New York State Department of Taxation and Finance

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

IT-219-I

General information

For tax 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 (UBT) imposed. The credit is also available to partners in partnerships and beneficiaries of estates or trusts that are subject to the New York City UBT.

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 and a member of a partnership, you are only eligible to claim a credit for your allocated share of the UBT imposed on your partnership. For more information about claiming this credit as a partner, see the line instructions for Part 1 below.

All references in these instructions to partners in 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 100% of the UBT imposed. The credit decreases gradually from 100% to 23% for taxpayers with city taxable incomes more than $42,000 but less than $142,000. For taxpayers with city taxable incomes of $142,000 or more, the credit is 23% of the UBT imposed. However, the credit allowed cannot exceed the New York City personal income tax (the credit can only reduce your New York City tax liability to zero). Any unused credit **cannot** be refunded or carried over.

These instructions apply to the New York City personal income tax credit for UBT paid to New York City. They do not apply to the New York City UBT return, which is administered by the New York City Department of Finance, 66 John Street, 3rd Floor, New York NY 10038-3735.

Who qualifies

To claim this credit, you must be a resident individual, estate or trust, or a part-year resident individual or trust of New York City for 2010, and you must be:

— the owner of a business,

— a beneficiary of an estate or trust, **or**

— a partner in a partnership;

whose business, estate or trust, or partnership is subject to the New York City UBT.

How to claim the credit

To claim the credit for New York City UBT you must:

— Complete Form IT-219 using the information obtained from New York City's Forms NYC-202, *Unincorporated Business Tax Return for Individuals, Estates and Trusts,* or NYC-202S, *Unincorporated Business Tax Return for Individuals,* and NYC-204, *Unincorporated Business Tax Return for Partnerships (including Limited Liability Companies)*, with the associated schedules and attached worksheets (if applicable).

— Transfer your credit computed on Form IT-219 to Form IT-201-ATT, 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 UBT 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 UBT 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.

Line instructions

See the instructions for your tax return for the *Privacy notification* or if you need help contacting the Tax Department.

Estates and trusts: Complete Part 1, Part 3, and Schedule A before completing Part 4.

All others: Complete Parts 1, 2, and 3, if applicable, before completing Part 4.

Part 1 — Partner

Complete Part 1 if you are an individual, estate, or trust that is a partner in a partnership and are claiming a credit for UBT 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 federal 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 required 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 UBT.

(continued)

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 UBT has been imposed, **you must** do the following:

Step 1 — Complete a separate Form IT-219 (Part 1 only) for each partnership subject to the New York City UBT.

Step 2 — Estates and trusts: On one of the forms completed under Step 1, also complete Part 3 (if applicable), Schedule A, and Part 4 (if applicable), and include on Schedule A, *Totals* line, the total of the line 5 amounts computed in Step 1 (including the Form IT-219 filed under this step).

All others: On one of the forms completed under Step 1, also complete Parts 2 and 3 (if applicable) and Part 4. 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 line 7 amounts.

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

Part-year residents: If you are a member of a partnership that is subject to the New York City UBT, you must complete the *Part-year resident allocation worksheet* below for the amount to enter on Form IT-219, Part 1, line 5.

Part-year resident UBT allocation worksheet

1. Amount from Form IT-219, Part 1, line 3 ..... 1. _____
2. Amount from Form IT-219, Part 1, line 4 ..... 2. _____
3. Multiply line 1 by line 2 ..... 3. _____
4. Enter the number of days during 2010 that you were a New York City resident ..... 4. _____
5. Tax period *(fiscal-year filers see worksheet instructions below)* 5. **365**
6. Divide line 4 by line 5 and round the result to the fourth decimal place ..... 6. . _____
7. Multiply line 3 by line 6. This is your allocated distributive share of the New York City UBT. Enter here and on Form IT-219, Part 1, line 5..... 7. _____

Instructions for part-year resident UBT allocation worksheet

Line 5 — If you are a fiscal-year filer, enter the actual number of days from the date your fiscal year began until the end of the calendar year. For example, if your fiscal year began on March 1, 2010, then you would enter ***306*** on line 5.

