



Instructions for Form IT-500

Income Tax Credit Deferral

General information

Effective for tax years beginning on or after January 1, 2010, and before January 1, 2013, certain tax credits (see list below) are subject to a temporary deferral for any tax year for which the total amount of these credits that would otherwise be used to reduce your tax liability or be refunded or applied as an overpayment to estimated tax exceeds \$2 million. The amounts deferred under this provision will be carried over to tax years beginning on and after January 1, 2013. **Note:** If the total of all credits you are claiming is \$2 million or less, you do not need to fill out Form IT-500.

Determining credits subject to deferral

If you are claiming more than \$2 million in credits subject to deferral, you may be required to defer a portion of those credits. The tax credits included in the list below are subject to deferral. Use Form IT-500 to help determine whether the total amount of those listed credits that would have otherwise been used against your tax liability, or refunded, or credited to your estimated tax, exceeds \$2 million. If it does, complete the remainder of Form IT-500 to determine the amount of each credit to enter on your 2011 tax return and the amount to defer. (See *calculating your credits and deferral amounts* on page 2.)

Form IT-500 is used by individuals, including partners and New York S corporation shareholders, fiduciaries and beneficiaries of estates and trusts, and sole proprietors to calculate the deferred and allowable credits for each year that the deferral is in effect. (Corporations use Form CT-500 to calculate their deferral amounts.) Partnerships, New York S corporations (not claiming the special additional mortgage recording tax, Form CT-43), and LLCs that file their tax returns as flow-through entities do not complete deferral forms. They are completed by the partners, shareholders, and members who are using the credits against their tax liability.

For taxpayers subject to tax under Article 22 (including individuals, partners, shareholders of New York S corporations, fiduciaries and beneficiaries of estates or trusts, and sole proprietors):

- The credits that **are** subject to the deferral are:
 - Alternative fuels credit
 - Biofuel production credit
 - Brownfield credits
 - Brownfield redevelopment tax credit
 - Remediated brownfield credit for real property taxes
 - Environmental remediation insurance credit
 - Clean heating fuel credit
 - Conservation easement credit
 - Defibrillator credit
 - Empire State commercial production credit
 - EZ capital tax credit
 - EZ investment tax credit (including EZ employment incentive credit)
 - EZ wage tax credit
 - Employment of persons with disabilities credit
 - FSI EZ investment tax credit (including FSI EZ employment incentive credit)
 - FSI investment tax credit (including FSI employment incentive tax credit)
 - Fuel cell electric generating equipment credit
 - Green building credit

- Historic homeownership rehabilitation credit
- Investment credit (including employment incentive credit, retail enterprise credit, and historic barn rehabilitation credit)
- Low-income housing credit
- QETC capital tax credit
- QETC employment credit
- QETC facilities, operations, and training credit
- QEZE credit for real property taxes
- QEZE tax reduction credit
- Rehabilitation of historic properties credit
- Security officer training credit
- Solar energy system equipment credit
- Special additional mortgage recording tax credit
- Taxicabs and livery service vehicles accessible to persons with disabilities credit
- ZEA wage tax credit
- The credits that **are not** subject to the deferral (and may be claimed without regard to the deferral) are:
 - Accumulation distribution credit
 - All New York City credits claimed on New York State income tax returns
 - Child and dependent care credit
 - Claim of right credit
 - Economic transformation and facility redevelopment program tax credit
 - Empire State child credit
 - Empire State film production credit
 - Empire State film post-production credit
 - Excelsior jobs program credit
 - Farmers' school tax credit
 - Household credit
 - Long-term care insurance credit
 - Lump-sum distribution credit
 - New York State college tuition credit
 - New York State earned income credit
 - Noncustodial parent New York State earned income credit
 - Nursing home assessment credit
 - Real property tax credit
 - Resident credit
 - Residential fuel oil storage tank credit
 - Solar and wind energy credit
 - Volunteer firefighters' and ambulance workers' credit

Any amount of credit carryforwards computed on your credit forms without regard to the deferral will continue to be carried forward under the same Tax Law provisions that applied to those carryforwards without the deferral. However, any amount of carryforwards that would have been used against the tax during the deferral years (2010 - 2012) may be limited under the deferral provisions.

