



Instructions for Form DTF-624

Claim for Low-Income Housing Credit

DTF-624-I

General information

Use Form DTF-624 to claim the low-income housing credit.

The New York State low-income housing tax credit program coordinates with the federal low-income housing credit program, provided for in Internal Revenue Code (IRC) section 42. This credit is taken over a 10-year period so that the present value of the 10 annual credit amounts, determined as of the last day of the first year of the credit period, equals 70% (or 30%) of the building's qualified basis.

The low-income housing credit is available for eligible low-income buildings for which an eligibility statement has been issued by the Commissioner of the New York State Division of Housing and Community Renewal (DHCR), as proclaimed by New York State Public Housing Law (PHL) Article 2-A.

This credit is not refundable. However, any amount of credit not deductible in the current tax year may be carried over to the following year or years.

Transferability of low-income housing credit

For tax years beginning on or after January 1, 2019, PHL § 22(8)(a) allows a taxpayer (owner) of a building that received an allocation of low-income housing credit on or after May 12, 2018, to transfer the credit, in whole or in part, to another person or entity (transferee). Transfer of the credit will not affect the period for claiming the credit.

A transferee may **not** transfer any portion of its credit.

Transfer of the credit **must** be pre-authorized by DHCR. Any credit claimed without proper authorization will be denied in full.

Who is eligible

You may claim this credit if you are:

- a corporation subject to tax under Article 9-A;
- an individual or estate or trust subject to tax under Article 22;
- a partner in a partnership (including a member of a limited liability company (LLC) that is treated as a partnership for federal income tax purposes);
- a shareholder of a New York S corporation;
- a beneficiary of an estate or trust; **or**
- an insurance corporation subject to tax under Article 33.

Owner of the building: You must have a properly signed and completed Form DTF-625, *Low-Income Housing Credit Allocation and Certification*, from DHCR for each building for which you are claiming a credit. You make a one-time submission of Form DTF-625 to the Tax Department rather than submitting the form with your return. If you have already made the one-time submission, do not send in Form DTF-625 with your Form DTF-624. If you have not made the one-time submission, see Form DTF-625-I, *Instructions for Form DTF-625*, for more information. Each tax year you claim a credit and for each building for which you are claiming a credit, you must file a Form DTF-625-ATT, *Low-Income Housing Credit Annual Statement*, and submit it with Form DTF-624. During the 15-year compliance period, you must also submit Form DTF-625-ATT with your return for each building for which you have previously claimed a credit (even if you are not claiming the credit for the current tax year).

If you are a partner, New York S corporation shareholder, or a beneficiary of an estate or trust and your only credit is from

your partnership, New York S corporation, or estate or trust, you do not have to obtain, complete, or submit Form DTF-625 or DTF-625-ATT with Form DTF-624.

Qualified low-income housing project

The low-income housing credit can be claimed only for residential rental buildings in low-income housing projects that meet one of the minimum set-aside tests. For more information, see Form DTF-625-I lines 10c and 10d.

Except for buildings financed with certain tax-exempt bonds, you may not take a low-income housing credit on a building if it has not received an allocation from DHCR. Generally, the allocation must be received by the close of the calendar year the building is placed in service. In addition, the credit cannot exceed the amount allocated to the building by the DHCR. For more information, see PHL Article 2-A and IRC section 42. No allocation is needed when 50% or more of the aggregate basis of the building and the **land on which the building is located** is financed with certain tax-exempt bonds issued after 1989 for buildings placed in service after 1989. The owner still must get a Form DTF-625 from DHCR (with the applicable items completed, including an assigned building identification number (BIN)).

Land on which the building is located includes only land that is functionally related and subordinate to the qualified low-income building. See Treasury Regulations sections 1.103-8(a)(3) and 1.103-8(b)(4)(iii).

Recapture of credit

There is a 15-year compliance period during which the residential rental building must continue to meet certain requirements. If, as of the close of any tax year in this period, there is a reduction in the qualified basis of the building from the previous year, you may have to recapture a part of the credit you have taken. Similarly, you may have to recapture part of the credits taken in previous years upon certain dispositions of the building or interests therein. See Form DTF-626, *Recapture of Low-Income Housing Credit*.

