General information
The Tax Law provides a credit to taxpayers who are participants in the Excelsior Jobs Program. Individuals (including sole proprietors), estate and trusts, shareholders of an S corporation, partners in a partnership (including a member of a limited liability company (LLC) that is treated as a partnership for federal tax purposes), and beneficiaries of an estate or trust may claim the credit.

A business enterprise must submit a completed application to Empire State Development (ESD). If ESD determines that a business entity will be a participant in the program, it will issue the entity a certificate of eligibility, a preliminary schedule of benefits, and a certificate of tax credit for one tax year. To receive a certificate of tax credit for subsequent tax years, the participant must demonstrate to ESD that the entity continues to satisfy the eligibility criteria. For more information about the Excelsior Jobs Program application and approval process, visit ESD’s website (at www.esd.ny.gov).

A taxpayer that has been issued a certificate of tax credit by ESD will be allowed to claim the excelsior jobs program tax credit. The certificate of tax credit will indicate the amount of each credit component that may be claimed for the tax year. A taxpayer will be allowed to claim only the amount listed on the certificate of tax credit for that tax year. A copy of the certificate of tax credit must be submitted with the taxpayer’s return.

A business accepted into the Excelsior Jobs Program must agree to be permanently disqualified for empire zone (EZ) benefits at any location that qualifies for Excelsior Jobs Program benefits.

Eligibility
To be a participant in the Excelsior Jobs Program a business entity must operate predominantly in New York State in certain industries. It must also be a regionally significant project or create a minimum number of net new jobs. For more information about the eligible business types and the net new job requirements, visit ESD’s website (at www.esd.ny.gov).

The following are not eligible to claim the credit:
• a not-for-profit entity;
• a business entity whose primary function is the provision of services, including personal services, business services, or the provision of utilities;
• a business entity engaged predominantly in the retail or entertainment industry, other than a business operating as an entertainment company as defined in Economic Development Law section 352.7 or a business entity engaged in music production; or
• a company engaged in the generation or distribution of electricity, the distribution of natural gas, or the production of steam associated with the generation of electricity.

A taxpayer may claim the credit for 10 consecutive tax years commencing with the first tax year for which the taxpayer receives a certificate of tax credit or the first tax year listed on its preliminary schedule of benefits, whichever is later. If a participant fails to satisfy the eligibility criteria in any one year, it will lose the ability to claim the tax credit for that year. Such failure does not extend the original 10-year eligibility period.

The credit is equal to the sum of the following four credit components:
• the excelsior jobs tax credit component;
• the excelsior investment tax credit component;
• the excelsior research and development tax credit component; and
• the excelsior real property tax credit component.

See the instructions for Schedule A, Parts 1 through 4, for more information on these components.

No cost or expense paid or incurred can be the basis for more than one component of this credit or any other credit, with one exception: a participant may claim both the excelsior investment tax credit component and the investment tax credit (Tax Law section 606(a)) for research and development property.

Any unused amount of credit for the current tax year will be treated as a refund or overpayment of tax to be credited to next year’s tax. Interest will not be paid on the refund or overpayment.

If a certificate of eligibility or a certificate of tax credit is revoked because you do not meet the eligibility requirements, you must recapture the amount of credit previously claimed prior to that revocation. The amount of credit to be recaptured must be added back to tax for the tax year in which the revocation becomes final.

Who must file
File Form IT-607 if you are an individual, a beneficiary or fiduciary of an estate or trust, a partner in a partnership, or a shareholder of an S corporation, and:
• you are claiming the credit, or
• you are required to recapture any previous excelsior jobs program tax credit due to a certificate of eligibility or certificate of tax credit being revoked.

An estate or trust that divides the credit or addback of credit among itself and its beneficiaries must submit Form IT-607 with Form IT-205, Fiduciary Income Tax Return, showing each beneficiary’s share of the credit or recapture of the credit.

A partnership must file Form IT-607 with Form IT-204, Partnership Return, showing the total of each credit component of the partnership and any recapture of credit.

An S corporation does not file Form IT-607. It must file Form CT-607, Claim for Excelsior Jobs Program Tax Credit. If you are a shareholder of an S corporation that has made the election under Tax Law section 660, obtain your share of the corporation’s credit or recapture of credit from the S corporation.

Definitions
Certificate of eligibility means the document issued by ESD to an applicant that has completed an application to be admitted into the Excelsior Jobs Program and has been accepted into the program by ESD. Possession of a certificate of eligibility does not by itself guarantee the eligibility to claim the tax credit.

Certificate of tax credit means the document issued to a participant by ESD, after ESD has verified that the participant has met all applicable credit eligibility criteria. The certificate will be issued annually if such criteria are met and will specify the exact amount of each of the credit components that a participant may claim, and will specify the tax year for which those tax credit components may be claimed.

