



# Instructions for Form IT-225

## New York State Modifications

**IT-225-I**

### General information

To report any New York additions and subtractions to federal adjusted gross income that do not have their own line on your return, complete Form IT-225 and submit it with your return.

For a list of addition and subtraction modifications you may enter on this form for your specific filing, refer to the *Addition modifications chart* and *Subtraction modifications chart*.

Various modifications are entered directly on your return. See the modification charts and the instructions for the return you are filing for additional information.

Submit Form IT-225 with the main form you are filing:

- Form IT-201, *Resident Income Tax Return*,
- Form IT-203, *Nonresident and Part-Year Resident Income Tax Return*,
- Form IT-204, *Partnership Return*, or
- Form IT-205, *Fiduciary Income Tax Return*.

### Line instructions

Enter the name and Social Security number (SSN) or employer identification number (EIN) as shown on Form IT-201, IT-203, IT-204 or IT-205. If you are filing a joint personal income tax return, enter both spouses' names and the SSN of the taxpayer listed first on your Form IT-201 or IT-203.

Mark an **X** in the appropriate box identifying the return with which you are submitting Form IT-225.

Use the instructions below to determine which parts of this form you should complete. **Note:** If more than one set of instructions apply, follow all the instructions that apply to you.

### Individuals, partnerships, and estates or trusts

- To report your New York additions, complete Schedule A, Part 1.
- To report your New York subtractions, complete Schedule B, Part 1.

### Partners, S corporation shareholders, and beneficiaries

- To report your New York additions from a partnership, New York S corporation, or estate or trust, complete Schedule A, Part 2.
- To report your New York subtractions from a partnership, New York S corporation, or estate or trust, complete Schedule B, Part 2.

This information should be provided by the partnership, S corporation, and estate or trust. For more information, see New York State *addition* and *subtraction* modifications.

**Note:** You may list the same modification code in both Part 1 and Part 2.

**Example:** *Individual A has an addition modification for interest income received from a U.S. government authority, commission, or instrumentality (A-102) and has the same modification as a partner for income from a partnership.*

Enter **102** and the applicable amounts under Schedule A, Part 1 as an individual, and Schedule A, Part 2 as a partner.

If you have more than seven entries in any part, submit a separate Form IT-225 listing the additional addition or subtraction modifications in the appropriate parts.

### Schedule A – New York State additions

Enter the New York State addition modifications that apply to you:

- as an individual, partnership, or estate or trust in Part 1, and
- as a partner, shareholder, or beneficiary in Part 2.

### Part 1: Individuals, partnerships, and estates or trusts

#### Line 1

Enter all applicable New York State addition modification codes on lines 1a through 1g. For the complete list, see the *Addition modifications chart*.

- Form IT-201 filers do **not** enter A-103, A-104, or A-113
- Form IT-203 filers do **not** enter A-104 or A-113
- Form IT-205 filers do **not** enter A-113 or A-201

To find out where to enter these modifications directly on your return, see the *Addition modifications chart*.

#### All filers

In column A, enter the total of each New York State addition modification.

### Form IT-203 filers, partnerships, and estates or trusts who are doing business in and outside of New York

In column B, enter the portion that relates to income, gain, loss, or deduction derived from or connected with New York State sources. To find out where to enter these modifications directly on your return, see the *Addition modifications chart*.

### Part 2: Partners, shareholders, and beneficiaries

#### Line 5

Enter the New York State addition modifications provided by the entity of which you are a partner, shareholder, or beneficiary. Be sure to enter the total amount and New York State allocated amount (if applicable) in the appropriate column.

- Form IT-201 filers do **not** enter EA-113
- Form IT-203 filers do **not** enter EA-113
- Form IT-205 filers do **not** enter EA-113 or EA-201

To find out where to enter these modifications directly on your return, see the *Addition modifications chart*.

If you receive the **same** addition modification code from more than one partnership, S corporation, or estate or trust, combine the amounts and enter the modification code and the total amount on one line.

### Line 9

Enter the line 9 amount as follows:

- **Form IT-201 filers:** Enter the line 9 amount on Form IT-201, line 23.
- **Form IT-203 filers:** Enter the line 9 amount on Form IT-203, line 22, *Federal amount* column. Enter on line 22, *New York State amount* column, the sum of the entries from Form IT-225, lines 1 and 5, column B.
- **Form IT-205 filers:** Enter the line 9 amount on Form IT-205, line 65.
- **Form IT-204 filers:** Enter the line 9 amount on Form IT-204, line 108.

## Schedule B – New York State subtractions

Enter the New York State subtraction modifications that apply to you:

- as an individual, partnership, or estate or trust in Part 1, and
- as a partner, shareholder, or beneficiary, in Part 2.

### Part 1: Individuals, partnerships, and estates or trusts

#### Line 10

Enter all applicable New York State subtraction modification codes on lines 10a through 10g. For the complete list, see the *Subtraction modifications chart*.

- Form IT-201 filers do **not** enter S-103, S-104, S-106, S-107, or S-125
- Form IT-203 filers do **not** enter S-106, S-107, or S-125
- Form IT-205 filers do **not** enter S-125

To find out where to enter these modifications directly on your return, see the *Subtraction modifications chart*.

#### All filers

In column A, enter the total of each New York State subtraction modification.

#### Form IT-203 filers, partnerships, and estates or trusts who are doing business in and outside of New York

In column B, enter the portion that relates to income, gain, loss, or deduction derived from or connected with New York State sources.

### Part 2: Partners, shareholders, and beneficiaries

#### Line 14

Enter the New York State subtraction modifications as provided by the entity of which you are a partner, shareholder, or beneficiary. Be sure to enter the total amount and NYS allocated amount (if applicable) in the appropriate column.

- Form IT-201 filers do **not** enter ES-106, ES-107, or ES-125
- Form IT-203 filers do **not** enter ES-106, ES-107, or ES-125
- Form IT-205 filers do **not** enter ES-125

To find out where to enter these modifications directly on your return, see the *Subtraction modifications chart*.

If you receive the **same** subtraction modification code from more than one partnership, S corporation, or estate or trust, combine the amounts and enter the modification code and the total amount on one line.

### Line 18

Enter the line 18 amount as follows:

- **Form IT-201 filers:** Enter the line 18 amount on Form IT-201, line 31.
- **Form IT-203 filers:** Enter the line 18 amount on Form IT-203, line 29, *Federal amount* column. Enter on line 29, *New York State amount* column, the sum of the entries from Form IT-225, lines 10 and 14, column B.
- **Form IT-205 filers:** Enter the line 18 amount on Form IT-205, line 68.
- **Form IT-204 filers:** Enter the line 18 amount on Form IT-204, line 110.

#### Notes:

- If you fail to enter any of the specific subtraction modification codes (including subtraction modifications provided by the entity of which you are a partner, shareholder, or beneficiary) as identified by these instructions, we may disallow those subtraction modifications.
- If you make an entry on the *Other* line of Form IT-201, Form IT-203, Form IT-205, or the *Total subtraction modifications* line of Form IT-204, you **must** submit a properly completed Form IT-225.

## New York State addition and subtraction modifications

In the modification descriptions below, *you* will refer to an individual, estate, trust, or partnership, as applicable. For information on which forms the modifications apply to, see the *Addition and Subtraction* modifications charts.

### Form IT-203 filers

#### Nonresident individuals

Enter in column A, *Total amount*, the New York State additions or subtractions you must add to or subtract from your federal adjusted gross income. Enter in column B, *NYS allocated amount*, the portion that relates to income, loss, or deduction derived from or connected with New York State sources. New York additions and subtractions that relate to intangible items of income, such as interest or ordinary dividends, are only required to the extent the property that generates the income is employed in a business, trade, profession, or occupation carried on in New York State.

#### Part-year residents

If you were a part-year resident, include the portion of any of the additions and subtractions that relate to your New York State resident period in the *NYS allocated amount* column. Also, for the period you were a nonresident, include in the *NYS allocated amount* column the portion of any of the additions and subtractions to the extent they are related to a business, trade, profession, or occupation carried on in New York State or are from real or tangible personal property located in New York State.

#### Estates and trusts only: Payments for charitable purposes

Do **not** include any amount paid or set aside for charitable purposes in the additions and subtractions for Form IT-205, schedule B, lines 63 and 67 and modifications A-102, S-217, S-116, S-117, S-121, and S-123.

## S corporation shareholders

**Note:** You must make the modifications for the tax year of the S corporation that ends in your tax year.

### Electing S corporations

If you are a shareholder of a federal S corporation that elected to be a New York S corporation for the tax year, include any of the additions and subtractions that apply to your share of S corporation items of income, gain, loss, or deduction.

