Tax

General Information

For taxable years beginning on or after January 1, 1997, a New York City resident individual, estate or trust or a New York City part-year resident individual or trust may be eligible for a credit on their personal income tax return for New York City unincorporated business tax imposed. The credit is also available to partners of partnerships and beneficiaries of estates or trusts which are subject to the New York City unincorporated business tax.

The credit is only allowed against the following New York City taxes:

- the tax computed on taxable income
- the separate tax on lump-sum distributions, **and**
- the tax on capital gain portion of a lump-sum distribution.

If you are a part-year resident that is a partner in a partnership, you are only eligible to claim a credit for your share of the unincorporated business tax imposed on your partnership if the partnership's taxable year ended within your New York City period of residence. For more information about claiming this credit as a partner, see the line instructions for Part I on this page.

All references in these instructions to partners of partnerships also include members of limited liability partnerships (LLP), and members of limited liability companies (LLC), limited liability investment companies (LLIC), and limited liability trust companies (LLTC) treated as partnerships.

The amount of credit allowed to a New York City resident or part-year resident with city taxable income of \$42,000 or less is 65% of the unincorporated business taxes imposed. The credit decreases gradually from 65% to 15% for taxpayers with city taxable incomes between \$42,000 and \$142,000. For taxpayers with city taxable incomes greater than \$142,000, the credit is 15% of the unincorporated business taxes imposed. However, the credit allowed cannot exceed the New York City personal income tax otherwise payable (the credit can only reduce your New York City tax liability to zero). Any unused credit **cannot** be refunded or carried over.

Who Qualifies

You qualify to claim this credit if you were a resident individual, estate or trust, or a part-year resident individual or trust of the city of New York and you were

- the owner of a business, or
- a beneficiary of an estate or trust, or
- a partner in a partnership

and the business, estate or trust, or partnership is subject to the New York City unincorporated business tax.

How to Claim the Credit

In order to claim the credit for New York City unincorporated business tax you must:

- Complete Form IT-219 using the information obtained from New York City Forms NYC-202, *Unincorporated Business Tax Return for Individuals, Estates and Trusts* and NYC-204, *Unincorporated Business Tax Return for Partnerships*, associated schedules and attached worksheets (if applicable).
- Transfer your credit computed on Form IT-219 to Form IT-201, IT-360.1, or IT-205, and attach Form IT-219 to your return.

Married Taxpayers

If you file a joint New York State and City return, your joint New York City taxable income is used to determine the percentage of the unincorporated business tax for which you are entitled to claim a credit.

If you file separate New York State and City returns, **only** the city taxable income of the spouse who qualifies for the credit will be used to determine the percentage of the unincorporated business tax to be claimed as a credit on his or her New York State personal income tax return.

In most instances, a married couple may file separate New York City returns only if they file separate federal and New York State returns. Since many federal and state tax benefits are eliminated or reduced when separate returns are filed, you may want to figure your federal and state tax both ways to determine the best way to file.

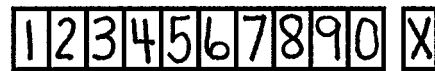
Exception: If you are filing a joint New York State return, but you are filing separately for New York City purposes because one spouse is a resident of New York City and the other spouse is a nonresident or part-year

resident of New York City, you must file a separate Form IT-219 for each spouse who qualifies for the credit.

Filling in Your Claim Form

Form IT-219 for 1998 has been designed to let us use the latest scanning and image-processing equipment. Rectangular boxes and white entry areas have been printed on the form to guide you in making your handwritten entries. This will enable our scanning equipment to read your return more accurately and let us process it more efficiently. Please spend a moment reviewing the method below for making your entries:

- Please print (using a blue or black ballpoint pen; no pencils, please) or type all "X" marks and money amounts in the boxes or spaces provided.
- Do not use dollar signs, commas, decimal points, dashes or any other punctuation marks or symbols.
- Write your numerals like this:



Carefully enter your money amounts so that the whole **dollar amount** ends in the box immediately to the **left** of the cents decimal and the **cents amount** starts in the box immediately to the **right** of the cents decimal.

- Make your money amount entries in the boxes allowing one numeral for each area.

Example: If your entry for line 9 is \$329.68, your money field entry should look like:



- Leave blank any spaces and boxes that do not apply to you.

Line Instructions

Estates and trusts: Complete Part I, Part III and Worksheet C before completing Part IV.