Participant means a business entity that has completed an application to be admitted into the Excelsior Jobs Program, has been issued a certificate of eligibility by ESD, has demonstrated that it meets the eligibility requirements of the Excelsior Jobs Program, and has been certified as a participant by ESD.

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

Individuals (including sole proprietors): Complete Schedules A and D. If applicable, also complete Schedules B and E.
Part 2 – Excelsior investment tax credit component
A participant in the Excelsior Jobs Program is eligible to claim a credit on qualified investments. The credit is equal to 2% of the cost or other basis for federal income tax purposes of the qualified investment.

You may not claim both the excelsior investment tax credit component and the investment tax credit (Tax Law section 606(a)) for the same property for any tax year, except that you may claim both the excelsior investment tax credit component and the investment tax credit for research and development property. You may not claim both the excelsior investment tax credit component and the brownfield tangible property credit component (Tax Law section 21) with regard to a particular piece of property. The election to claim the excelsior investment tax credit component, the investment tax credit, or the brownfield tangible property credit component with regard to the same property, is irrevocable. The amount of excelsior investment tax credit component is shown on your certificate of tax credit, or the amount allocated to you.

Line 10
Partnerships: Enter the line 10 amount on Form IT-204, line 137, and continue with Part 3.
Fiduciaries: Include the line 10 amount on the Total line of Schedule C, column D, and continue with Part 3.
All others: Continue with Part 3.

Part 3 – Excelsior research and development tax credit component
A participant in the Excelsior Jobs Program is eligible to claim an excelsior research and development tax credit for research and development expenditures in New York State. The credit component is equal to 50% of the portion of your federal research and development tax credit that relates to your research and development expenditures in New York State during the tax year. However, the credit component cannot exceed 3% of the qualified research and development expenditures attributable to activities conducted in New York State.

The amount of excelsior research and development tax credit component is shown on your certificate of tax credit, or the amount allocated to you.

Line 15
Partnerships: Enter the line 15 amount on Form IT-204, line 138, and continue with Part 4.
Fiduciaries: Include the line 15 amount on the Total line of Schedule C, column E, and continue with Part 4.
All others: Continue with Part 4.

Part 4 – Excelsior real property tax credit component
A participant in the Excelsior Jobs Program that is qualified as a regionally significant project or is located in an investment zone is eligible to claim an excelsior real property tax credit.

The credit is a percentage of the eligible real property taxes on the real property comprising the regionally significant project or located in the investment zone. The amount of excelsior real property tax credit component is shown on your certificate of tax credit, or the amount allocated to you.

Line 20
Partnerships: Enter the line 20 amount on Form IT-204, line 139.
Fiduciaries: Include the line 20 amount on the Total line of Schedule C, column F, and continue with line 21.
All others: Continue with line 21.
Schedule B – Partnership, S corporation, estate and trust information
Enter the appropriate information for each partnership, New York S corporation, or estate or trust from which you received a share of the credit. If you need more space, submit a separate schedule (be sure to include your name and taxpayer identification number).

Schedule C – Beneficiary’s and fiduciary’s share of credit components and recapture of credit
An estate or trust must complete Schedule C. If an estate or trust allocates or assigns the credits to its beneficiaries, base the division on each beneficiary’s proportionate share of the income of the estate or trust. Provide the beneficiaries with their share of the credit and recapture. Include any recapture from partnerships, S corporations, estates, or trusts on the Total line in column G.

Schedule D – Computation of credit
Fiduciaries: Do not enter any amount on line 22.

Line 27
Enter the line 27 amount and code 607 on Form IT-201-ATT, line 12, or Form IT-203-ATT, line 12, or include it on Form IT-205, line 33.

Schedule E – Summary of recapture of credit
If a certificate of eligibility or a certificate of tax credit issued by ESD is revoked because you do not meet the eligibility requirements of the credit, the amount of all credits previously allowed and claimed by you under Tax Law section 31 prior to that revocation must be added back to your tax for the tax year in which the revocation becomes final.

S corporations, partnerships, and fiduciaries must notify their shareholders, partners, and beneficiaries of the revocation.

Complete lines 28 through 33 as applicable.
Fiduciaries: Do not enter any amounts on lines 28 through 31. Include any flow through of credit recapture from partnerships, S corporations, estates, or trusts on the Total line of Schedule C, column G.

Line 29 Beneficiaries: Enter on line 29 your share of recapture of credit from the estates or trusts.

Line 30 Partners: Enter on line 30 your share of the total recapture of credit from partnerships.

Line 31 S corporation shareholders: Enter on line 31 your share of the recapture of credit from S corporations.