**Note:** Additions A-302, A-303, and A-304, and subtraction S-302 apply only to **nonelecting** S corporations.

If the election to treat the corporation as a New York S corporation terminated during the tax year, you must make the additions and subtractions only to the extent they are attributable to the period when the election to be a New York S corporation was in effect.

Obtain your share of S corporation items of income, gain, loss, and deduction from the S corporation.

### Nonelecting S corporations

If you are a shareholder of a federal S corporation that was eligible to make the election to be a New York S corporation for the tax year but did **not** make the election, include additions A-302, A-303, A-304, and subtraction S-302.

### Corporations not subject to Article 9-A

If you were **not** eligible to make the election to treat your corporation as a New York S corporation because the corporation was not subject to Article 9-A, general business corporation franchise tax, include any of the additions and subtractions that apply to your share of S corporation items of income, gain, loss, or deduction.

Additions A-301 through A-304, and subtractions S-301 and S-302 do **not** apply to you since they apply only to electing and nonelecting New York S corporations.

If a gain or loss is recognized on your federal income tax return due to the disposition of stock or indebtedness of an S corporation that did not elect to be a New York S corporation for any tax year after December 31, 1980, make addition A-304 or subtraction S-301, whichever applies to you.

(continued)

## New York State addition and subtraction modification charts

The charts below are quick reference guides listing each modification. They show (with an **X** in the column) if the modification applies to your form, and whether or not the modification must be listed on Form IT-225 or directly on a line of your return. These guides should only be used in conjunction with the instructions for each modification noted.

### Addition modifications

Modification code	Description	IT-201	IT-203	IT-204	IT-205
A-101	New York City flexible benefits program (IRC 125)	X	X		X
A-102	Income from certain obligations of U.S. government agencies or instrumentalities	X	X	X	X
A-103	New York's 529 college savings program distributions	Line 22	X		
A-104	414(h) retirement contributions	Line 21	Line 21		X
A-105	Special additional mortgage recording tax deduction	X	X	X	
A-106	Special additional mortgage recording tax basis adjustment	X	X	X	
A-107	Sales or dispositions of assets acquired from decedents	X	X		X
A-108	Disposition of solar and wind energy systems	X	X		
A-109	New business investment; deferral recognition	X	X	X	X
A-110	Qualified emerging technology investments	X	X	X	X
A-111	Interest expense on loans used to buy obligations exempt from New York State tax, amortized bond premium on bonds that are exempt from New York State tax and other expenses relating to the production of income exempt from New York State tax	X	X	X	X
A-112	Health insurance and the welfare benefit fund surcharge	X	X		X
A-113	Interest income on state and local bonds and obligations	Line 20	Line 20	X	Line 63
A-114	Form 4970 accumulation distribution of trusts	X	X	X	X
A-115	Special accruals	X	X		X
A-116	Resident beneficiary accumulation distribution	X	X	X	X
A-117	Incomplete gift non-grantor trust	X	X	X	X
A-118	Net gain from casualty or theft	X	X		
A-119	Alimony or separate maintenance payments received	X	X		X
A-120	IRC § 199A deduction				X
A-121	IRC §§ 951(a) and 951A(a) income inclusions when the IRC § 962 election is made	X	X		X
A-201	Personal income taxes and unincorporated business taxes deducted in determining federal adjusted gross income	X	X	X	Line 64
A-202	Percentage depletion	X	X	X	X
A-203	Safe harbor leases [IRC § 168(f)(8)]	X	X	X	X
A-204	Safe harbor leases	X	X	X	X
A-205	Accelerated cost recovery system deduction	X	X	X	X
A-206	Accelerated cost recovery system property (year of disposition adjustment)	X	X	X	X
A-207	Farmers' school tax credit	X	X		X
A-208	Sport utility vehicle expense deduction	X	X	X	X
A-209	IRC § 168(k) property depreciation	X	X	X	X
A-210	Special depreciation	X	X	X	X
A-211	Royalty and interest payments made to a related member or members	X	X	X	X

**Addition modifications** *(continued)*

<b>Modification code</b>	<b>Description</b>	<b>IT-201</b>	<b>IT-203</b>	<b>IT-204</b>	<b>IT-205</b>
A-212	Environmental remediation insurance premiums	X	X	X	X
A-214	Metropolitan commuter transportation mobility tax	X	X	X	X
A-215	Net operating loss (NOL) deduction limitation	X	X		X
A-216	Manufacturer's real property tax	X	X	X	X
A-217	START-UP NY excise tax on telecommunication services	X	X	X	X
A-218	Farm donations to food pantries				X
A-219	New York State pass-through entity tax (PTET) deduction addback (IT-653, <i>Pass-Through Entity Tax Credit</i> )	X	X		X
A-220	Pass-through entity tax (PTET) deduction addback (IT-112-R, <i>New York State Resident Credit</i> )	X	X		X
A-221	Gains invested in a qualified opportunity fund	X	X	X	X
A-222	New York City (NYC) pass-through entity tax (PTET) deduction addback (IT-653, <i>Pass-Through Entity Tax Credit</i> )	X	X		X
A-301	S corporation shareholders; reduction for taxes	X	X		X
A-302	S corporation shareholders; pass-through loss or deduction items	X	X		X
A-303	S corporation shareholders	X	X		X
A-304	S corporation shareholders; disposition of stock or indebtedness with increased basis	X	X		X
EA-901	Beneficiary's share of fiduciary adjustment	X	X	X	X

**Subtraction modifications**

<b>Modification code</b>	<b>Description</b>	<b>IT-201</b>	<b>IT-203</b>	<b>IT-204</b>	<b>IT-205</b>
S-101	START-UP NY wages	X	X		X
S-102	Build America Bond (BAB) Interest	X	X	X	X
S-103	New York's 529 college savings program deduction	Line 30	X		
S-104	New York's 529 college savings program distributions	Line 30	X		
S-105	Long-term residential care deduction	X	X		
S-106	Pension and annuity income exclusion	Line 29	Line 28		X
S-107	Pensions of New York State and local governments and federal government	Line 26	Line 25		X
S-109	Accelerated death benefits received that were includable in federal adjusted gross income	X	X		X
S-110	Contributions for Executive Mansion, natural and historical resources, not deducted elsewhere	X	X	X	X
S-111	Distributions made to a victim of Nazi persecution	X	X	X	X
S-112	Items of income related to assets stolen from or otherwise lost to a victim of Nazi persecution	X	X	X	X
S-113	Professional service corporation shareholders	X	X		X
S-114	Gain to be subtracted from the sale of a new business investment reported on your federal income tax return	X	X	X	X
S-115	Qualified emerging technology investments	X	X	X	X
S-116	Sales or dispositions of assets acquired before 1960 with greater state than federal bases	X	X	X	X

**Subtraction modifications** *(continued)*

<b>Modification code</b>	<b>Description</b>	<b>IT-201</b>	<b>IT-203</b>	<b>IT-204</b>	<b>IT-205</b>
S-117	Income earned before 1960 and previously reported to New York State	X	X	X	X
S-118	Military combat pay	X	X		X
S-119	Military pay		X		X
S-120	New York Higher Education Loan Program (HELP)	X	X		
S-121	Certain investment income from U.S. government agencies	X	X	X	X
S-122	Certain railroad retirement income and railroad unemployment insurance benefits	X	X		X
S-123	Certain investment income exempted by other New York State laws	X	X	X	X
S-124	Disability income exclusion	X	X		
S-125	Interest income on U.S. government bonds	Line 28	Line 27	X	Line 67
S-126	New York State organized militia income	X	X		X
S-127	Loss from the sale or disposition of property that would have been realized if a federal estate tax return had been required	X	X	X	X
S-128	Native American income exclusion	X	X		
S-129	Special accruals	X	X		X
S-130	Volunteer firefighter or ambulance worker length of service award	X	X		
S-132	Living organ donors	X			
S-134	Deduction for student loans discharged due to death or disability	X	X		
S-135	Qualified moving expense reimbursements and moving expenses	X	X		X
S-136	Alimony or separate maintenance payments paid	X	X		X
S-137	Volunteer firefighter enhanced cancer disability benefits	X	X		
S-138	State and local tax deduction other than state and local sales taxes and income taxes				X
S-139	Miscellaneous itemized deductions				X
S-140	COVID-19 family death benefit program	X	X		X
S-141	Deduction for repayment of amounts reported in a taxpayer's income in a previous tax year	X	X		
S-142	Student loan forgiveness awards	X	X		
S-143	Health care and mental hygiene worker bonuses	X	X		
S-144	Student loans discharged or forgiven under any federally authorized program	X	X		
S-201	Small business modification	X	X	X	X
S-202	Interest expense on loans used to buy federally tax-exempt obligations that are taxable to New York State	X	X	X	X
S-203	Expenses (other than interest expense) connected with federally tax-exempt income that is taxable to New York State	X	X	X	X
S-204	Amortizable bond premiums on bonds that generate federally tax-exempt interest income that is taxable to New York State	X	X	X	X
S-205	Wage and salary expenses allowed as federal credits but not as federal expenses	X	X	X	X



