



# Instructions for Form IT-256

## Claim for Special Additional Mortgage Recording Tax Credit

Tax Law – Article 22, Section 606(f)



This form may be e-filed as an attachment to an e-filed return; you cannot e-file this form by itself.

### General information

For a tax year beginning on or after January 1, 2004, if you paid the special additional mortgage recording tax to record a mortgage on or after January 1, 2004, on real property located in New York State, you may qualify for a credit for the amount of special additional mortgage recording tax you paid. Partners in a partnership (including members of an LLC that is treated as a partnership for federal income tax purposes), estates and trusts, and beneficiaries of estates and trusts may also qualify for this credit if the partnership, estate or trust in its tax year beginning on or after January 1, 2004, paid the tax to record a mortgage on or after January 1, 2004. This new credit does not apply to shareholders of New York S corporations. A New York S corporation will continue to claim a credit for this tax directly on its New York State S corporation return using Form CT-43, *Claim for Special Additional Mortgage Recording Tax Credit*.

This credit may be claimed by the lender or borrower, as the case may be, that paid the special additional mortgage recording tax. Except for loans made by a federal credit union and some loans made by a federal savings bank or by an exempt organization, in the case of a residential mortgage (defined below), the special additional mortgage recording tax is paid by the lender. In most other cases, the special additional mortgage recording tax is paid by the borrower. You should contact your lending institution or tax advisor to determine the amount, if any, of special additional mortgage recording tax you paid.

A tax credit is not allowed for the special additional mortgage recording tax paid on residential mortgages (defined below) recorded on or after January 1, 2004, if the real property is located in Erie county or any of the counties within the Metropolitan Commuter Transportation District (MCTD). The MCTD includes the counties of New York, Bronx, Queens, Kings, Richmond, Dutchess, Nassau, Orange, Putnam, Rockland, Suffolk, and Westchester.

A *residential mortgage*, for purposes of this credit, means a mortgage of real property principally improved by one or more structures containing a total of not more than six **residential** dwelling units, each with its own separate cooking facilities.

### Who is eligible

- individuals (including sole proprietors)
- estates or trusts
- partners in a partnership (including members of an LLC treated as a partnership for federal income tax purposes)
- beneficiaries of an estate or trust.

### Who may file

File Form IT-256 if you are an individual (including a sole proprietor), a partnership, or an estate or trust and you qualify for the credit. In addition, if you are a partner in a partnership (including members of an LLC treated as a partnership for federal income tax purposes) or a beneficiary of an estate or trust, file Form IT-256 to claim your share of the credit from your entity.

### Amount of credit

If the amount of the special additional mortgage recording tax credit exceeds your tax for the tax year, any amount of credit

exceeding the tax may be carried over to the following year or years, or you can elect to treat the unused amount of credit as an overpayment of tax to be credited or refunded. However, you cannot receive a refund of any credit carried over from a prior year.

### Important reminder to file a complete return

You must complete all required schedules and forms that make up your return, and include all pages of those forms and schedules when you file. Attach **only** those forms and schedules that apply to your return, and be sure that you have made all required entries. Returns that are missing required pages or that have pages with missing entries are considered incomplete and cannot be processed, and may subject taxpayers to penalty and interest.

### Filling in your tax forms

For complete information on how to fill in New York State scannable income tax forms, see the instructions for:

- resident return (Form IT-201),
- nonresident and part-year resident return (Form IT-203),
- partnership return (Form IT-204), **or**
- fiduciary return (Form IT-205).

Also see the instructions for the above returns for the *Privacy notification* or if you *Need help* in contacting the Tax Department.

### Line instructions

#### Individuals (including sole proprietors) and partnerships

Complete Part 1, Part 5, and if applicable, Part 2, Part 3, and Part 6.

**Fiduciaries** — Complete Part 1, Part 4, Part 5, and if applicable, Part 2 and Part 3. An estate or trust that divides the credit among itself and its beneficiaries must attach Form IT-256 to Form IT-205, showing each beneficiary's share of credit.

#### Partners in a partnership and beneficiaries of an estate or trust

Complete Part 2, Part 3, Part 5, and if applicable, Part 4 and Part 6.