Line 7 — Multiply line 3 by line 6. This is your distributive share of the New York City UBT. Enter this amount on Form IT-219, Part 1, line 5.

Part 2 — Individual

Complete Part 2 if you are an individual and are claiming a credit for New York City UBT computed on Form NYC-202 or Form NYC-202S. If you and your spouse each filed Form NYC-202 or Form NYC-202S because you each had a business (subject to New York City UBT) and you are filing jointly, enter the Form(s) NYC-202, line 23 amounts or the Form(s) NYC-202S, line 8 amounts on Form IT-219, Part 2, line 6.

Line 6

Resident individual: Enter on line 6 the amount from Form NYC-202, line 23, or Form NYC-202S, line 8.

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

Part 3 — Beneficiary's share of unincorporated business taxes

Line 7

Beneficiary: If you are a beneficiary of an estate or trust that was subject to New York City UBT, 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 UBT imposed on the estate or trust. You can obtain this information 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 UBT from another estate or trust. Also include the line 7 amount on the Schedule A, *Totals* line, column D.

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

Part 4 — Computation of credit

If you are an estate or trust that has distributed all of your income to the beneficiaries, **do not** complete Part 4. However, please be sure to attach Form IT-219 to the Form IT-205 you are filing.

Line 8

Fiduciaries: Enter your share of eligible New York City UBT from Schedule A, *Fiduciary* line, column D on the back of Form IT-219.

Note: The fiduciary is eligible to claim a credit for **only** that portion of the New York City UBT that was not allocable to the beneficiaries.

All others: Add lines 5, 6, and 7. This is your total UBT. 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 100% of the total UBT entered on line 8. Enter ***1.000*** on line 10.

— more than $42,000, but less than $142,000, complete Worksheet B on the back of Form IT-219 to determine the percentage between 100% and 23% you are allowed to claim of the total UBT 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 rounded to the third decimal place (for example, 29.5% equals .295); or

— $142,000 or more, you are eligible to claim a credit of 23% of the total UBT entered on line 8. Enter ***.230*** 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 UBT. 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 22.

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 UBT. Transfer the line 16 amount to Form IT-201-ATT, line 8.

Worksheet A instructions

Line 1 — Enter on line 1 the amount from Form NYC-202, line 23, or Form NYC-202S, line 8. If you and your spouse each filed Form NYC-202 or Form NYC-202S because you each had a business (subject to New York City UBT) and you are filing jointly, enter the Form(s) NYC-202, line 23 amounts or the Form(s) NYC-202S, line 8 amounts on line 1.

Line 2

Individuals: Enter the amount from Form IT-360.1, line 6, column B that is attributable to income reported on line 1 of Form NYC-202 or line 1 of Form NYC-202S.

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 or line 1 of Form NYC-202S.

Line 3

Individuals: Enter the amount from Form IT-360.1, line 6, column A that is attributable to income reported on line 1 of Form NYC-202 or line 1 of Form NYC-202S.

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 or line 1 of Form NYC-202S.

Line 4 — Divide line 2 by line 3, and round the result to the fourth decimal place. For example, if the amounts entered on lines 2 and 3 are $12,000 and $36,000 respectively, divide $12,000 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 of Form IT-219.

Schedule A instructions

The purpose of Schedule A is to allocate the total amount of New York City UBT imposed on the estate or trust between the fiduciary and the beneficiaries.

Columns 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 (*Fiduciary* line) is determined by multiplying the total UBT imposed on the estate or trust by the appropriate allocation percentage entered in column C.

Resident estates and trusts: Include on Schedule A, *Totals* line, the amount of UBT imposed on the estate or trust from Form NYC-202, line 23. Also include on Schedule A, *Totals* line, the estate's or trust's share of UBT from a partnership (from Part 1, line 5) or from another estate or trust (from Part 3, line 7).

Part-year resident trusts: Complete Worksheet A on the back of Form IT-219. Include the Worksheet A, line 5 amount, on the Schedule A, *Totals* line, column D.

Also include on Schedule A, *Totals* line, column D, any amount from Part 1, line 5, and Part 3, line 7.