Example: You earn a nonrefundable investment tax credit (ITC) of \$6,000,000 in 2011. Your tax liability is \$2,500,000. You would have used \$2,500,000 of the ITC against your tax liability in 2011, and carried forward \$3,500,000 to the following year. However, you may only use \$2,000,000 of the ITC in 2011 (\$500,000 must be deferred). Your deferred amount (\$500,000) is your temporary deferral nonrefundable

payout credit. Your \$3,500,000 ITC carryforward is not subject to deferral in 2011 and can be carried forward to the following year.

In 2012, your tax liability is \$4,000,000. Your only credit is the \$3,500,000 carryover of ITC from 2011. You would have used \$3,500,000 if the deferral was not in effect. However, you are subject to the deferral, and may only use \$2,000,000 against your tax liability. The remaining \$1,500,000 is added to your temporary deferral nonrefundable payout credit (which now equals \$2,000,000), and your credit carryforward is now zero.

Using your accumulated deferred credits

The amounts deferred will accumulate, and they become your temporary deferral **nonrefundable** payout credit and temporary deferral **refundable** payout credit. These credits may be used for tax years beginning on or after January 1, 2013.

The accumulated amounts of **nonrefundable** tax credits that are deferred for tax years beginning on or after January 1, 2010, and before January 1, 2013, are combined and they become your temporary deferral **nonrefundable** payout credit. Any amount of the temporary deferral **nonrefundable** payout credit that is not deductible for the tax year beginning on or after January 1, 2013, and before January 1, 2014, may be carried over to the following year or years to be deducted from your tax until the accumulated credit amount is exhausted.

The accumulated amounts of **refundable** tax credits that are deferred for tax years beginning on or after January 1, 2010, and before January 1, 2013, are combined and they become your temporary deferral **refundable** payout credit. Taxpayers are allowed to claim the temporary deferral **refundable** payout credit over a period of three tax years as follows:

Tax year	Claim amount allowed
Beginning on or after January 1, 2013, and before January 1, 2014	50% of the total accumulated credit
Beginning on or after January 1, 2014, and before January 1, 2015	75% of the balance of the accumulated credit
Beginning on or after January 1, 2015, and before January 1, 2016	The remaining balance of the accumulated credit

If the amount of the temporary deferral **refundable** payout credit allowed for each year exceeds your tax for the year, the excess will be refunded.

Complete Form IT-501, *Temporary Deferral Nonrefundable Payout Credit*, and Form IT-502, *Temporary Deferral Refundable Payout Credit*, to track your accumulated deferred credits.

Calculating your credits and deferral amounts

Complete your tax return and credit forms as follows:

- Calculate your personal income tax liability without regard to any credits.
- Complete all credit forms, in their entirety, including all carryovers, as if the credit deferral was not in effect. When applying credits, you must follow the ordering of credits as required under Tax Law section 606(yy), or in accordance with the order prescribed in the applicable Tax Law section in which the credit is allowed. Do not enter these credit amounts on your tax return (or on Form IT-201-ATT or Form IT-203-ATT). You must complete Form IT-500 to determine the amounts to be entered.

Tax Law section 606(yy) requires credits to be applied against your tax liability in the following order:

- First apply any credits that cannot be carried over or refunded.
 - Next apply any credits that can be carried over for a limited duration.
 - Then apply any credits that can be carried over for an unlimited duration.
 - Apply refundable credits last.
- If the total of your credits exceeds \$2 million after completing all credit forms without regard to the deferral, complete Form IT-500, Schedule A, column B, Schedule B, column B, and lines 1 through 5.

If line 5 is **\$2 million or less**, you are not subject to the credit deferral. Do not complete the rest of Form IT-500 and **do not** attach Form IT-500 to your tax return. Follow the instructions on your credit forms for taxpayers who have \$2 million or less in total credits to determine the amounts to enter on your tax return (or on Form IT-201-ATT or Form IT-203-ATT).

If line 5 is **more than \$2 million**, you are subject to the credit deferral and must complete line 6 and columns C and D to determine the amounts to enter on your tax return (or on Form IT-201-ATT or Form IT-203-ATT).

After you have completed Form IT-500, follow the instructions on pages 3 and 4 for entering your credit amounts on your tax return (or on Form IT-201-ATT or Form IT-203-ATT). Attach a copy of Form IT-500 and all applicable credit forms to your tax return. Keep a copy of your 2011 Form IT-500 for your records.