**Subtraction modifications** *(continued)*

<b>Modification code</b>	<b>Description</b>	<b>IT-201</b>	<b>IT-203</b>	<b>IT-204</b>	<b>IT-205</b>
S-206	Cost depletion	X	X	X	X
S-207	Special depreciation expenditures	X	X	X	X
S-208	Safe harbor leases	X	X	X	X
S-209	Safe harbor leases	X	X	X	X
S-210	New York depreciation allowed	X	X	X	X
S-211	Accelerated cost recovery system (year of disposition adjustment)	X	X	X	X
S-212	Sport utility vehicle expense deduction recapture	X	X	X	X
S-213	IRC § 168(k) property depreciation	X	X	X	X
S-214	IRC § 168(k) property (year of disposition adjustment)	X	X	X	X
S-215	Refund of certain New York business tax credits	X	X	X	X
S-216	New York State Innovation Hot Spot Program	X	X	X	X
S-217	Taxable refunds	X	X	X	X
S-218	Gains invested in a qualified opportunity fund	X	X	X	X
S-220	Deductions related to the production and distribution of adult-use cannabis products	X	X	X	X
S-301	S corporation shareholders	X	X		X
S-302	S corporation shareholders - pass-through income	X	X		X
S-303	Franchise tax refunds	X	X		X
ES-901	Beneficiary's share of fiduciary adjustment	X	X	X	X

*(continued)*

**New York State additions**

Write in the applicable codes and the amount of each addition modification on lines 1a through 1g.

Enter any amounts passed to you by a partnership, S corporation, estate, or trust directly on lines 5a through 5g using the addition modification code provided to you by the entity.

**A-101: New York City flexible benefits program (IRC 125)**

If any federal Form W-2 wage and tax statement shows that an amount was deducted or deferred from your salary under a flexible benefits program established by New York City or *certain other New York City public employers* on your or a decedent's behalf, **then** enter that amount.

*Certain other New York City public employers* may include, but are not limited to, the following:

- City University of New York
- NYC Health and Hospitals Corporation
- NYC Transit Authority
- NYC Housing Authority
- NYC Board of Education
- NYC School Construction Authority
- NYC Rehabilitation Mortgage Insurance Corporation
- Manhattan and Bronx Surface Transit Operating Authority
- Staten Island Rapid Transit Authority

**A-102: Income from certain obligations of U.S. government agencies or instrumentalities**

If, during the tax year, any interest or dividend income from any U.S. government authority, commission, or instrumentality that federal laws exempt from federal income tax but do not exempt from state income tax was received or credited, **then** enter that income. If you are uncertain whether a particular federal bond or obligation is subject to state income tax, see *Need help?* on your return to contact the Tax Department.

**A-103: New York's 529 college savings program distributions**

If you made a nonqualified withdrawal from an account established under **New York's** 529 college savings program, **then** enter in the *Total amount* column the amount from line 7 of the *worksheet* below.

**Note:** Before you complete the worksheet, you must first calculate your S-103 subtraction modification.

**Full-year resident individuals:** Do **not** enter this modification on Form IT-225. Enter the addition modification on Form IT-201, line 22, if applicable. See the instructions for Form IT-201, line 22.

**Part-year resident individuals only:** Enter in the *Total amount* column the amount from line 7 of the *worksheet* and include in the *New York State allocated amount* column any portion of line 7 you made while you were a resident of New York State.

A withdrawal from a **New York** 529 college savings program is considered nonqualified **unless** it is used:

- to pay the qualified higher education expenses of the designated beneficiary (even if the amount withdrawn is reinvested in New York's college savings program within the IRC 60-day rollover period),
- to pay the principal and interest on any qualified education loan [as defined in IRC § 221(d)] of the designated beneficiary or a sibling of the designated beneficiary **on or after** September 5, 2024,

- to make a rollover to a Roth IRA, as provided for in IRC § 529(c)(3)(E), **on or after** September 5, 2024,
- for any purpose, provided the withdrawal is the result of the death or disability of the designated beneficiary, or
- to make a rollover of some or all its assets, either contributions or earnings, to a qualified Achieving a Better Life Experience (ABLE) program.

**Note:** Transfers between accounts of family members that are not disbursed in cash or in-kind within New York's program are not considered distributions and therefore not required to be added back as nonqualified withdrawals.

Nonqualified withdrawals from a **New York** 529 college savings program include, but are not limited to:

- The transfer to another state's program (whether for the same beneficiary or for the benefit of another family member).
- Any withdrawal used to pay tuition in connection with enrollment or attendance at elementary or secondary public, private, or religious schools because higher education generally means public or private, non-profit or proprietary post-secondary educational institutions, in or outside New York State.
- Any withdrawal used to pay the principal or interest on any qualified education loan [as defined in IRC § 221(d)] of the designated beneficiary or a sibling of the designated beneficiary **before** September 5, 2024.
- Any withdrawal used to make a rollover to a Roth IRA, as provided for in IRC § 529(c)(3)(E), **before** September 5, 2024.

Include applicable amounts from all existing accounts owned on lines 1 through 7 of the worksheet below. Do **not** include amounts applicable to accounts that were closed in a prior tax year. If you are filing a joint return, include the applicable amounts from all existing accounts owned by you and your spouse.

**Worksheet for A-103**

Before you begin, complete subtraction modification S-103.

- 1 Total current and prior years' nonqualified withdrawals from your accounts ..... 1 \_\_\_\_\_
- 2 Total current and prior years' contributions to your accounts ..... 2 \_\_\_\_\_
- 3 Total current year's S-103 subtraction modification and prior years' subtraction modifications\* ..... 3 \_\_\_\_\_
- 4 Subtract line 3 from line 2 ... 4 \_\_\_\_\_
- 5 Total prior years' addition modifications\* ..... 5 \_\_\_\_\_
- 6 Add lines 4 and 5..... 6 \_\_\_\_\_
- 7 Subtract line 6 from line 1. This is your current year A-103 addition modification. Part-year residents enter on Form IT-225, line 1. If line 7 is 0 (zero) or less, there is no entry required on Form IT-225, line 1 for this addition ..... 7 \_\_\_\_\_

\*Be sure to include all prior years' addition and subtraction modifications. Keep this worksheet with your copy of your return.



**A-104: 414(h) retirement contributions****Individuals**

Enter the addition modification on Form IT-201, line 21, or Form IT-203, line 21, if applicable. Do **not** include this modification on Form IT-225. See the instructions for the return you are filing.

**Estates and trusts**

If any wage and tax statement, federal form W-2, shows an amount deducted from a decedent's salary as a retirement contribution, **then** enter that amount.

**Note:** These are retirement contributions made by any of the following:

- a member of the New York State and Local Retirement Systems, which include the New York State Employees' Retirement System and the New York State Police and Fire Retirement System
- a member of the New York State Teachers' Retirement System
- a deceased employee of the State or City University of New York who belongs to the Optional Retirement Program
- a member of the New York City Employees' Retirement System, the New York City Teachers' Retirement System, the New York City Board of Education Retirement System, the New York City Police Pension Fund or the New York City Fire Department Pension Fund
- a member of the Manhattan and Bronx Surface Transit Operating Authority (MABSTOA) Pension Plan

Do **not** enter contributions to an IRC § 401(k) deferred arrangement, IRC § 403(b) annuity, or IRC § 457 deferred compensation plan.

**A-105: Special additional mortgage recording tax deduction**

If you deducted special additional mortgage recording tax when you calculated your federal income, and you paid the special additional tax before January 1, 1988, **and** in a prior year, you were allowed a New York State personal income tax credit for that tax, **then** enter the amount deducted.

Do **not** make the addition for the tax paid to record a mortgage on or after January 1, 2004, even if you claimed a credit for that tax.

**A-106: Special additional mortgage recording tax basis adjustment**

If you sold or disposed of property on which you paid a special additional mortgage recording tax, **and** you paid a special additional tax before January 1, 1988, **and** in a prior year, you or the partners claimed a New York State personal income tax credit for that tax, **then** enter the amount, if any, of the federal basis of the property that was not adjusted to reflect the amount of the credit allowed.

**A-107: Sales or dispositions of assets acquired from decedents**

**Note:** This modification is not required for property acquired from decedents who died on or after February 1, 2000.

Assets of decedents can sometimes have different bases for state and federal tax purposes. This requires adjustments in the gain or loss on the sale or disposition of those assets.

