Department of Taxation and Finance

New York State Depreciation Schedule

IT-399

NEW YORK STATE 2016

Name(s) as shown on return	Identifying number as shown on return

Mark an *X* in one box to show the income tax return you are filing **and submit this form with that return.**

IT-201, Resident ☐   IT-203, Nonresident and part-year resident ☐   IT-204, Partnership ☐   IT-205, Fiduciary ☐

Part 1 – Depreciation information for property (except for section 280F property) placed in service inside or outside New York State in tax years beginning after December 31, 1980, but before January 1, 1985, and if you elect to continue using IRC section 167 depreciation for property placed in service outside New York State in tax years beginning after December 31, 1984, but before January 1, 1994 *(see instructions)*

A Description of property *(submit schedule if needed)*	B Date placed in service	C Depreciable basis	D Depreciation method	E Life or rate	F New York depreciation	G Federal ACRS deduction
		.00			.00	.00
		.00			.00	.00
		.00			.00	.00
1 Enter column F and column G totals...				**1**	.00	.00

Transfer the column F total to:	Transfer the column G total to:
Form IT-225, line 10, *Total amount* column and enter subtraction modification *S-210* in the *Number* column.	Form IT-225, line 1, *Total amount* column and enter addition modification *A-205* in the *Number* column.

Estates and trusts: If the amount computed is attributable to items reflected in the federal distributable net income, transfer the amounts as stated above. If the amount is **not** reflected in federal distributable net income, see instructions.

Part 2 – Year-of-disposition adjustment for property (except for section 280F property) placed in service inside or outside New York State in tax years beginning after December 31, 1980, but before January 1, 1985, and for property placed in service outside New York State in tax years beginning after December 31, 1984, but before January 1, 1994 *(see instructions)*

Mark an *X* in the box if you claimed an investment credit on Form IT-212, *Investment Credit*, for any property listed below *(see instructions)* .... ☐

A Description of property *(submit schedule if needed)*	B Date of disposition	C Method of disposition	D Amount of New York depreciation	E Amount of ACRS deduction
			.00	.00
			.00	.00
			.00	.00
2 Enter column D and column E totals.. **2**			.00	.00
3 Enter amount from line 2, column D or column E, whichever is larger **3**				.00
4 Enter amount from line 2, column D or column E, whichever is smaller.................................. **4**				.00
5 Subtract line 4 from line 3 .... **5**				.00

If column D is larger than column E, transfer line 5 amount to:	If column E is larger than column D, transfer line 5 amount to:
Form IT-225, line 1, *Total amount* column and enter addition modification *A-206* in the *Number* column.	Form IT-225, line 10, *Total amount* column and enter subtraction modification *S-211* in the *Number* column.

Estates and trusts: If the amount computed is attributable to items reflected in the federal distributable net income, transfer the amounts as stated above. If the amount is **not** reflected in federal distributable net income, see instructions.

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Instructions

General instructions

Use this form to compute your New York adjustments for New York depreciation and federal accelerated cost recovery system (ACRS) depreciation for property placed in service inside or outside New York State in tax years beginning after December 31, 1980, but before January 1, 1985, and if you elect to continue using Internal Revenue Code (IRC) section 167 depreciation for property placed in service outside New York State in tax years beginning after December 31, 1984, but before January 1, 1994.

New York State does not allow the federal ACRS depreciation deduction for property (except for property classified as IRC section 280F property) placed in service inside or outside New York State during tax years 1981, 1982, 1983, 1984, and fiscal years beginning in 1984. You must compute your New York depreciation by using one of the methods provided for in IRC section 167 as it was in effect on December 31, 1980 (for example, straight line or declining balance). You may take the deduction for New York depreciation until the property is fully depreciated or disposed of.

For property (except for property classified as IRC section 280F property) placed in service outside New York State for tax years beginning after 1984, but before 1994, New York did not allow ACRS or MACRS depreciation under IRC section 168. Instead, New York allowed the depreciation deduction that would have been allowed under IRC section 167 as it was in effect on December 31, 1980.

However, as a result of a court decision (Reynolds), if you claimed ACRS depreciation on your federal return for property not classified as IRC section 280F property, and that property was placed in service outside New York State in tax years beginning after December 31, 1984, but before January 1, 1994 (including property on which ACRS depreciation was computed in accordance with the Federal Tax Reform Act of 1986), you may continue using the **pre-1981** IRC section 167 depreciation on that property, making the applicable depreciation addition and subtraction, or choose to switch to the IRC section 168 depreciation deduction.

A taxpayer choosing to switch to the IRC section 168 depreciation deduction is no longer required to make the New York depreciation addition and subtraction adjustments. If you switch to IRC section 168 depreciation, you must use IRC section 168 depreciation from this tax year forward, and must use it for all of your subject property. For more information about this property, see TSB-M-99(1)I, *New York Depreciation Deduction for Property Placed in Service Outside New York State in Tax Years 1985 – 1993*. This TSB-M is available on the Tax Department Web site at *www.tax.ny.gov*

If you claimed ACRS depreciation on your federal return for property placed in service during tax years 1981 through 1984 and fiscal tax years beginning in 1984 (for other than IRC section 280F property), or on property placed in service outside New York State during tax years 1985 through 1993 and fiscal tax years beginning in 1993 (for other than IRC section 280F property), and you elect to continue using IRC section 167 depreciation, complete Part 1.