You will need the deferred credit amounts from your **2010** and **2011** Forms IT-500 to complete new 2011 Forms IT-501 and IT-502, which track your accumulated deferred credits for use in succeeding tax years. **Keep a copy for your records.**

Line instructions

Complete Schedule A, column B, and Schedule B, column B. Then total column B at lines 1 and 3. Next, complete lines 2, 4, and 5. Also complete line 6 (if required). Use the line 6 amount to complete and total columns C and D in both schedules.

Schedule A – Nonrefundable credits subject to deferral

Column B – For each credit listed in Schedule A, enter in column B the amount of credit that would have been used against the tax as computed on your credit form. Use the information in column A to find the amount(s) on your credit form to enter in column B. If a credit is partially refundable or only refundable to certain taxpayers, enter only the nonrefundable portion in Schedule A.

Credits that are partially refundable or refundable only to certain taxpayers include:

- Empire State commercial production credit
- EZ investment tax credit (including EZ employment incentive credit)
- EZ wage tax credit
- FSI EZ investment tax credit (including FSI EZ employment incentive credit)
- FSI investment tax credit (including FSI employment incentive tax credit)
- Historic homeownership rehabilitation credit
- Investment credit (including employment incentive credit, retail enterprise credit, and historic barn rehabilitation credit)
- Special additional mortgage recording tax credit

Do not enter negative amounts (credits that are net recaptures or addbacks of credits) in Schedule A, column B. Enter those amounts directly on your tax return, Form IT-201-ATT, or Form IT-203-ATT.

Schedule B – Refundable credits subject to deferral

Column B – For each credit listed in Schedule B, enter in column B the total amount of refundable credit as computed on your credit form. For partially refundable credits, include only the portion that would have been refunded. Use the information in column A to find the amount(s) to enter in column B. Do not enter negative amounts (credits that are net recaptures or addbacks of credits) in Schedule B, column B. Enter those amounts directly on your tax return, Form IT-201-ATT, or Form IT-203-ATT.

Line 5 – Add lines 2 and 4. If the total is \$2 million or less, do not complete this form.

Line 6 – Divide \$2 million by line 5. Do not enter more than 1.0 (this is your allowable credit percentage). Use this percentage to compute the amounts to enter in Schedules A and B, column C. You must carry the result to six decimal places.

Schedules A and B, columns C

After completing Schedules A and B, column B, and lines 1 through 6, multiply each column B amount by line 6, and enter the result in column C. Column C is the amount of each credit that is allowed for the current tax year.

Transfer amounts to your tax return

Fiduciaries: Include the Schedule A, column C amounts on Form IT-205, line 10.

Individuals: Transfer the Schedule A, column C amounts for each credit using the chart below.

Schedules A and B, columns D

Column D is your deferred credit. Keep this information for your records. Use Form IT-501 to calculate your *temporary deferral nonrefundable payout credit* accumulated and Form IT-502 to calculate your *temporary deferral refundable payout credit* accumulated.