If during the tax year, there was a sale or other disposition of any assets that had been inherited or sold or disposed of directly by the estate of a decedent; **and**

- the estate of the decedent was not large enough to require a federal estate tax return; **and**

- the executor or administrator of that estate had valued those assets for New York State income tax purposes at less than their value for federal income tax purposes, **then** enter the **difference between**

- (a) the gain or loss on that sale or disposition that was included in your federal income for the tax year and
- (b) the gain or loss that would have resulted if the assets had been valued the same for New York State income tax purposes as for federal income tax purposes.

**A-108: Disposition of solar and wind energy systems**

If in any tax year beginning on or after January 1, 1981, and ending before December 31, 1986, you took a New York State solar and wind energy credit on property; **and**

- that property was sold or otherwise disposed of during the tax year; **and**
- a reportable gain resulted for federal income tax purposes from that sale or disposition; **and**
- you included the cost of the energy system in the federal basis of the property but did not reduce the federal basis by the state credit,

**then** enter the amount of the credit you had previously claimed.

**A-109: New business investment; deferral recognition**

If, in any tax year beginning on or after January 1, 1982, and before 1988, you chose to subtract all or a portion of a long-term capital gain from your federal income because that amount had been reinvested in a new New York business, and if that reinvestment was sold in the current tax year, **then** enter the amount that had been previously subtracted.

**A-110: Qualified emerging technology investments**

If you elected to defer the gain from the sale of qualified emerging technology investments because you reinvested in a New York qualified emerging technology company, and if you sold that reinvestment during the tax year, **then** you must enter the amount previously deferred. See S-115.

**A-111: Interest expense on loans used to buy obligations exempt from New York State tax, amortized bond premium on bonds that are exempt from New York State tax and other expenses relating to the production of income exempt from New York State tax**

1. If your federal income includes a deduction for interest expense used to buy bonds, obligations, or securities whose interest income is taxable for federal purposes but exempt from New York State tax, **then** enter that interest expense.
2. If your federal income includes a deduction for the amortization of bond premiums on bonds whose interest income is taxable for federal purposes but exempt from **New York State tax**, **then** enter that amortized premium.
3. If your federal income includes a deduction for expenses relating to the production of income which is taxable for federal purposes but exempt from New York State tax, **then** enter that expense.

**A-112: Health insurance and the welfare benefit fund surcharge**

If you or a decedent were a career pension plan member of the NYC Employees' Retirement System or the NYC Board of Education Retirement System; **and** any wage and tax statement, federal Form W-2, received shows an amount that was deducted from salary for health insurance and the welfare benefit fund surcharge, **then** enter that amount.

**A-113: Interest income on state and local bonds and obligations (but not those of New York State or its local governments)**

**Individuals:** Do **not** include this modification on Form IT-225. Instead, enter the addition modification on Form IT-201, line 20, or Form IT-203, line 20, as applicable.

**Estates and trusts:** Do **not** include this modification on Form IT-225. Instead, enter the addition modification on Form IT-205, line 63.

Interest income on obligations of other states or political subdivisions of those states that is exempt from federal income tax is subject to New York State tax. This includes interest income on state and local bonds (but not those of New York State and local governments within the state), interest and dividend income from tax-exempt bond mutual funds, and tax-exempt money market funds that invest in obligations of states other than New York.

If you purchased a bond between interest dates, include the amount of interest you received during the year, less the seller's accrued interest (the amount accrued from the interest date preceding your purchase to the date you purchased the bond). If you sold a bond between interest dates, include the amount of interest you received during the year plus the accrued interest amount (the amount accrued from the interest date preceding the date you sold the bond to the date you sold the bond). You should have received this information when you purchased or sold the bond.

**A-114: Form 4970 accumulation distribution of trusts**

If you filed federal Form 4970, *Tax on Accumulation Distribution of Trusts*, the income you reported on line 1 of Form 4970 is not included on line 11 of Form IT-201 or IT-203 because the IRC considers the distribution part of federal gross income. You must therefore enter the amount of income you reported on Form 4970, line 1, after subtracting any interest income on state and local bonds and obligations of New York State and its local governments (if you included it on Form 4970, line 5).

**A-115: Special accruals**

If you have or had a change in New York State or New York City resident status, you may have to use special accrual rules to calculate your tax. Income accrues to you as a taxpayer when the amount becomes fixed and determinable and you have an unrestricted right to receive it.

An *accrued expense* is a cost that has been incurred but not yet paid. See the instructions for the return you are filing for more information on special accruals.

If you are subject to the special accrual rules, **then** enter your accrued item of income, gain, loss, or deduction. Also see S-129.

**A-116: Resident beneficiary accumulation distribution**

For tax years beginning on or after January 1, 2014, if you are the beneficiary of a trust that, in any tax year, was not subject to tax because it met the conditions of Tax Law § 605(b)(3)(D) (except for an incomplete gift non-grantor trust), **then** you must add to your federal adjusted gross income the amount determined under the first sentence of IRC § 677 for the tax year, to the extent that you did not include it in federal adjusted gross income.

In calculating the amount to be added, the beneficiary shall disregard

- IRC § 665(c),
- income earned by the trust in any tax year the trust was subject to New York tax,

- income earned by the trust in any tax year before the beneficiary first became a resident of New York, and
- income paid to a beneficiary before June 1, 2014.

See Tax Law § 612(b)(40) and TSB-M-14(3)l.

**A-117: Incomplete gift non-grantor trust**

If you transferred property to an *incomplete gift non-grantor trust*, **then** include the income (after subtracting deductions) of the trust, to the extent you would take that income into account when you calculate your federal taxable income if the trust in its entirety were treated as a grantor trust for federal tax purposes.

Do **not** include any income from a trust that was liquidated before June 1, 2014.

A resident trust is considered an *incomplete gift non-grantor trust* if:

- it does not qualify as a grantor trust under IRC §§ 671 through 679, **and**
- the grantor's transfer of assets to the trust is treated as an incomplete gift under IRC § 2511 and its regulations.

**A-118: Net gain from casualty or theft**

If you claim the New York itemized deduction for a casualty or theft loss and you calculated a net gain on line 15 of the *Casualty and theft worksheet* for Form IT-196, *New York Resident, Nonresident, and Part-Year Resident Itemized Deductions*, **then** you must enter any gain as income, to the extent you did not already include it as income on your federal return (Form 1040 or 1040NR, Schedule D).

These gains are considered income for New York State purposes and you **must** include them as income on your tax return. For more information regarding casualty and theft loss that results in a net gain, see the instructions for Form IT-196.

**A-119: Alimony or separate maintenance payments received**

If you received any applicable alimony or separate maintenance payments during the tax year, **then** enter the amount received.

An *applicable alimony or separate maintenance payment* is a payment made under an alimony or separation instrument (as defined in IRC § 71 as it was in effect immediately prior to the enactment of Public Law 115-97) that was executed after December 31, 2018. This also applies to any divorce or separation instrument executed on or before December 31, 2018, and modified after December 31, 2018, if the modification to the instrument expressly provides that the addition and subtraction modifications contained in Tax Law § 612(w) apply.

You must provide your SSN or individual taxpayer identification number (ITIN) to the spouse or former spouse who paid the alimony or separate maintenance payments.

**A-120: IRC § 199A deduction**

If an estate or trust was allowed a deduction under IRC § 199A in calculating federal taxable income, **then** enter the amount of that deduction.

**A-121: IRC §§ 951(a) and 951A(a) income inclusions when the IRC § 962 election is made**

If you:

- have a federal income inclusion under either
  - IRC § 951(a) [your pro rata share of subpart F income and your amount determined under IRC § 956], or
  - IRC § 951A(a) [global intangible low-taxed income]; and

- made an IRC § 962 election to be subject to tax at corporate rates.

**then** enter the federal income inclusion amounts under IRC §§ 951(a) and 951A(a) computed without regard to the IRC § 962 election to the extent such amounts were **not** included in your federal adjusted gross income.

**The following addition modifications apply only to Form IT-201 or Form IT-203 filers who file federal Schedule C, E, or F, or to Form IT-204 or Form IT-205 filers.**

**All other filers:** see *New York State subtractions*.

#### **A-201: Personal income taxes and unincorporated business taxes deducted in determining federal adjusted gross income**

You may not deduct personal income taxes or unincorporated business taxes when you calculate your New York State income.

If you included a deduction for state, local, or foreign income taxes, including unincorporated business taxes, when calculating your federal income, **then** you must enter the amount of that deduction. For example, if you operated a business and deducted New York City unincorporated business tax on your federal return as an expense of doing business, include this tax amount.

