



# Instructions for Form DTF-624

## Claim for Low-Income Housing Credit

# DTF-624-I

### General information

Use Form DTF-624 to claim the low-income housing credit.

The New York State low-income housing tax credit program coordinates with the federal low-income housing credit program, provided for in section 42 of the Internal Revenue Code (IRC). This credit is taken over a 10-year period so that the present value of the 10 annual credit amounts, determined as of the last day of the first year of the credit period, equals 70% (or 30%) of the building's qualified basis.

In general, the 10-year credit period starts at the beginning of the tax year in which the building is placed in service. However, you may elect to begin the 10-year credit period in the tax year after the year the building was placed in service, by marking an **X** in the **Yes** box in Part II, line 10a, of Form DTF-625, *Low-Income Housing Credit Allocation Certification*.

The low-income housing credit is available for eligible low-income buildings for which an eligibility statement has been issued by the Commissioner of the New York State Division of Housing and Community Renewal (DHCR), as proclaimed by New York State Public Housing Law Article 2-A.

This credit is not refundable. However, any amount of credit not deductible in the current tax year may be carried over to the following year or years.

### Who is eligible

You may claim this credit if you are:

- a corporation subject to tax under Article 9-A;
- an individual or estate or trust subject to tax under Article 22;
- a partner in a partnership (including a member of an LLC that is treated as a partnership for federal income tax purposes);
- a shareholder of a New York S corporation;
- a beneficiary of an estate or trust;
- a banking corporation subject to tax under Article 32; **or**
- an insurance corporation subject to tax under Article 33.

### Qualified low-income housing project

The low-income housing credit can be claimed only for residential rental buildings in low-income housing projects that meet one of the minimum set-aside tests. For more information, see Form DTF-625-I, Part II, lines 10c and 10d.

Except for buildings financed with certain tax-exempt bonds, you may not take a low-income housing credit on a building if it has not received an allocation from DHCR. Generally, the allocation must be received by the close of the calendar year the building is placed in service. In addition, the credit cannot exceed the amount allocated to the building by the DHCR. For more information, see Public Housing Law Article 2-A and IRC section 42. No allocation is needed when:

- 50% or more of the aggregate basis of the building and the **land on which the building is located** is financed with certain tax-exempt bonds issued after 1989 for buildings placed in service after 1989; **or**
- 70% or more of the aggregate building and land is financed with certain tax-exempt bonds issued before 1990.

*Land on which the building is located* includes only land that is functionally related and subordinate to the qualified low-income building (see IRC Regulations sections 1.103-8(a)(3) and 1.103-8(b)(4)(iii) for the meaning of *functionally related* and *subordinate*).

### Recapture of credit

There is a 15-year compliance period during which the residential rental building must continue to meet certain requirements. If, as of the close

of any tax year in this period, there is a reduction in the qualified basis of the building from the previous year, you may have to recapture a part of the credit you have taken. Similarly, you may have to recapture part of the credits taken in previous years upon certain dispositions of the building or interests therein. See Form DTF-626, *Recapture of Low-Income Housing Credit*.

**Exception to recapture** — Recapture shall not apply to a reduction in qualified basis by reason of a casualty loss if it is determined that such loss is restored by reconstruction or replacement within a reasonable period. This determination shall be made by the Commissioner of Taxation and Finance in conjunction with the Commissioner of DHCR (Tax Law section 18(b)(5)(a)).

Recapture shall not apply if the Commissioner of Taxation and Finance in conjunction with the Commissioner of DHCR determines a reduction in qualified basis is *de minimis* by reason of:

- a change in floor space devoted to low-income units in a building, if such building remains an eligible low-income building after such change, or
- an error in complying with the low-income eligibility tests referred to in Public Housing Law section 21(5).

### Record keeping requirements

Keep a copy of this Form DTF-624 and Form(s) DTF-625 and Form(s) DTF-625-ATT if applicable, for three years after the 15-year compliance period ends.