All others: Complete Parts I, II and III, if applicable, before completing Part IV.

Part I - Partner

Complete Part I if you are an individual, estate, or trust that is a partner in a partnership and are claiming a credit for unincorporated business taxes paid by the partnership on your distributive share of income, gain, loss, and deduction, or guaranteed payments.

Please be sure to enter the name, tax year ending date, and employer identification number (EIN) of the partnership, as shown on the Form NYC-204 filed by the partnership. This information should also be available on the individual schedule K-1 you receive from your partnership.

Enter on lines 1, 2, and 4 the applicable unincorporated business amounts from Form NYC-204. The amounts requested from Form NYC-204 must be obtained from your partnership(s).

Note: If your partnership computes and provides to you your share of the unincorporated business tax, skip lines 1 through 4 and enter that amount on line 5. Attach a copy of the statement received from your partnership that shows your share of the partnership's total unincorporated business tax.

Part-year residents — If you are a partner in a partnership, complete Part I **only** if the taxable year of the partnership ends within your period of New York City residence.

Do **not** complete Part I for any partnership whose taxable year ended within your period of New York City nonresidence, even though the partnership may have informed you of your share of unincorporated business taxes imposed on the partnership for your taxable year.

Multiple partnerships — If you are a partner who received a distributive share of income, gain, loss and deduction, or guaranteed payments from more than one partnership, for which the New York City unincorporated business taxes have been imposed, **you must:**

- 1) Complete a separate Form IT-219 (Part I only) for each partnership subject to the New York City unincorporated business tax;

IT-219-I (1998) (back)

- 2) **Estates and trusts:** On one of the forms completed under step 1, also complete Part III (if applicable), Worksheet C and Part IV (if applicable) and include on Worksheet C, line 6, the total of the line 5 amounts computed in step 1 (including the IT-219 filed under this step).

All Others: On one of the forms completed under step 1, also complete Parts II and III (if applicable) and Part IV. Include on line 8 of this form the total of the line 5 amounts computed in step 1 (including the Form IT-219 filed under this step) and any line 6 and 7 amounts; and

- 3) Attach the additional Form(s) IT-219 completed in step 1 to the Form IT-219 completed in step 2.

Part II – Individuals

Complete Part II if you are an individual and are claiming a credit for New York City unincorporated business taxes computed on Form NYC-202, *Unincorporated Business Tax Return*. If you and your spouse each filed Form NYC-202 because you each had a business (subject to New York City unincorporated business tax) and you are filing jointly, enter the total of the line 23 amounts from both Forms NYC-202 on Form IT-219, front page, line 6.

Line 6

Resident individuals – Enter on line 6 the amount from Form NYC-202, line 23.

Part-year resident individuals – Complete *Worksheet A* on the back page of Form IT-219 using the instructions below. Enter on line 6 the amount from Worksheet A, line 5.

Part III - Beneficiaries and Fiduciaries

Line 7

Beneficiary: If you are a beneficiary of an estate or trust that was subject to New York City unincorporated business taxes, you may be able to claim a credit for your share of the taxes imposed on the estate or trust.

Enter on line 7 your share of the New York City unincorporated business taxes imposed on the estate or trust. You can obtain your share of these taxes from the estate or trust of which you are a beneficiary.

In the space provided on line 7 enter the name of the estate or trust (including the name and title of the fiduciary). Also, enter the employer identification number in the boxes to the right of the name area.

Estates and trusts: Include on line 7, **only** your share of New York City unincorporated business tax from another estate or trust. Also, include the line 7 amount in the Worksheet C, line 6, column D total.

If you were a part-year resident beneficiary of an estate or trust, you may claim a credit for New York City unincorporated business tax of the estate or trust, **only** if, and to the extent, the business income of the estate or trust on which the unincorporated business tax was imposed, was included in your New York City taxable income for your resident period.

Part IV – Computation of Credit

If you are an estate or trust that has distributed all of your income to the beneficiaries, do **not** complete Part IV. However, please be sure to attach Form IT-219 to your Form IT-205 you are filing.

Fiduciary: Enter your share of eligible New York City unincorporated business taxes from Worksheet C, line 5, column D on the back page of Form IT-219. **Note:** The fiduciary is eligible to claim a credit for **only** that portion of the New York City unincorporated business taxes that was not allocable to the beneficiaries.