**Note:** The New York State filing fee paid on Form IT-204-LL, *Partnership, Limited Liability Company, and Limited Liability Partnership Filing Fee Payment Form*, is not an income tax. Do **not** include it in this modification.

**Estates and trusts:** Do **not** include this modification on Form IT-225. Instead, enter the addition modification, if applicable, on Form IT-205, line 64.

**S corporation shareholders:** If you are a shareholder of a federal S corporation for which a New York S election was in effect; **and** that corporation deducted taxes imposed by Article 9-A (general business corporation franchise tax) of the New York State Tax Law, or state or local taxes of this or another state, political subdivision of this or another state, or the District of Columbia, **then** enter your pro rata share of those taxes.

**S corporation shareholders and partners in partnerships:** You must add back your pro rata share or distributive share of the following taxes reported to you by the S corporation or partnership:

- Any estimated payments made for the New York State pass-through entity tax for the tax year that exceed the actual pass-through entity tax liability for the tax year,
- Any amounts paid on behalf of partners, members, or shareholders to states that are not substantially similar to New York State's pass-through entity tax,
- Any amounts paid on behalf of New York State nonresidents for pass-through entity taxes that are substantially similar to New York State's pass-through entity tax, and
- Any amounts paid on behalf of New York State residents for pass-through entity taxes that are substantially similar to New York State's pass-through entity tax on income not sourced to the other state under the laws of New York State.

Do **not** enter any amounts required to be added back under modifications A-219 or A-220.

#### **A-202: Percentage depletion**

If you claimed a deduction on your federal return for percentage depletion, **then** enter the amount you deducted when you calculated your federal income. Also see S-206.

#### **A-203: Safe harbor leases [IRC § 168(f)(8)]**

If, when you calculated your federal income, you took deductions attributable to a safe harbor lease (except for mass transit vehicles) made under an election provided for by IRC § 168(f)(8) as it was in effect for agreements entered into prior to January 1, 1984, **then** enter those deductions. Also see A-204, S-208, and S-209.

#### **A-204: Safe harbor leases**

If your financial matters during the tax year involved a safe harbor lease (except for mass transit vehicles) made under an election provided for by IRC § 168(f)(8) as it was in effect for agreements entered into prior to January 1, 1984, **then** you must enter the income that you would have included in federal income if you had not made the election. Also see A-203, S-208, and S-209.

#### **A-205: Accelerated cost recovery system deduction**

If you claimed accelerated cost recovery system depreciation on your federal return for:

- property placed in service during tax years 1981 through 1984 (other than IRC § 280F property); **or**
- property placed in service outside New York State during tax years 1985 through 1993 (other than IRC § 280F property) and you elect to continue using IRC § 167 depreciation [see TSB-M-99(1)J];

**then** enter the amount that you deducted when you calculated your federal income. You must submit Form IT-399, *New York State Depreciation Schedule*, with your return.

**Partners, shareholders, and beneficiaries:** Do **not** complete Form IT-399 to determine the amount to enter. **Enter the amount** provided to you by the entity of which you are a partner, shareholder, or beneficiary.

#### **A-206: Accelerated cost recovery system property (year of disposition adjustment)**

If you disposed of property that was depreciated for federal purposes using accelerated cost recovery system, and if accelerated cost recovery system depreciation was not allowed for state purposes (see A-205), **then** you must complete Part 2 of Form IT-399, *New York State Depreciation Schedule*, to determine the amount to enter. Submit Form IT-399 with your return. Also see S-211.

**Partners, shareholders, and beneficiaries:** Do **not** complete Form IT-399 to determine the amount to enter. **Enter the amount** provided to you by the entity of which you are a partner, shareholder, or beneficiary.

#### **A-207: Farmers' school tax credit**

If you claimed the farmers' school tax credit on your 2023 New York State tax return, **and** you deducted the school taxes when you calculated your federal income on your 2023 federal return, **then** you must enter the amount of the credit claimed for 2023 on this year's return.

If you were required to report the amount of the credit as income on your 2024 federal return, do **not** make this modification.

#### **A-208: Sport utility vehicle expense deduction**

If you claimed an IRC § 179 deduction on your federal return with respect to a sport utility vehicle that weighs more than 6,000 pounds, and you are not an eligible farmer as defined for purposes of the farmers' school tax credit (see Form IT-217-I, *Instructions for Form IT-217, Claim for Farmers' School Tax Credit*), **then** enter the amount of that deduction.



**Note:** If a partner is an eligible farmer for purposes of the farmers' school tax credit, the partner is not required to make an addition modification for their share of the A-208 modification.

A *sport utility vehicle* is any four-wheeled passenger vehicle manufactured primarily for use on public streets, roads, and highways. However, it does **not** include:

- any ambulance, hearse, or combination ambulance-hearse used directly in a trade or business;
- any vehicle used directly in the trade or business of transporting persons or property for compensation or hire; or
- any truck, van, or motor home.

A *truck* is any vehicle that has a primary load-carrying device or container attached, or is equipped with an open cargo area or covered box not readily accessible from the passenger compartment.

#### A-209: IRC § 168(k) property depreciation

With the exception of resurgence zone property and New York liberty zone property described in IRC § 1400L(b)(2), New York State does not follow the federal depreciation rules for IRC § 168(k) property placed in service inside or outside New York State on or after June 1, 2003. If you claimed a depreciation deduction for such property, **and if** no exception for resurgence zone or New York liberty zone property applies, **then** complete Part 1 of Form IT-398, *New York State Depreciation Schedule for IRC Section 168(k) Property*, to determine the amount to enter. Submit Form IT-398 with your return.

**Partners, shareholders, and beneficiaries:** Do **not** complete Form IT-398 to determine the amount to enter. **Enter the amount** provided to you by the entity of which you are a partner, shareholder, or beneficiary.

#### A-210: Special depreciation

If you made an election for tax years beginning before 1987 for:

- special depreciation,
- research and development expenditures,
- waste treatment facility expenditures,
- air pollution control equipment expenditures, **or**
- acid deposition control equipment,

**then** enter the amount of depreciation or expenditures relating to these items that was deducted in calculating federal income on your return.

Submit Form IT-211, *Special Depreciation Schedule*, with your return. Also see S-207.

**Partners, shareholders, and beneficiaries:** Do **not** complete Form IT-211 to determine the amount to enter. **Enter the amount** provided to you by the entity of which you are a partner, shareholder, or beneficiary.

#### A-211: Royalty and interest payments made to a related member or members

For tax years beginning on or after January 1, 2003, New York requires certain taxpayers to add back deductions they took on their federal return for certain royalty payments for the use of intangible property, such as trademarks or patents, and interest payments they made to a related member or members. Include the amount for any such payments you deducted in calculating your federal income.

**Note:** There are exceptions to this addition modification. See TSB-M-13(4) for more information. If you believe you do not have to make this add back as a result of one of the exceptions, attach a statement to your return explaining how you meet each requirement for the exception.

#### A-212: Environmental remediation insurance premiums

If you:

- paid premiums for environmental remediation insurance, **and**
- claimed a deduction for such premiums, **and**
- claimed the environmental remediation insurance credit by filing Form IT-613, *Claim for Environmental Remediation Insurance Credit For Qualified Sites Accepted into the Brownfield Cleanup Program Prior to July 1, 2015*,

**then** enter the amount of the environmental remediation insurance credit allowed.

#### A-214: Metropolitan commuter transportation mobility tax

If you claimed a federal deduction for the metropolitan commuter transportation mobility tax imposed under Article 23 of the Tax Law, **then** enter the amount deducted.

#### A-215: Net Operating Loss (NOL) deduction limitation

If you incurred a NOL before January 1, 2018, and if your federal taxable income, calculated without the NOL deduction is less than your federal NOL deduction, **then** complete the *NOL worksheet* below. Enter the amount from line 6 of the worksheet as your New York State NOL addition modification in the *Total amount* column.

**Form IT-203 filers:** Do **not** enter an amount in the *New York State allocated amount* column.

##### NOL worksheet

##### Part 1: New York State NOL deduction computation

1	Enter as a positive number the federal NOL deduction as shown on your federal income tax return.....	1 _____
2	Enter your federal taxable income calculated <b>without</b> the NOL deduction from line 1. If the result is less than zero, enter <b>0</b> .....	2 _____
3	Enter the lesser of line 1 or line 2. This is the amount of NOL deduction you are allowed when calculating your New York adjusted gross income. (If the amount on line 3 is less than the amount on line 1, complete Part 2, below.).....	3 _____

##### Part 2: NOL addition modification

If the amount of your NOL deduction allowed for New York State income tax purposes (line 3, above) is less than the NOL amount you used to determine your federal adjusted gross income for the same year (line 1, above), you must calculate and report an NOL addition modification. To account for the difference, use the amounts from line 1 and line 3, above, to calculate the amount you must report as an NOL addition modification on Form IT-225.