Caution – If you are subject to recapture, complete Form DTF-626 before computing the amount of any carryforward of the low-income housing credit. The recapture may reduce the amount of any carryforward of the credit. See the instructions for line 4 on page 2.

Exception to recapture – Recapture shall not apply to a reduction in qualified basis by reason of a casualty loss if it is determined that such loss is restored by reconstruction or replacement within a reasonable period. This determination shall be made by the Commissioner of Taxation and Finance in conjunction with the Commissioner of DHCR (Tax Law section 18(b)(5)(a)).

Recapture shall not apply if the Commissioner of Taxation and Finance in conjunction with the Commissioner of DHCR determines a reduction in qualified basis is *de minimis* by reason of:

- a change in floor space devoted to low-income units in a building, if such building remains an eligible low-income building after such change, or
- an error in complying with the low-income eligibility tests referred to in PHL section 21(5).

Note: Transferees are not required to compute recapture.

Record keeping requirements

Keep a copy of Form DTF-624 with Form DTF-625, Form DTF-625-ATT, and Form(s) DTF-626, if applicable, for three years after the 15-year compliance period ends.

Line instructions

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

All filers **must** complete Part 1.

A married couple in a business enterprise that made an IRC 761(f) election to file two federal Schedule C forms instead of a partnership return: If you file jointly, compute your credit amount as if you were filing one federal Schedule C for the business (enter the total of all applicable amounts from both federal Schedule C forms). Complete Part 6. If applicable, also complete Part 4.

Part 1 – Current-year credit

If the **only** credit you are claiming is from a flow-through entity (partnership, New York S corporation, estate or trust) or as a transferee, skip Part 1, lines 1, 2, and 3.

Line 1 – If any Forms DTF-625-ATT are for buildings that are part of a multiple building project (defined in Form DTF-625-I, line 8b), use a separate schedule listing the following:

1. name and address of the project and each building in the project,
2. the BIN of each building in the project,
3. the aggregate credit dollar amount for the project, **and**
4. the credit allocated to each building in the project.

Line 2 – A decrease in qualified basis will result in recapture if the qualified basis at the close of the tax year is less than the qualified basis at the close of the first year of the credit period. If the reduction in qualified basis at the close of the tax year also results in a violation of the minimum set-aside requirement, then no credit is allowed for the year. (See *Recapture of credit* on the front page.)

Line 3 – Enter on line 3 the credit from all Form(s) DTF-625-ATT, line 19.

Line 3 is to be completed by taxpayers that **own** the building for which a low-income housing credit is claimed. Do not include on line 3 a low-income housing credit carried over from a previous tax year, received from a flow-through entity, or transferred to you (see line 5 instructions).

If you are a partnership or New York S corporation with a line 3 credit attributable to more than one building, complete Part 4.

Line 4 – Enter the amount of available carryover of unused New York State low-income housing credit. If you have a carryover of low-income housing credit attributable to more than one building, include on line 4 the total carryover attributable to all buildings.

Note: If you are required to recapture any low-income housing credit you claimed in previous years, the amount of available carryover of credit attributable to that building is the amount from your Form DTF-626, line 15.

Line 5a – If you are a transferee and have a low-income housing credit from a transferor, you must complete Part 5, Schedule 5a and enter the total on this line.

If you do **not** have a low-income housing credit from a transferor, leave this line blank.

Line 5b – If you have a low-income housing credit from a flow-through entity such as a partnership, New York S corporation, or estate or trust, and that **flow-through entity** received the credit as a **transferee**, you must complete Part 5, Schedule 5b and enter the total on this line. This information should be provided to you by the partnership, New York S corporation, or estate or trust.

If you do **not** have a low-income housing credit from a flow-through entity that is a transferee, leave this line blank.

Line 5c – If you have a low-income housing credit from a flow-through entity such as a partnership, New York S corporation, or estate or trust that is not a transferee, you must complete Part 5, Schedule 5c of this form and enter the total on line 5c. This information should be provided to you by the partnership, New York S corporation, or estate or trust.

If you have no low-income housing credit from a flow-through entity that is not a transferee, leave line 5c blank.