### Part 1 — Individuals, including sole proprietors, partnerships, and fiduciaries

Enter the information and amount of special additional mortgage recording tax paid on each mortgage recorded on or after January 1, 2005 that is eligible for this credit. If you are the lender, enter the amount of special additional mortgage recording tax you paid to record a residential mortgage.

If you are claiming a credit for the purchase of more than five properties, complete as many Forms IT-256 as necessary. On the first Form IT-256, complete Parts 1 through 5 (as applicable). Include on line 1 of the first Form IT-256 the total of column D from all additional Forms IT-256. Attach the additional Form(s) IT-256 to the back of the first Form IT-256 that has the entry on line 1. Enter on line 2 the total credit computed.

**Note:** If you are listing more than 20 properties, you may attach an 8½ x 11 spreadsheet showing all the required information instead of attaching additional Forms IT-256.

**Line A** — If the total number of properties is equal to or more than 999, enter **999** and attach the spreadsheet showing all the required information.

## Part 2 — Partnership and estate and trust information

Enter the appropriate information for each partnership, or estate or trust for which you receive a share of the special additional mortgage recording tax credit.

## Part 3 — Partner's or beneficiary's share of credit

Enter your share of the total credit received from a partnership, or an estate or trust. If you belong to more than one partnership, or estate or trust, enter the total of all your shares on the appropriate line.

**Line 3 Partner** — Enter your share of the partnership's special additional mortgage recording tax credit. This information should be provided to you by the partnership. If you are claiming a credit from more than one partnership, combine all the amounts on line 3.

**Line 4 Beneficiary** — Enter your share of the estate's or trust's special additional mortgage recording tax credit. This information should be provided to you by your fiduciary. If you are claiming a credit from more than one estate or trust, combine all the amounts on line 4.

## Part 4 — Beneficiary's and fiduciary's share of credit

An estate or trust must complete Part 4. If an estate or trust allocates or assigns the credit to its beneficiaries, base the division on each beneficiary's proportionate share of the income of the estate or trust.

## Part 5 — Computation of special additional mortgage recording tax credit available for the current tax year

### Lines 9 through 11

**Line 10** — Enter the amount of net credit available for carryover to 2005. The net credit available for carryover is that portion of your prior year credit from 2004 Form IT-201-ATT, line 56; 2004 Form IT-203-B, line 42; or 2004 Form IT-205, line 10, that was not applied to your 2004 tax. Partnerships leave line 10 blank.

**Individuals and fiduciaries** — You may elect to treat the amount on line 9 as a refundable credit with any amount of credit that exceeds your tax being refunded to you, or as a carryover credit with any amount of credit that exceeds your tax being carried over to the following year or years.

If you elect to treat the line 9 amount as a refundable credit, **do not** complete line 11.

- **Individuals** — Enter the line 9 amount and code **256** on Form IT-201-ATT, line 12, or Form IT-203-ATT, line 12. Enter the line 10 amount and code **256** on Form IT-201-ATT, line 6, or Form IT-203-ATT, line 7.
- **Fiduciaries** — Include the line 9 amount on Form IT-205, line 33. Include the line 10 amount on Form IT-205, line 10.

### Line 11

**Individuals and fiduciaries** — If you elect to treat the line 9 amount as a carryover credit, add lines 9 and 10 and enter the total on line 11.

- **Individuals** — Enter the line 11 amount and code **256** on Form IT-201-ATT, line 6, or Form IT-203-ATT, line 7, and complete Part 6, if applicable.
- **Fiduciaries** — Include the line 11 amount on Form IT-205, line 10.

**Partnerships** — Enter the line 9 amount on line 11. Enter the line 11 amount on Form IT-204, line 22.

## Part 6 — Application of credit and computation of carryover

You must first complete Form IT-201-ATT, *Other Tax Credits and Taxes*, or Form IT-203-ATT, *Other Tax Credits and Taxes*, before you can complete this part. Follow the instructions for Section B of Form IT-201-ATT or Section B of Form IT-203-ATT to determine the amount of credit to enter on line 13.

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