



Instructions for Form IT-657

COVID-19 Capital Costs Credit

See [updated information](#) for this form on our website.

How will you know what we changed or added? Look for **Additional information** on this page.

General information

The COVID-19 capital costs credit is available to small businesses that operate in New York State and have incurred certain qualified COVID-19 capital costs.

You must submit a completed application to Empire State Development (ESD) to claim the credit. If your application is approved, ESD will issue a certificate detailing the amount of tax credit available to claim. All determinations regarding eligibility are made by ESD.

For more information about the COVID-19 capital costs credit and a list of qualifying costs, visit the ESD website at www.esd.ny.gov and see *COVID-19 Capital Costs Tax Credit Program*.

Eligibility **Additional information**

You are eligible for this credit if you:

- are subject to tax under Tax Law Article 9-A or 22;
- had gross receipts of \$2.5 million or less in the tax year that included December 31, 2021;
- incurred at least \$2,000 of qualified COVID-19 capital costs from January 1, 2021, through December 31, 2022; and
- have received, or are the owner of a business entity that has received, a certificate of tax credit issued by ESD.

Credit details

The credit is equal to 50% of the qualified COVID-19 capital costs incurred. The minimum amount of the credit is \$1,000 and the maximum amount of the credit is \$25,000.

Do not include any expense or cost, paid or incurred, to calculate **this** credit that you used to calculate **any other** tax credit.

The COVID-19 capital costs credit **cannot** reduce the tax due to less than zero. If you have any unused amount of this credit for the current tax year, you may choose to have the overpayment of tax refunded or credited to next year's tax. Interest will not be paid on the refund or overpayment.

How to claim the credit **Additional information**

If you are an individual, a beneficiary or fiduciary of an estate or trust, a partner in a partnership (including members of a limited liability company treated as a partnership for federal tax purposes), or a shareholder of an S corporation, claim the credit by filing Form IT-657 with your tax return.

An **estate or trust** that divides the credit among itself and its beneficiaries must submit Form IT-657 with Form IT-205, *Fiduciary Income Tax Return*, showing each beneficiary's share of the credit.

A **partnership** must file Form IT-657 with Form IT-204, *Partnership Return*, showing the total credit.

A **New York S corporation** does **not** file Form IT-657. It must file Form CT-657, *COVID-19 Capital Costs Credit*. If you are a **shareholder of an S corporation**, obtain your share of the COVID-19 capital costs credit from the S corporation and follow the instructions on this form for claiming the credit on your personal income tax return.

Line instructions

Line A: Mark an **X** in the appropriate box to determine the parts of this form that you need to complete. If you are claiming this credit **both** as an individual (sole proprietor), partnership, or fiduciary of an estate or trust that earned the credit **and** as a partner, shareholder, or beneficiary receiving a share of the credit, mark an **X** in the Yes box and complete all appropriate schedules on one Form IT-657.

Individuals (including sole proprietors): Complete Schedules A, D, and E, if applicable.

Partnerships: Complete Schedules A, D, and E, if applicable.

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 as if you were filing one federal Schedule C for the business. Complete Schedules A, D, and E, if applicable.

Partner in a partnership, shareholder of a New York S corporation, and beneficiary of an estate or trust: Complete Schedules B, D, and E, if applicable.

Note: If more than one set of instructions applies to you, complete all the appropriate parts of the form on one Form IT-657.

Additional forms: If you have more entries than will fit on the lines provided in Schedules A, B, C, and E submit additional Forms IT-657, completing only the necessary schedules. Include your name and taxpayer identification number on each form and include the totals from all additional Forms IT-657 on the indicated lines. Place the additional forms behind the first Form IT-657 and submit them with your return.

Schedule A: Individual (including sole proprietor), partnership, and estate or trust

Use the information from the COVID-19 *Capital Costs 2022 Certificate of Tax Credit* you received from ESD to complete this schedule. The amount entered cannot exceed the amount shown on the certificate of tax credit. If needed, see *Additional forms* above.

Retain a copy of your certificate of tax credit and be prepared to produce a copy in the case of an audit.

Schedule B: Partner's, shareholder's, or beneficiary's share of credit

Enter the appropriate information for each partnership, New York S corporation, or estate or trust from which you received a share of the COVID-19 capital costs credit. Obtain your share of the credit and certificate information from your partnership, S corporation, estate or trust. If needed, see *Additional forms* above.

Schedule C: Beneficiary's and fiduciary's share of credit

An estate or trust must complete this schedule. If an estate or trust allocates or assigns the credit to its beneficiaries, it must 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. If needed, see *Additional forms* above.

Schedule D: Computation of credit

Fiduciaries: Do not enter any amounts on line 6 or 7.

Line 9: Enter the amount and code **657** on:

- Form IT-201-ATT, line 12;
- Form IT-203-ATT, line 12; or
- Form IT-204, line 147.

For Form IT-205, include the amount on line 33.

Schedule E: Recapture of credit

If ESD has adjusted or revoked a previously claimed COVID-19 capital costs credit that you earned directly or from a partnership, enter the certificate number in column A, and the amount that was adjusted or revoked in column B. If needed, see *Additional forms* above.