### Line instructions

**Owner of the building** — You must have a Form DTF-625, *Low-Income Housing Credit Allocation Certificate* (with Part I completed), from DHCR for each building for which you are claiming a credit. You must file a Form DTF-625 and an accompanying Form DTF-625-ATT, *Low-Income Housing Credit Annual Statement*, for each building for which you are claiming a credit for each tax year during the 15-year compliance period. You must also enter certain first-year information on Form DTF-625.

If you are a partner, New York S corporation shareholder, or a beneficiary of an estate or trust and your only credit is from your partnership, New York S corporation, or estate or trust, you do not have to obtain, complete, or attach Forms DTF-625 or DTF-625-ATT to Form DTF-624.

**Part I** must be completed by all taxpayers claiming the low-income housing credit. If the **only** credit you are claiming is from a flow-through entity (partnership, New York State S corporation, estate, or trust), skip lines 1 through 4 of Part I.

**Part II** must be completed by all corporations, including corporate partners, subject to tax under Articles 9-A, 32, and 33, except for New York S corporations.

**Part III** must be completed by all estates and trusts.

**Part IV** must be completed by a partnership or a New York S corporation with a low-income housing credit attributable to more than one building.

**Part V** must be completed by all taxpayers who received a low-income housing credit from a pass-through entity such as a partnership, New York S corporation, or estate or trust.

### Part I — Current year credit

**Line 1** — If any of the attached Forms DTF-625 are for buildings that are part of a multiple building project (defined in the instructions for Part II of Form DTF-625), attach a schedule listing the following:

1. name and address of the project and each building in the project,
2. the building identification number (BIN) of each building in the project,

3. the aggregate credit dollar amount for the project, **and**
4. the credit allocated to each building in the project.

**Line 3b** — A decrease in qualified basis will result in recapture if the qualified basis at the close of the tax year is less than the qualified basis at the close of the first year of the credit period. If the reduction in qualified basis at the close of the tax year also results in a violation of the minimum set-aside requirement, then no credit is allowed for the year. (See *Recapture of credit* on the front page.)

**Line 4** — Enter on line 4 the credit from attached Form(s) DTF-625-ATT, *Low-Income Housing Credit Annual Statement*, line 18.

Line 4 is to be completed by taxpayers that **own** the building for which a low-income housing credit is claimed. Do not include on line 4 a low-income housing credit carried over from a previous tax year or received from a pass-through entity (see line 6 instructions). Taxpayers that complete line 4 must obtain Form DTF-625 (with Part I completed) from DHCR for each residential rental building for which you are claiming a credit. Attach to your return a completed copy of Form DTF-625 and accompanying Form DTF-625-ATT for each building for each year of the 15-year compliance period. You must also certify certain first-year information to the New York State Tax Department on Form DTF-625. If this certification is not made, you may not claim a low-income housing credit for that building.

If you are a partnership or New York S corporation with a line 4 credit attributable to more than one building, complete Part IV.

**Line 5** — Enter the amount of available carryover of unused New York State low-income housing credit.

**Note:** If you were required to file a 2004 Form DTF-626 to recapture part of a low-income housing credit you took in previous years, the amount of available carryover of credit attributable to the building for 2004 must be taken from that Form DTF-626, line 15.

If you have carryover of low-income housing credit attributable to more than one building, include on line 5 the total carryover attributable to all buildings.

**Line 6** — If you have low-income housing credit from a pass-through entity such as a partnership, New York S corporation, or estate or trust, you must complete Part V of this form and enter the total on line 6. This information should be provided to you by the partnership, New York S corporation, or estate or trust.

If you have no low-income housing credit from a pass-through entity, enter **0** on line 6.

**Line 8** — Fiduciaries enter the amount of credit that was allocated to beneficiaries in Part III, column D. All others enter **0**.