4	Enter the amount from Part 1, line 1.....	4 _____
5	Enter the amount from Part 1, line 3.....	5 _____
6	Subtract line 5 from line 4 and enter the result. If the result is less than zero, enter <b>0</b> . <b>This is your NOL addition modification</b> .....	6 _____

#### A-216: Manufacturer's real property tax

If you claimed any federal deduction for real property taxes and you also claimed the manufacturer's real property tax credit by filing Form IT-641, *Manufacturer's Real Property Tax Credit*, **then** enter the amount of the federal deduction for real

property taxes you used as the basis for the calculation of the manufacturer's real property tax credit.

**A-217: START-UP NY excise tax on telecommunication services**

If you claimed any federal deduction for excise taxes on telecommunication services and you also claimed the START-UP NY telecommunication services excise tax credit by filing Form IT-640, *START-UP NY Telecommunication Services Excise Tax Credit*, **then** enter the amount of the federal deduction for excise taxes on telecommunication services you used as the basis for the calculation of the excise tax on telecommunication services credit.

**A-218: Farm donations to food pantries**

If an estate or trust claimed a credit on Form IT-649, *Farm Donations to Food Pantries Credit*, **then** enter the amount of qualified donations to a food pantry that the estate or trust deducted as a charitable contribution in calculating federal taxable income.

**A-219: New York State pass-through entity tax (PTET) deduction addback (IT-653, *Pass-Through Entity Tax Credit*)**

If you claimed the pass-through entity tax credit during the current tax year by filing Form IT-653, **then** enter the amount of the credit claimed on Form IT-653, line 1.

**Form IT-203 filers:** Calculate your *NYS allocated amount* using the same method described for modifications related to items of income, loss, or deduction. See Form IT-203 filers in the New York State *addition and subtraction* modifications section above.

**A-220: Pass-through entity tax (PTET) deduction addback (IT-112-R, *New York State Resident Credit*)**

If you claimed the New York State resident credit for any pass-through entity tax paid to other jurisdictions by filing one or more Form IT-112-R, **then** enter the total amount of tax paid to the other states used to calculate such credits claimed on Forms IT-112-R.

**A-221: Gains invested in a qualified opportunity fund**

If you excluded a gain invested in a qualified opportunity fund from federal gross income in the current tax year as a result of IRC § 1400Z-2(a)(1)(A), **then** enter the amount of the gain you excluded. Also see S-218.

**A-222: New York City (NYC) pass-through entity tax (PTET) deduction addback (IT-653, *Pass-Through Entity Tax Credit*)**

If you claimed the NYC pass-through entity tax credit during the current tax year by filing Form IT-653, **then** enter the amount of the credit claimed on Form IT-653, line 2.

**Form IT-203 filers:** Calculate your *NYS allocated amount* using the same method described for modifications related to items of income, loss, or deduction. See Form IT-203 filers in the New York State *addition and subtraction* modifications section above.

**Additions A-301 through A-304 apply to S corporation shareholders only.**

**A-301: S corporation shareholders; reduction for taxes**

If you are a shareholder of an S corporation for which a New York S corporation election was in effect for the tax year, **then** enter your share of the S corporation's reductions for taxes imposed on:

- built-in gains, and
- excess net passive income

as described in IRC §§ 1366(f)(2) and (3), respectively.

**A-302: S corporation shareholders; pass-through loss or deduction items**

If you are a shareholder of an S corporation which is a New York C corporation, **then** enter any S corporation pass-through items of loss or deduction you took into account when you calculated your federal adjusted gross income, pursuant to IRC § 1366.

**A-303: S corporation shareholders**

If you did not include S corporation distributions in your federal adjusted gross income due to the application of IRC §§ 1368, 1371(e), or 1379(c) **and** these distributions were not previously subject to New York personal income tax because the corporation was a New York C corporation, **then** enter these distributions.

**A-304: S corporation shareholders; disposition of stock or indebtedness with increased basis**

Federal law requires holders of stock or indebtedness in a federal S corporation to include undistributed taxable income in their federal adjusted gross income and take a corresponding increase in basis. New York law requires a similar increase in basis on disposition of the stock or indebtedness where the federal S corporation is or was a New York C corporation.

If you reported a federal gain or loss because of the disposition of stock or indebtedness of an S corporation **and** that S corporation was a New York C corporation for any tax year beginning after December 31, 1980 (in the case of a corporation taxable under Article 9-A, general business corporation tax), or December 31, 1996 (in the case of a corporation taxable under Article 32 [banking corporation franchise tax] when it was in effect before its repeal), **then** enter the increase in the basis of the stock or indebtedness that is due to the application of IRC §§ 1376(a) (as in effect for tax years beginning before January 1, 1983) and 1367(a)(1)(A) and (B) for each tax year that a New York S election was **not** in effect.

**EA-901: Beneficiary's share of fiduciary adjustment**

If your share of the fiduciary adjustment is a net addition, **then** enter this amount and the modification number on Form IT-225, line 5. Also see ES-901.

As a beneficiary, you may have income from an estate or trust. Any New York modifications that apply to that income, as well as any additions to or subtractions from federal itemized deductions, will be shown in your share of a single fiduciary adjustment.

**New York State subtractions**

Write in the applicable codes and the amount of each subtraction modification on lines 10a through 10g.

Any amounts passed to you by a partnership, S corporation, estate, or trust should be entered directly on lines 14a through 14g using the subtraction modification code provided to you by the entity.

If you do not enter any subtraction modification code provided to you by the entity, we may disallow the subtraction.

**S-101: START-UP NY wages**

Your employer will report START-UP NY wages to New York State and will include them on your federal Form W-2.

To be eligible for the wage exclusion you must:

- work exclusively at the approved business's location within the tax-free New York area during the tax year (generally, a calendar year);

- work at the approved business's location within the tax-free New York area for at least six months during the calendar year;
- be employed by an approved business that is in compliance with the START-UP NY program; and
- be employed by the approved business in a net new job created by the business in the tax-free NY area.

If eligible, **then** you are allowed a subtraction modification (exclusion) on your return as follows:

- During the **first** five years of an approved START-UP NY business's 10 consecutive tax year period, you may subtract from your federal adjusted gross income the total wages you were paid by an approved business, to the extent you include the wages in your federal adjusted gross income when you calculate your New York adjusted gross income.
- During the **second** five years of the approved business's 10 consecutive tax year period, you may exclude the following wages as an eligible employee of an approved business:
  - \$200,000 of annual wages, if your filing status is single,
  - \$250,000 of annual wages, if your filing status is head of household, or
  - \$300,000 of annual wages, if you are filing a joint return, to the extent included in your federal adjusted gross income.

**S-102: Build America Bond (BAB) Interest**

Enter any interest income attributable to a BAB issued by New York State or its local governments that you included in your federal income.

**S-103: New York's 529 college savings program deduction**

**Form IT-201 filers:** Enter the subtraction modification on line 30 of Form IT-201, as applicable. See the instructions for Form IT-201. Do not enter this code on Form IT-225.

**Form IT-203 filers:** If in 2024 you, as an account owner, made contributions to one or more tuition savings accounts established under **New York's** 529 college savings program, **then** enter that amount, up to \$5,000 for an individual, head of household, qualifying surviving spouse, or married taxpayers filing separately, or up to \$10,000 for married taxpayers filing a joint return, in the **Total amount column only**.

**Part-year resident individuals only:** Also enter in the *New York State allocated amount* column any such contributions to a New York's 529 college savings program you made while you were a resident of New York State.

**S-104: New York's 529 college savings program distributions**

**Form IT-201 filers:** Do **not** enter this code on Form IT-225. Instead, enter the subtraction modification on line 30 of Form IT-201, as applicable. See the instructions for Form IT-201.

**Form IT-203 filers:** If in 2024 you, as an account owner (or beneficiary), made a withdrawal (or received a withdrawal) from an account established under **New York's** 529 college savings program, and you included part of the withdrawal in your federal adjusted gross income, **then** enter that amount in the **Total amount column only**.

**Part-year resident individuals only:** Also enter in the *New York State allocated amount* column any such withdrawals made while a resident of New York State. See A-103.

**S-105: Long-term residential care deduction**

If you were a resident in a continuing-care retirement community that was issued a certificate of authority by the New York

State Department of Health, **then** enter the portion of the fees you paid during the year that were attributable to the cost of providing long-term care benefits to you under a continuing care contract. However, do **not** enter more than the premium limitation shown for your age in the *Limitation table* below. If you and your spouse both qualify, you may each take the subtraction. However, you cannot claim any unused part of your spouse's subtraction.

