



# Instructions for Form IT-651

## Recovery Tax Credit

**IT-651-I**

### General information

For tax years beginning on or after January 1, 2020; the recovery tax credit (RTC) is available to employers with a formal working relationship with a local recovery community organization that are certified by the New York State Office of Addiction Services and Supports (NYS OASAS) and employ eligible individuals in recovery from a substance use disorder in part-time and full-time positions in New York State.

A completed application must be submitted to NYS OASAS, which administers the program, by January 15 of the current calendar year to claim the credit for individuals employed during the previous year. NYS OASAS will issue a certificate detailing the amount of tax credit available to be claimed by the taxpayer.

For more information about the program and application process, visit the NYS OASAS website at [www.oasas.ny.gov](http://www.oasas.ny.gov).

### Eligibility

To be eligible for this credit, you must meet **all** of the following requirements:

- you are subject to tax under Tax Law Article 9-A, 22 or 33;
- you are a certified employer, or the owner of a certified employer as defined by NYS OASAS under Mental Hygiene Law § 32.38; **and**
- you have received, or are the owner of a business entity that has received a certificate of tax credit issued by NYS OASAS.

### Definitions

A **certified employer** is an employer that has received a certificate of tax credit after the Commissioner of NYS OASAS has determined that the employer:

- provides a recovery supportive work environment;
- has a formal relationship with a local recovery community organization; **and**
- fulfills the eligibility criteria set forth by the commissioner.

### Credit details

The RTC is based on the hours worked by an eligible individual beginning with date of hire through the end of the tax year in which the hiring occurred **or** the tax year immediately succeeding the hiring year. To claim the RTC, **all** the following conditions must be met:

- the eligible individual must work a minimum of 500 hours for you;
- the credit is equal to \$1 for each hour worked by the eligible individual;
- the credit cannot exceed \$2,000, no matter the total number of hours worked;
- the credit may only be claimed one time per individual; **and**
- hours worked by multiple eligible individuals may not be combined to meet any of the RTC requirements.

The credit claimed may be claimed for the tax year shown on the certificate of tax credit. If the certified employer's tax year is a fiscal year, the credit may be claimed on the return for the fiscal year that includes the last day of the calendar year covered by the certificate of tax credit.

The credit allowed cannot be greater than the total amount of the credit listed on the certificate of tax credit issued by

NYS OASAS, or in the case of a partner in a partnership or a member of a limited liability company (LLC), or a shareholder in an S corporation, its pro rata share of the credit issued to the partnership, LLC, or S corporation.

### How to claim the credit

File Form IT-651 if you are an individual, a beneficiary or fiduciary of an estate or trust, a partner in a partnership (including members if an LLC treated as a partnership for federal tax purposes), or a shareholder of an S corporation, and you are claiming the RTC.

An estate or trust that divides the credit among itself and its beneficiaries must submit Form IT-651 with Form IT-205, *Fiduciary Income Tax Return*, showing each beneficiary's share of the credit.

A partnership must file Form IT-651 with Form IT-204, *Partnership Return*, showing the total credit.

A New York S corporation does not file Form IT-651. It must file Form CT-651, *Recovery Tax Credit*. If you are a shareholder of an S corporation, obtain your share of the recovery tax credit from the S corporation and follow the instructions on this form for claiming the credit on your personal income tax return.

If you received an RTC certificate from the NYS OASAS, use the information from the certificate to complete Form IT-651.

The RTC cannot reduce the tax due to less than **zero**; any unused amount of credit for the current tax year will be treated as a refund or overpayment of tax to be credited to the next year's tax. Interest will not be paid on the refund or overpayment.

### Line instructions

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

**Line A –** Mark an **X** in the appropriate box to determine the parts of this form 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-651.

**Individuals (including sole proprietors) and partnerships:** Complete lines A through D and Schedules A and D.

**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 lines A through D, and Schedules A and D.

**Fiduciary:** Complete lines A through D, and Schedules A through D, where appropriate.

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

**Note:** If more than one set of instructions applies to you, complete all the appropriate parts of the form on one Form IT-651.

**Additional sheets** – If you have more entries than will fit on the lines provided in Schedule B, C, or D, attach additional sheets in the same format as the schedule. Include your name and taxpayer identification number on each sheet and submit them and Form IT-651 with your return.

### **Schedule A – Individual (including sole proprietor), partnership, and estate or trust**

**Line 1** – Enter the total amount of the certificate of tax credit issued by NYS OASAS and submit a copy of the certificate. The amount entered cannot exceed the amount shown on your certificate of tax credit.

### **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 credit. Obtain your share of the credit and certificate number from your partnership(s), S corporation, estate or trust. If needed, see *Additional sheets* above.

### **Schedule C – Beneficiary’s and fiduciary’s share of credit**

An estate or trust must complete Schedule C. 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 sheets* above.

### **Schedule D – Computation of credit**

Complete lines 6, 7, and 8 (whichever apply to you).

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

**Line 9** – Enter the amount and code **651** 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.

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