Line 7 – Fiduciaries enter the amount of credit that was allocated to beneficiaries in Part 3, column D. All others leave line 7 blank.

Part 2 – Computation of credit

Enter the applicable information in Part 2 if you are taxable under Article 9-A or an insurance corporation taxable under Article 33 and you have a low-income housing credit from a residential rental building in a low-income housing project that you own, received a flow-through credit from a flow-through entity, or received a credit from a transferor.

New York S corporations: Do not complete Part 2. You cannot apply the low-income housing credit that originates in a New York S corporation year against the New York State corporation franchise tax under Article 9-A.

Line 10 – If the **only** credit you are claiming is as a transferee or is from a flow-through entity (partnership, New York S corporation, estate or trust) that is a transferee, enter **0**. Transferees are **not** required to compute recapture.

Line 11 – Subtract line 10 from 9. Enter the resulting value; show any negative amount with a minus (-) sign. If line 11 is a negative amount, you have a net recaptured credit. Enter this negative amount using a minus sign (-) in the appropriate box of the summary of tax credits claimed section of your franchise tax return, and do not complete the rest of Part 2.

Line 12 – Enter the sum of your franchise tax, before credits, from the following forms:

- Form CT-3, Part 2, line 2
- Form CT-3-A, Part 2, line 2
- Form CT-33, line 11
- Form CT-33-A, line 15
- Form CT-33-NL, line 5

plus any other net recaptured credits (other than recapture of the low-income housing credit).

Line 13 – If you are claiming more than one tax credit for this year, enter the amount of credits claimed before applying this credit. Otherwise leave line 13 blank. You must apply certain credits before the low-income housing credit. Refer to the instructions of your franchise tax return to determine the order of credits that applies. Article 9-A taxpayers, refer to Form CT-600-I, *Instructions for Form CT-600, Ordering of Corporation Tax Credits*.

If filing as a member of a combined return, include any amount of tax credit(s), including low-income housing credit(s), being claimed by other members of the combined group that you want to apply before your low-income housing credit.

CT-33 and CT-33-A filers, including unauthorized insurance corporations: Do not enter **any** amount of EZ wage tax credits, ZEA wage tax credits, or EZ capital tax credits being claimed.

Line 15 – Article 33 combined filers: Multiply the number of taxpayers in the combined group by \$250 and enter the result here.

Line 17 – Transfer this amount to your franchise tax return.

Part 3 – Beneficiary’s and fiduciary’s share of credit

An estate or trust must complete Part 3.

Total line – Add the amounts from lines 3, 5a, 5b, and 5c and enter in column D.

Column D – If an estate or trust allocates or assigns the low-income housing credit to its beneficiaries, the total credit is allocated between the estate or trust and its beneficiaries on the same basis as the income of the estate or trust is allocated. Provide the beneficiaries with their share of the credit.

Part 5 – Partnership, New York S corporation, estate and trust, and transferor information

If you have a low-income housing credit from a flow-through entity such as a partnership, New York S corporation, estate or trust, or from a transferor, enter the applicable information for each partnership, New York S corporation, estate or trust, or transferor. Include all credit amounts from additional sheets in the total of column E for each applicable schedule (be sure to include your name and identification number). Transfer the total of column E to lines 5a, 5b, and 5c, as applicable.

Part 6 – Application of credit and computation of carryover

Line 19

Form IT-201 filers: Enter the tax from Form IT-201, line 39, plus any amount from Form IT-201-ATT, line 21.

Form IT-203 filers: Enter the tax from Form IT-203, line 46, plus any amount from Form IT-203-ATT, line 20.

Form IT-205 filers: Enter the tax from Form IT-205, line 8 (for residents) or line 9 (for nonresidents), **plus** any credits shown on line 1 of the *Addbacks worksheet*, in the instructions for Form IT-205, line 12.

Line 20 – If you are applying any credits against the tax before this credit, enter those amounts here.

When applying credits, use the following rules:

- 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.

Line 22 – Enter the amount from line 22 and code **624** on Form IT-201-ATT, line 6, or Form IT-203-ATT, line 7, or include it on Form IT-205, line 10.