	Limitation	You cannot claim more than:
<b>If your age at the end of 2024 was:</b>		
40 or younger.....		\$ 470
at least 41 but not older than 50 .....		880
at least 51 but not older than 60 .....		1,760
at least 61 but not older than 70 .....		4,710
71 or older.....		5,880

**S-106: Pension and annuity income exclusion**

**Individuals:**

Enter this subtraction modification on Form IT-201, line 29, or Form IT-203, line 28, as applicable. Do **not** enter this subtraction modification on Form IT-225.

See the instructions for the return you are filing.

New York State Tax Law allows you to subtract up to \$20,000 of your pension and annuity income that was included in federal taxable income.

If an estate or trust received pension and annuity income of a decedent, **then** the estate or trust may make this subtraction if the decedent would have been entitled to it, had the decedent continued to live, regardless of the age of the beneficiary. If the decedent would have become 59½ during 2024, enter only the amount received after the decedent would have become 59½, but not more than \$20,000.

**Qualifying pension and annuity income does not include:**

- distributions received as a **nonemployee spouse** in accordance with a court-issued qualified domestic relations order (QDRO) that meets the criteria of IRC § 414(p)(1)(A), or in accordance with a domestic relations order (DRO) issued by a New York court, **or**
- distributions received as a result of an **annuity contract** purchased with your own funds from an insurance company or other financial institution. The payments are attributable to premium payments made by you, from your own funds, and are not attributable to personal services performed.

**Note:** Do **not** enter any pension received from New York State or its political subdivisions.

**Qualifying pension and annuity income includes the following:**

- periodic payment for services you performed as an employee before you retired;
- periodic and lump-sum payments from an IRA or from an HR-10 (Keogh) plan, but **not** payments derived from contributions made after you retired;
- lump-sum payment from an HR-10 (Keogh) plan, but only if federal Form 4972 is not used (do **not** include the part of the payment that was derived from contributions made after you retired);
- distributions of benefits from a cafeteria plan (IRC § 125) or a qualified cash or deferred profit sharing or stock bonus plan [IRC § 401(k)] but not distributions derived from contributions made after you retired;



- periodic distributions from government IRC § 457 deferred compensation plans after December 31, 2001; and
- periodic distributions from an annuity contract [IRC § 403(b)] purchased for an employee by an employer that is a corporation, community chest, fund, foundation, or public school.

For more information, see Publication 36, *General Information for Senior Citizens and Retired Persons*.

### **S-107: Pensions of New York State and local governments and federal government**

**Individuals:** Enter this subtraction modification on Form IT-201, line 26, or Form IT-203, line 25, as applicable. See the instructions for the return you are filing.

Do **not** enter this code on Form IT-225.

**Estates and trusts:** If a decedent received and included in federal taxable income any pension or distributions from a pension plan that represents a return of contributions in a year prior to retirement, as an officer, employee, or beneficiary of an officer or employee of:

- New York State, including:
  - State and City University of New York and New York State Education Department employees who belong to the Optional Retirement Program. **Note:** Optional Retirement Program members may only subtract that portion attributable to employment with the State or City University of New York or the New York State Education Department.
- Certain public authorities, including:
  - Metropolitan Transit Authority (MTA) Police 20-year Retirement Program;
  - Manhattan and Bronx Surface Transit Operating Authority (MABSTOA); **and**
  - Long Island Railroad Company;
- local governments within the state; **or**
- the United States, its territories or possessions, political subdivisions of these territories or possessions, the District of Columbia, or any agency or instrumentality of any of the above (including the military),

**then** enter that amount.

For more information, see Publication 36, *General Information for Senior Citizens and Retired Persons*.

Also include distributions received from a New York State or local pension plan or from a federal government pension plan as a **nonemployee spouse** in accordance with a court-issued qualified domestic relations order (QDRO) that meets the criteria of IRC § 414(p)(1)(A), or in accordance with a domestic relations order (DRO) issued by a New York court. For additional information, see Publication 36.

You may not subtract (1) pension payments or returns of contributions that were attributable to the decedent's employment by an employer other than a New York public employer, such as a private university, and any portion attributable to contributions the decedent made to a supplemental annuity plan which was funded through a salary reduction program, or (2) periodic distributions from government (IRC § 457) deferred compensation plans. However, these payments may qualify for the pension and annuity income exclusion; see *S-106 Pension and annuity income exclusion*.

### **S-109: Accelerated death benefits received that were includable in federal adjusted gross income**

Enter any amount you included in federal income that was received by any person as:

- an accelerated payment or payments of part or all of the death benefit or special surrender value under a life insurance policy, or
- a viatical settlement, as a result of a terminal illness (life expectancy of 12 months or less), or of a medical condition requiring extraordinary medical treatment, regardless of life expectancy.

### **S-110: Contributions for Executive Mansion, natural and historical resources, not deducted elsewhere**

Enter contributions you made, but did not deduct elsewhere, to:

- preserve, improve, and promote the Executive Mansion as a New York State historical resource, or
- the Natural Heritage Trust, to preserve and improve the natural and historical resources of New York State.

Do **not** include amounts you deducted in determining federal income or New York itemized deductions.

### **S-111: Distributions made to a victim of Nazi persecution**

Enter amounts included in federal income from an eligible settlement fund or grantor trust as defined under Tax Law § 13 (because you were persecuted or targeted for persecution by the Nazi regime), or distributions received because of your or a decedent's status as a victim of Nazi persecution, or as a spouse or heir of the victim (successors or assignees, if payment is from an eligible settlement fund or grantor trust).

### **S-112: Items of income related to assets stolen from or otherwise lost to a victim of Nazi persecution**

Enter items of income included in federal income attributable to, derived from, or in any way related to assets stolen from, hidden from, or otherwise lost to a victim of Nazi persecution immediately prior to, during, and immediately after World War II, including but not limited to interest on the proceeds receivable as insurance under policies issued to a victim of Nazi persecution by European insurance companies immediately prior to and during World War II, or as a spouse or heir of such victim.

However, do **not** include income attributable to assets acquired with assets as described above or with the proceeds from the sale of any asset described above. Also, do **not** include any income if you were not the first recipient of the asset, or if you are not considered a victim of Nazi persecution, or a spouse or descendent of a victim.

### **S-113: Professional service corporation shareholders**

If in a tax year ending after 1969 and beginning before 1988, you were required to add to your federal income deductions made by a plan acquired through membership in a professional service corporation (PSC), **then** enter the portion of those deductions that can be allocated to pension, annuity, or other income you received from the plan, and were included in your federal income.

### **S-114: Gain to be subtracted from the sale of a new business investment reported on your federal income tax return**

**Individuals:** If you reported a capital gain on your federal income tax return from the sale of a new business investment, as defined in Tax Law § 612(o), that was issued before 1988 and was held at least six years, **then** include one-hundred percent (100%) of that federal gain.

**Estates and trusts:** This subtraction may be made only to the extent that it relates to items included in the federal distributable net income of the estate or trust.

#### **S-115: Qualified emerging technology investments**

In general, you may defer the gain on the sale of qualified emerging technology investments that are:

- held for more than 36 months, and
- rolled over into the purchase of replacement qualified emerging technology investments within 365 days from, and including, the date of sale.

However, you must:

- recognize any gain to the extent that the amount realized on the sale of the original qualified emerging technology investments exceeds the cost of replacement qualified emerging technology investments;
- add back any deferred gain in the year you sell the replacement qualified emerging technology investments; and
- apply the gain deferral only to qualified emerging technology investments sold on or after March 12, 1998, that was held for more than 36 months.

If you elect to defer the gain from the sale of qualified emerging technology investments, **then** enter the amount of the deferred gain. This amount may not exceed the amount of the gain included in your federal income.

#### **Purchase of replacement** qualified emerging technology investments

- If the purchase of replacement qualified emerging technology investments within the 365-day period occurred in the same tax year as the sale of the original qualified emerging technology investments, or in the following tax year and before the date you filed a New York State tax return, **then**, take the deduction on that return.
- If the purchase of replacement qualified emerging technology investments within the 365-day period occurred in the following tax year and on or after the date you filed a New York State tax return, **then** you must file an amended tax return to claim the deduction.
- If the deferred gain must be included in a subsequent year's tax return because the replacement qualified emerging technology investments has been sold, **then** enter that amount as an addition to federal income (see A-110).

A **qualified emerging technology investment** is an investment in the stock of a corporation, or an ownership interest in a partnership or limited liability company (LLC) that is a qualified emerging technology company, or an investment in a partnership or an LLC to the extent that such partnership or LLC invests in such companies. The taxpayer must acquire the investment as provided in IRC § 1202(c)(1)(B), or from a person who acquired it pursuant to that section. IRC § 1202(c)(1)(B) requires the acquisition to be original issue from the company, either directly or through an underwriter, and in exchange for cash, services, or property (but not in stock).

