



Instructions for Form IT-252

Investment Tax Credit for the Financial Services Industry

IT-252-I

General information

The investment tax credit (ITC) for the financial services industry expired for property placed in service on or after October 1, 2015.

The employment incentive credit (EIC) allowed for the two years immediately succeeding the tax year for which an ITC was allowed, has also expired.

Note: You may only claim carryover or recapture of ITC and EIC on this form.

You may not request a refund for any unused portion of this credit; however, you may carry it forward for up to 10 tax years.

Who must file

File Form IT-252 if you are an individual, a beneficiary or fiduciary of an estate or trust, a partner of a partnership, or a shareholder of an S corporation, and:

- you are claiming an ITC or EIC carryover; or
- you had an early disposition of property for which the investment tax credit was allowed in a prior year.

An **estate or trust** that divides among itself and its beneficiaries the addback of credit on early dispositions must submit Form IT-252 with Form IT-205, *Fiduciary Income Tax Return*, showing each beneficiary's share of the addback of credit on early dispositions.

A **partnership** must file Form IT-252 with Form IT-204, *Partnership Return*, showing the partnership's total early dispositions of qualified property.

An **S corporation** does not file Form IT-252. It must file Form CT-44, *Claim for Investment Tax Credit for the Financial Services Industry*. If you are a shareholder in an S corporation that has made the election under Tax Law section 660, the S corporation must provide your share of the corporation's addback of credit on early dispositions of qualified property.

Early disposition of qualified property and addback of credit on early dispositions

If property on which the investment tax credit was taken is disposed of or removed from qualified use before its useful life or specified holding period ends (see instructions for Part 3), you must add the difference between the credit taken and the credit allowed for actual use to your income tax in the year of disposition. You must also add to your income tax an additional amount calculated by multiplying the addback of credit on early dispositions by the underpayment interest rate in effect on the last day of your tax year. The underpayment interest rate is not compounded. However, if the property was in qualified use for more than 12 consecutive years, the addbacks for credit and interest on early dispositions are not required.

Disposition of property also includes:

- a sale of property;
- the contribution of property to a partnership or corporation, unless a substantial interest in the ownership of the trade or business is retained by the transferor;
- the sale by a partner of their interest in a partnership;
- a gift of property;

- a reduction in the proportionate stock interest of an electing New York S corporation shareholder;
- conversion of property to personal use;
- a change in the location of the property to a situs outside New York State;
- an exchange of property for other property of like kind (including a trade-in of property);
- the theft or destruction of property; and
- an increase in nonqualified nonrecourse financing (but the addback of credit only applies for the portion of such increase).

Ordinarily, transfers by reason of death are not dispositions of property.

Use Form IT-252, Part 3 to calculate your addback of credit on early dispositions.

Line instructions

NAICS code: To be completed by federal Schedule C filers only. Enter the six-digit NAICS business code number from your federal Schedule C, line B.

Individuals (including sole proprietors): Complete Parts 1 and 5 and, if applicable, complete Parts 2 and 3.

Fiduciaries: Complete Parts 1 and 5 and, if applicable, complete Parts 2, 3, and 4.

Partnerships: Complete Parts 2 and 3 to report the recapture of credit.

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, calculate your credit amount as if you were filing one federal Schedule C for the business. Complete Parts 1 and 5 and, if applicable, complete Parts 2 and 3.

Partners, shareholders of New York S corporations, and beneficiaries of estates and trusts: Complete Parts 1 and 5 and, if applicable, complete Part 2.

Note: If more than one of the above applies to you, complete all appropriate parts on one Form IT-252.

Part 1: Calculation of credit

Line 2: Fiduciaries: Enter the fiduciary portion of the addback from Part 4, column C.

Line 3: If line 1 is greater than line 2, subtract line 2 from line 1 and enter the result here and on line 15. Do not complete line 4. If line 2 is greater than line 1, do not make an entry on this line; go to line 4 to calculate your net recaptured investment tax credit.

Line 4: If line 2 is greater than line 1, subtract line 1 from line 2 and enter the result here.

Individuals: Enter this amount and code **252** on Form IT-201-ATT, *Other Tax Credits and Taxes*, line 20, or Form IT-203-ATT, *Other Tax Credits and Taxes*, line 19.

Fiduciaries: Include the amount from this line on Form IT-205, line 12.

Part 2: Summary of addback of credit on early dispositions

Individual and partnership

Line 5: Enter your addback of credit on early dispositions from Part 3, line 14. See Part 3 instructions.

Beneficiary

Line 6: Enter your share of the addback of credit on early dispositions made by estates and trusts. The estate or trust should provide you with this information.

Partner

Line 7: Enter your share of the addback of credit on early dispositions made by partnerships. Your partnership should provide you with this information.

S corporation shareholder

Line 8: Enter your share of the addback of credit on early dispositions made by S corporations. Your S corporation should provide you with this information.

Fiduciary

Line 9: Enter the addback of credit on early dispositions from line 14.

Line 10

Partnerships: Enter this amount and code **252** on Form IT-204, line 148.

Fiduciaries: Enter this amount on the *Total* line of Part 4, column C.

All others: Enter this amount on line 2.

Part 3: Early dispositions of qualified property and addback of credit on early dispositions

If you claimed the credit on property that was disposed of or was removed from qualified use (a) during this tax year, and (b) prior to the end of its useful life or specified holding period, complete columns A through H. Do **not** include property that has been in qualified use for more than 12 consecutive years.

Enter in column D:

- for depreciable property under IRC section 167, the number of months of useful life of property.
- for recovery property under IRC section 168:
 - 36 for three-year property,
 - the number of months you chose for buildings or structural components of buildings, or
 - 60 for all other classes of property.

Enter in column E the number of months that the property was not in qualified use (cannot be greater than the amount in column D).

Additional forms: If you have more entries than will fit on the lines provided in Part 3, submit additional Forms IT-252, completing only the necessary sections. Include your name and taxpayer identification number on each form. On the indicated lines of the first Form IT-252, include the totals from all additional Forms IT-252. Place the extra forms behind the first Form IT-252 and submit them with your return.

Line 12: Enter the applicable underpayment interest rate in effect on the last day of your tax year. To find the rate, see *Interest rates*, or visit www.tax.ny.gov (search: *interest*).

Part 4: Beneficiary's and fiduciary's share of addback of credit on early dispositions

Enter the line 10 amount on the *Total* line, column C.

If an estate or trust allocates or assigns the addback of credit on early dispositions to its beneficiaries, base the division on each beneficiary's proportionate share of qualified investments made by the estate or trust. Provide the beneficiaries with their share of the addback.

Part 5: Application of credit and calculation of carryover

Line 16

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 17: If you are applying any credits against the tax before this credit, enter those amounts here.

Apply credits in the following order:

1. household credit
2. any credits that cannot be carried over or refunded
3. any credits that can be carried over for a limited duration
4. any credits that can be carried over for an unlimited duration
5. refundable credits

For more information, see *Ordering of personal income tax credits*, or visit www.tax.ny.gov (search: *ordering*).

Line 19: Enter the amount from line 15 or line 18, whichever is less.

Enter this amount and code **252** on Form IT-201-ATT, line 6, or Form IT-203-ATT, line 7, or include it on Form IT-205, line 10.

Line 21: Enter any unused tax credit included on line 20 that expired during this tax year and is no longer available.