**Line 9** — Transfer the line 9 amount to the appropriate tax return.

**Individuals:** Transfer the amount from line 9 to Form IT-201-ATT, line 62; or Form IT-203-B, line 48.

**Partnerships:** Transfer the amount from line 9 to Form IT-204, line 26.

**Fiduciaries:** Transfer the amount from line 9 to Form IT-205, line 10.

**New York S corporations:** Transfer the amount from line 9 to Form CT-34-SH.

**Corporations, including all corporate partners:** Complete Part II of Form DTF-624 to compute the amount of credit to be transferred to your franchise tax return.

## Part II — Computation of credit

Enter the appropriate information in Part II if you are a general business corporation taxable under Article 9-A that files Form CT-3, *General Business Corporation Franchise Tax Return*; or Form CT-3-A, *General Business Corporation Combined Franchise Tax Return*; a banking corporation taxable under Article 32 that files Form CT-32, *Banking*

*Corporation Franchise Tax Return*, or Form CT-32-A, *Banking Corporation Combined Franchise Tax Return*; or an insurance corporation taxable under Article 33 that files Form CT-33, *Life Insurance Corporation Franchise Tax Return*, Form CT-33-NL, *Non-Life Insurance Corporation Franchise Tax Return*, or Form CT-33-A, *Life Insurance Corporation Combined Franchise Tax Return*; and you have a low-income housing credit from a residential rental building in a low-income housing project that you own or received a pass-through credit from a pass-through entity.

**New York S corporations** — Do not complete Part II. You cannot apply the low-income housing credit that originates in a New York S corporation year against the New York State corporation franchise tax under Article 9-A, 32, or 33.

**Line 12** — Subtract line 11 from 10. If line 11 is greater than line 10, add the difference to the *tax due* line of the applicable franchise tax return.

**Line 13** — Enter your franchise tax, before credits, from the following forms:

- Form CT-3, line 78
- Form CT-3-A, line 77
- Form CT-32, line 5
- Form CT-32-A, line 5
- Form CT-33, line 11
- Form CT-33-A, line 15
- Form CT-33-NL, line 5

**Line 14** — If you are claiming more than one tax credit for this year, enter the amount of credits claimed before applying this credit. Otherwise enter **0**. You must apply certain credits before the low-income housing credit. Refer to the instructions of your franchise tax return to determine the order of credits that applies. Life insurance corporation filers do not enter any amount of EZ wage tax credits, ZEA wage tax credits, or EZ capital tax credits on this line.

If filing as a member of a combined return, include any amount of tax credit(s), including low-income housing credit(s), being claimed by other members of the combined group that you wish to apply before your low-income housing credit. Article 33 combined filers do not enter any amount of EZ wage tax credits, ZEA wage tax credits, or EZ capital tax credits being claimed by other members of the combined group.

**Line 16** — Article 33 combined filers: Multiply the number of taxpayers in the combined group by \$250 and enter the result here.

**Line 18** — Transfer the amount from line 18 to the applicable line of your franchise tax return.

## Part III — Beneficiary's and fiduciary's share of credit

An estate or trust must complete Part III.

**Column D** — If an estate or trust allocates or assigns the low-income housing credit to its beneficiaries, the total credit is allocated between the estate or trust and its beneficiaries on the same basis as the income of the estate or trust is allocated.

## Part IV — Partners' and shareholders' share of credit attributable to multiple buildings

A partnership or New York S corporation with a line 4 credit attributable to more than one building must complete Part IV.

Enter the following information for each partner or shareholder: name, taxpayer identification number (for example, EIN or SSN), share of low-income housing credit, and the building identification number (BIN) of the building for which the credit was claimed.

## Part V — Partnership, New York S corporation, and estate and trust information

If you have a low-income housing credit from a pass-through entity such as a partnership, New York S corporation, or estate or trust, enter the appropriate information for each partnership, New York S corporation, or estate or trust. Transfer the total of column E to Part I, line 6.