- Line 8 – All others:** Add lines 5, 6, and 7. This is your total unincorporated business taxes imposed.

If you are a partner in more than one partnership, include on line 8 the total of all Form IT-219, line 5 amounts (including the Form IT-219 on which the credit is being computed).

- Line 10 –** If your New York City taxable income entered on line 9 is:

- \$42,000 or less, you are eligible to claim a credit of 65% of the total unincorporated business taxes entered on line 8. Enter **.650** on line 10;
- more than \$42,000 but not more than \$142,000, complete **Worksheet B** on the back of Form IT-219 to determine the percentage between 15% and 65% you are allowed to claim of the total unincorporated business taxes entered on line 8. Enter on line 10 the amount from *Worksheet B*, line 7. Be sure the amount you enter on line 10 is carried to three decimal places (e.g., .29 equals .290); or

- more than \$142,000, you are eligible to claim a credit of 15% of the total unincorporated business taxes entered on line 8. Enter **.150** on line 10.

- Line 11 –** If you were a part-year resident individual of New York City or if you were an estate or trust, this is your allowable credit for New York City unincorporated business tax. New York City part-year resident individuals, transfer the line 11 amount to Form IT-360.1, line 54. Estates and trusts, transfer the line 11 amount to Form IT-205, line 21.

If you were a full-year resident individual of New York City, you must complete lines 12 through 16.

- Line 16 – If you are a New York City full-year resident individual,** this is your allowable credit for New York City unincorporated business tax. Transfer the line 16 amount to Form IT-201-ATT, line 52.

Worksheet A Instructions

- Line 1 –** Enter on line 1 the amount from Form NYC-202, line 23. If you and your spouse each filed Form NYC-202 because you each had a business (subject to New York City unincorporated business tax) and you are filing jointly, enter on line 1 the total of the line 23 amounts from both Forms NYC-202.

- Line 2 – Individuals:** enter the amount from Form IT-360.1, Part I, line 6, column B that is attributable to income reported on line 1 of Form NYC-202.

Trusts: enter the amount from Form IT-205-A, Schedule 4, line 16, column C that is attributable to income reported on line 1 of Form NYC-202.

- Line 3 – Individuals** – Enter the amount from Form IT-360.1, Part I, line 6, column A that is attributable to income reported on line 1 of Form NYC-202.

Trusts: Enter the amount from Form IT-205-A, Schedule 4, line 16, column A that is attributable to income reported on line 1 of Form NYC-202.

- Line 4 –** Divide line 2 by line 3 and carry the result to four decimal places. For example, if the amounts entered on lines 2 and 3 required \$12,000 to be divided by \$36,000, the result to enter on line 4 would be .3333.

- Line 5 –** Multiply line 1 by 4. This is the portion of the tax imposed on the unincorporated business attributable to your period of residency. Transfer the figure to line 6 on the front page of Form IT-219.

Worksheet C Instructions

The purpose of Worksheet C is to allocate the total amount of New York City unincorporated business tax imposed on the estate or trust, between the fiduciary and the beneficiaries.

Column A and B - Enter the name, address, and identifying number of each beneficiary of the estate or trust. If the mailing address differs from the beneficiary's home address, give both.

Column C - Enter the allocation percentage of each beneficiary and the fiduciary as determined by the written instrument of the estate or trust.

Column D - Each beneficiary's share, and the fiduciary's share, of the total amount (line 6) is determined by multiplying the total unincorporated business tax imposed on the estate or trust by the appropriate allocation percentage entered in column C.

Resident estates and trusts: Include on Worksheet C, line 6, the amount of unincorporated business taxes imposed on the estate or trust from Form NYC-202, line 23. Also, include on Worksheet C, line 6 the estate's or trust's share of unincorporated business taxes from a partnership (from Part I, line 5) or from another estate or trust (from Part III, line 7).

Part-year resident trusts: Complete Worksheet A on the back of Form IT-219. Include the Worksheet A, line 5 amount in the Worksheet C, line 6, column D total.

Also include in Worksheet C, line 6, column D, any amount from Part I, line 5 and Part III, line 7.

City of New York Unincorporated Business Tax

These instructions apply to the New York City personal income tax credit for unincorporated business taxes paid to New York City. They do not apply to the New York City unincorporated business tax return, which is administered by the New York City Department of Finance, 25 Elm Place, 4th Floor, Brooklyn NY 11201.