



**Information about Generation-Skipping Transfer Tax Returns
(Forms ET-500 and ET-501) Filed Between 2010 and 2013**

We are revising Form ET-500, *Generation-Skipping Transfer Tax Return for Distributions*, and Form ET-501, *Generation-Skipping Transfer Tax Return for Terminations*, to help address certain issues we discovered with respect to returns filed between 2010 through 2013.

For New York State tax purposes, the generation-skipping transfer (GST) tax returns are only required to be filed for distributions and terminations resulting from the death of an individual. We discovered that some returns were filed and taxes were paid when there was no requirement to do so. In addition, some filers made computational errors and overpaid their GST taxes. As a result, the Tax Department is contacting the affected parties about credits or refunds that may apply.

We are also fixing an error in the instructions regarding how to compute the GST tax exemption. In 2011, we removed the table used to determine the *New York State numerator limit* (exemption amount) of the applicable fraction in computing the inclusion ratio. The exemption amount is adjusted for inflation and should be the amount allowed in the year the property was *transferred* to the trust. However, for 2011 and 2012, we instructed Form ET-500 and ET-501 filers to use the current-year exemption amount for all terminations and distributions, regardless of the year the property was transferred to the trust. As a result, some filers may have computed an incorrect amount of New York State GST tax. We are revising the forms and instructions to restore the table used for the New York State numerator limit and to clarify the GST tax calculations.

If you overpaid GST taxes, you may file an amended return to claim a credit or refund. For distributions and terminations prior to 2011, use Form ET-500 or ET-501 with a revision date of (11/10). For distributions and terminations in 2011 or 2012, use Form ET-500 or ET-501 with a revision date of (12/13). In general, any claim for credit or refund must be filed by the later of:

- three years from the date the original return was filed (if the original return was filed before the due date, three years from the due date), or
- two years from the date the tax was paid.

If you have already received a letter from the Tax Department notifying you of an error, you should follow the instructions given in that letter.

NOTE: An Important Notice is generally issued to announce a singular event, such as an update to a previously issued tax form or instruction, or to announce a new due date for filing returns and making payments of tax because of a natural disaster. The Department does not revise previously issued N-Notices.