If you have an interest in a passive activity, the modifications required under Tax Law sections 612(b)(25) and (c)(26) for ACRS depreciation and New York depreciation must be made for the full amounts allowable as a federal depreciation deduction (100%), even though the activity may be subject to federal loss deduction limitations. It is only under IRC section 469 *(Passive Activity Losses and Credits Limited)* that there is a limitation on passive loss deductions.

In the case of a partnership using ACRS to determine depreciation, the individual partners should make the adjustments to income on their personal income tax returns. The adjustments for partners are their distributive share of New York depreciation and federal ACRS depreciation, determined by the partnership as of the end of the partnership year ending within the partner's tax year. Form IT-399 should be completed only by the partnership, and not by each individual partner. This treatment is the same for a beneficiary of an estate or trust that is on a fiscal-year basis.

If you are a shareholder of an electing New York State S corporation, the S corporation should provide your proportionate share of the S corporation's depreciation deduction.

If you are a nonresident or part-year resident, you must complete Form IT-399 as if you were a New York State resident for the entire year. Transfer the amounts from Part 1 and Part 2 to Form IT-225, *New York State Modifications.* For more information on the addition and subtraction modifications for ACRS and New York State depreciation, see Form IT-225-I, *Instructions for Form IT-225.*

If you are married and file a joint federal return but are required to file separate New York returns, complete only one Form IT-399 showing the amounts from your joint federal return. Submit a schedule with each return showing each spouse's separate amounts, as if separate federal returns were filed, and explain any differences.

Do not use this form if you are depreciating IRC section 168(k) property. For more information, see Form IT-398, *New York State Depreciation Schedule for IRC Section 168(k) Property.*

Specific instructions

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

Enter your name and identifying number (your social security number or employer identification number) in the spaces provided on the front of this form. Mark the box that indicates which New York State income tax return you are filing and submit this form with that return.

Estates and trusts: If an amount computed on this form is attributable to items **not** reflected in the federal distributable net income of the estate or trust and is reported on a fiduciary return (Form IT-205 or, if allocation is required, Form IT-205-A), enter the amount(s) on the fiduciary return as follows, noting that some are addition modifications and some are subtraction modifications:

– For Form IT-205, enter the amount on line 2.
– For Form IT-205-A, enter the amount on line 7.

Part 1 – Depreciation

Depreciation is the annual deduction allowed to recover the cost or other basis of business or investment property having a useful life substantially beyond the tax year. Land is never depreciable. Depreciation starts when you first use the property in your business or for the production of income. It ends when you take the property out of service, deduct all of your depreciable cost or other basis, or no longer use the property in your business or for the production of income. (See Part 2 for the deduction to be taken in the year you dispose of the property.)

Column C – Enter the depreciable basis of the assets you place in service in the same year. *Depreciable basis* is the cost or other basis reduced by the part of the basis you elected to amortize or expense under IRC section 179, and any federal investment credit subtracted when computing the federal unadjusted basis of the asset.

Column D – Enter the depreciation method you elect. You must use a method that is allowed under IRC section 167, as it was in effect on December 31, 1980.

Column E – Enter the useful life of the property. You **cannot** use the ACRS recovery period when computing your New York State depreciation. You must use the useful life or rate provided for in IRC section 167. In some cases the useful life under IRC section 167 may be the same as the recovery period.

Column F – Enter your New York depreciation deduction in column F, based on the method you elected in column D.

Column G – Enter the ACRS deduction you took on your federal return.

Part 2 – Year-of-disposition adjustment

If you dispose of property (except for IRC section 280F property) that you placed in service inside or outside New York State after December 31, 1980, but before January 1, 1985, or property placed in service outside New York State after December 31, 1984, but before January 1, 1994, you must adjust your New York State income by the difference between the total New York depreciation deduction and the total federal ACRS deduction claimed on that property. If you elected to switch to IRC section 168 depreciation for property placed in service outside New York State in tax years beginning after December 31, 1984, but before January 1, 1994, in the year of disposition, the adjustment should take into account only those years prior to switching to IRC section 168.

Note: If property on which the investment credit, retail enterprise credit, or research and development credit was taken on Form IT-212, *Investment Credit*, is disposed of or removed from qualified use before its useful life or specified holding period ends, the difference between the credit taken and the credit allowed for actual use must be added to your income tax in the year of disposition. See Form IT-212 and its instructions for more information and to calculate the amount.

Column C – Enter the method used to dispose of the property. *Disposition* includes, but is not limited to, sale, exchange, transfer, and obsolescence.

Column D – Enter the total New York depreciation you claimed on the disposition of your property. If the property was placed in service during 1981, do not include the amount of ACRS depreciation claimed for the property on your 1981 New York State return.

Column E – Enter the total federal ACRS deduction you claimed on your federal return for the disposition of your property. If the property was placed in service during 1981, do not include the amount of ACRS depreciation claimed for the property on your 1981 federal return.