Nonrefundable credits	Enter code	Enter on Form IT-201-ATT	Enter on Form IT-203-ATT
Alternative fuels credit (Form IT-253)	253	Lines 6a-6n	Lines 7a-7n
Defibrillator credit (Form IT-250)	250	Lines 2a-2b	Lines 3a-3b
Empire State commercial production credit (Form IT-246)	355	Lines 6a-6n	Lines 7a-7n
EZ capital tax credit (Form IT-602)	162	Lines 6a-6n	Lines 7a-7n
EZ investment tax credit (including EZ employment incentive credit) (Form IT-603)	163	Lines 6a-6n	Lines 7a-7n
EZ wage tax credit (Form IT-601)	161	Lines 6a-6n	Lines 7a-7n
Employment of persons with disabilities credit (Form IT-251)	251	Lines 6a-6n	Lines 7a-7n
FSI EZ investment tax credit (including FSI EZ employment incentive credit) (Form IT-605)	165	Lines 6a-6n	Lines 7a-7n
FSI investment tax credit (including FSI employment incentive credit) (Form IT-252)	252	Lines 6a-6n	Lines 7a-7n
Fuel cell electric generating equipment credit (Form IT-259)	259	Lines 6a-6n	Lines 7a-7n
Green building credit (Form DTF-630)	630	Lines 6a-6n	Lines 7a-7n
Historic barn rehabilitation credit (see investment credit)			
Historic homeownership rehabilitation credit (Form IT-237)	237	Lines 6a-6n	Lines 7a-7n
Investment credit (including employment incentive credit, retail enterprise credit, and historic barn rehabilitation credit) (Form IT-212)		Line 4	Line 5
Low-income housing credit (Form DTF-624)	624	Lines 6a-6n	Lines 7a-7n
QETC capital tax credit (Form DTF-622)	622	Lines 6a-6n	Lines 7a-7n
QEZE tax reduction credit (Form IT-604)	164	Lines 2a-2b	Lines 3a-3b
Rehabilitation of historic properties credit (Form IT-238)	238	Lines 6a-6n	Lines 7a-7n
Solar energy system equipment credit (Form IT-255)		Line 5	Line 6
Special additional mortgage recording tax credit (Form IT-256)	256	Lines 6a-6n	Lines 7a-7n
Taxicabs and livery service vehicles accessible to persons with disabilities credit (Form IT-239)	299	Lines 6a-6n	Lines 7a-7n
ZEA wage tax credit (Form IT-601.1)	160	Lines 6a-6n	Lines 7a-7n

(continued)

Transfer amounts to your tax return *(continued)*

Fiduciaries: Include the Schedule B, column C amounts on Form IT-205, line 33.

Individuals: Transfer the Schedule B, column C amounts for each credit using the chart below.

Refundable credits	Enter code	Enter on Form IT-201-ATT	Enter on Form IT-203-ATT
Biofuel production credit <i>(Form IT-243)</i>	303	Lines 12a-12l	Lines 12a-12l
Brownfield credits			
Brownfield redevelopment tax credit <i>(Form IT-611)</i>	171	Lines 12a-12l	Lines 12a-12l
Brownfield redevelopment tax credit <i>(Form IT-611.1)</i>	170	Lines 12a-12l	Lines 12a-12l
Remediated brownfield credit for real property taxes <i>(Form IT-612)</i>	172	Lines 12a-12l	Lines 12a-12l
Environmental remediation insurance credit <i>(Form IT-613)</i>	173	Lines 12a-12l	Lines 12a-12l
Clean heating fuel credit <i>(Form IT-241)</i>	301	Lines 12a-12l	Lines 12a-12l
Conservation easement credit <i>(Form IT-242)</i>	302	Lines 12a-12l	Lines 12a-12l
Empire State commercial production credit <i>(Form IT-246)</i>	355	Lines 12a-12l	Lines 12a-12l
EZ investment tax credit <i>(including EZ employment incentive credit) (Form IT-603)</i>	163	Lines 12a-12l	Lines 12a-12l
EZ wage tax credit <i>(Form IT-601)</i>	161	Lines 12a-12l	Lines 12a-12l
FSI EZ investment tax credit <i>(including FSI EZ employment incentive credit) (Form IT-605)</i>	165	Lines 12a-12l	Lines 12a-12l
FSI investment tax credit <i>(including FSI employment incentive credit) (Form IT-252)</i>	252	Lines 12a-12l	Lines 12a-12l
Historic barn rehabilitation credit <i>(see Investment credit)</i>			
Historic homeownership rehabilitation credit <i>(Form IT-237)</i>	237	Lines 12a-12l	Lines 12a-12l
Investment credit <i>(including employment incentive credit, retail enterprise credit, and historic barn rehabilitation credit) (Form IT-212)</i>	212	Lines 12a-12l	Lines 12a-12l
QETC employment credit <i>(Form DTF-621)</i>	621	Lines 12a-12l	Lines 12a-12l
QETC facilities, operations, and training credit <i>(Form DTF-619)</i>	619	Lines 12a-12l	Lines 12a-12l
QEZE credit for real property taxes <i>(Form IT-606)</i>	166	Lines 12a-12l	Lines 12a-12l
Security officer training credit <i>(Form IT-631)</i>	631	Lines 12a-12l	Lines 12a-12l
Special additional mortgage recording tax credit <i>(Form IT-256)</i>	256	Lines 12a-12l	Lines 12a-12l