A **qualified emerging technology company** is a company that is located in New York State, has total annual product sales of 10 million dollars or less, and meets certain criteria. See Form DTF-620, *Application for Certification of a Qualified Emerging Technology Company*.

#### **S-116: Sales or dispositions of assets acquired before 1960 with greater state than federal bases**

New York State income tax laws prior to 1960 and current laws regarding depletion can result in a difference in the state and federal adjusted bases of certain assets. If you realize

a federally taxable gain from the sale of an asset that had a higher adjusted basis for state tax purposes, you may make a modification to reduce your gain for state tax purposes.

If your federal income included gain that was from **either**:

- property that had a higher adjusted basis for New York State income tax purposes than for federal tax purposes on December 31, 1959 (or on the last day of a fiscal year ending during 1960); **or**
- property that was held in connection with mines, oil or gas wells, and other natural deposits and that had a higher adjusted basis for New York State income tax purposes than for federal tax purposes when sold;

**then** enter the **lesser of** the gain itself **or** the difference in the adjusted bases.

**Individuals:** If you divide gain with respect to jointly owned property between you and your spouse, **then** you must also divide any subtraction for different adjusted bases between you and your spouse.

**Estates and trusts:** You may make this subtraction only to the extent that it relates to items included in the federal distributable net income of the estate or trust.

#### **S-117: Income earned before 1960 and previously reported to New York State**

Enter any income (including annuity income) or gain included in your federal income that you (or the decedent or estate or trust from whom you acquired the income or gain) properly reported to New York State prior to 1960 (or during a fiscal year ending in 1960).

**Estates and trusts:** You may make this subtraction only to the extent that it relates to items included in the federal distributable net income of the estate or trust.

#### **S-118: Military combat pay**

Enter military pay you included in federal income that you received for active service as (or on behalf of) a member in the armed services of the United States in an area designated as a combat zone.

#### **S-119: Military pay**

**Form IT-203 filers:** Based on the *Servicemembers Civil Relief Act*, if you received military pay while you were a nonresident, or a part-year resident during the time you were not residing in New York State, that income is not subject to New York State personal income tax.

#### **Total amount column**

**Nonresidents:** Enter the total amount of military pay included in the *Federal amount* column on line 1 of your Form IT-203.

**Part-year residents:** Enter the total amount of military pay included in the *Federal amount* column on line 1 of your Form IT-203 that you received during your **nonresident** period.

#### **S-120: New York Higher Education Loan Program (HELP)**

Enter any interest you paid in 2024 on loans made to you under HELP.

#### **S-121: Certain investment income from U.S. government agencies**

Enter any interest or dividend income on bonds or securities of any U.S. authority, commission, or instrumentality that is exempt from state income taxes under federal laws (but included in federal income).

**S-122: Certain railroad retirement income and railroad unemployment insurance benefits**

Enter supplemental annuity or Tier 2 benefits received under the Railroad Retirement Act of 1974, or benefits received under the Railroad Unemployment Insurance Act that are exempt from state income taxes under federal laws (but that you included in your federal income).

**S-123: Certain investment income exempted by other New York State laws**

Enter any interest or dividend income from any obligations or securities authorized to be issued and exempt from state taxation under the laws of New York State (for example, income received from bonds, mortgages, and income debenture certificates of limited dividend housing corporations organized under the Private Housing Finance Law) to the extent it was included in federal income.

**S-124: Disability income exclusion**

Complete Form IT-221, *Disability Income Exclusion*, to calculate your disability income exclusion if you were not yet 65 when your tax year ended, **and** you retired on disability, and you were permanently and totally disabled when you retired.

**S-125: Interest income on U.S. government bonds**

**Individuals, estates or trusts:** Do **not** enter this code on Form IT-225. Enter the subtraction modification on Form IT-201, line 28, or Form IT-203, line 27, or Form IT-205, line 67, as applicable. See the instructions for the return you are filing.

**Partnership:** Interest income on bonds or other obligations of the U.S. government is **not** taxed by New York. Dividends you received from a regulated investment company (mutual fund) that invests in obligations of the U.S. government and meet the 50% asset requirement each quarter qualify for this subtraction. The portion of dividends that may be subtracted is based upon the portion of taxable income received by the mutual fund that is derived from federal obligations [Tax Law § 612(c)(1)]. **If** the partnership included income from these obligations in its federal ordinary income, **then** enter that income amount.

**S-126: New York State organized militia income**

Enter income you (or an estate or trust received on behalf of a member) received and included in your federal income while serving in the New York State organized militia for performing active service within New York State due to either:

- state active duty orders issued in accordance with Military Law § 6.1, or
- federal active duty orders, for service other than training, issued in accordance with Title 10 of the United States Code.

Do **not** include any income you received for regular duties in the organized militia (for example, pay received for the annual two-week training program).

Members of the *New York State organized militia* include the New York Army National Guard, the New York Air National Guard, the New York Naval Militia, and the New York Guard.

**S-127: Loss from the sale or disposition of property that would have been realized if a federal estate tax return had been required**

**Note:** You cannot make this subtraction for property acquired from decedents who died on or after February 1, 2000.

**If** you acquired a decedent's property and, as valued by the executor, the estate was insufficient to require a federal estate tax return **and** a loss on the sale would have been realized if

a federal estate tax return had been required, **then** enter the amount of the loss.

**Estates and trusts:** You may make this subtraction only to the extent that it relates to items included in the federal distributable net income of the estate or trust.

**S-128: Native American income exclusion**

**If** you are an enrolled member of a tribe or nation recognized by the United States or by New York State, and you are a Native American who works **and** lives on a reservation, **then** enter income included in your federal adjusted gross income and earned on that reservation.

**S-129: Special accruals**

**If** you have or had a change in New York State or New York City resident status you may have to use special accrual rules to calculate your tax. Income accrues to you as a taxpayer when the amount becomes fixed and determinable and you have an unrestricted right to receive it.

An *accrued expense* is a cost that has been incurred but not yet paid. See the instructions for the return you are filing for more information on special accruals.

**If** you are subject to the special accrual rules, **then** enter your accrued item of income, gain, loss, or deduction. Also see A-115.

**S-130: Volunteer firefighter or ambulance worker length of service award**

**If** you are at least 59½ years old, **then** you may deduct up to the amount included in your federal gross income for any award paid from a length of service defined contribution plan or defined benefit plan as provided for in Articles 11-A, 11-AA, 11-AAA, and 11-AAAA of the General Municipal Law, provided that the award is not distributed as a lump sum amount as defined in IRC § 402(e)(4)(A) and taxed under New York State Tax Law § 603.

**S-132: Living organ donors**

**If** during the tax year you were a living donor who donated one or more of your organs to another person for human organ transplantation, **then** enter unreimbursed expenses incurred for travel, lodging, and lost wages, up to a maximum of \$10,000.

**You may claim this subtraction only once during your lifetime.**

**Married taxpayers:** If you both qualify, you and your spouse can each claim a subtraction up to \$10,000. However, you cannot claim any unused part of your spouse's subtraction.

**Note:** This subtraction modification is **not** applicable to any donation for which the taxpayer has received benefits, on or after April 1, 2023, from the living donor support program (NYS public health law § 4371).

**S-134: Deduction for student loans discharged due to death or disability**

**If** in 2024, you as a student, or as a parent borrower, had a student loan discharged, in whole or in part, and:

- the discharge was allowed under the Higher Education Act of 1965 § 437(a) or (d) or the parallel benefit provided pursuant to Part D of Title IV of such act, **or**
- the discharge was allowed under the Higher Education Act of 1965 § 464(c)(1)(F), **or**
- the student loan was otherwise discharged on account of the death or total permanent disability of the person on whose behalf the indebtedness was incurred,



**and** that discharge was included in federal taxable income, **then** enter the amount of the student loan that was discharged.

**Note:** For purposes of this modification, the term *student loan* means:

- a student loan as defined in IRC § 108(f)(2), or
- a private education loan, as defined in the Consumer Credit Protection Act § 140(7).

**S-135: Qualified moving expense reimbursements and moving expenses**

For federal income tax purposes, the moving expense deduction rules changed for tax years 2018 through 2025.

**If** during the tax year you received any qualified moving expense reimbursements or paid any moving expenses, **then** enter those amounts.

**For New York income tax purposes,** you can claim qualified moving expense reimbursement amounts (as defined under IRC § 132(g) as it existed prior to the Federal Tax Cuts and Jobs Act) you received (directly or indirectly) from an employer as payment for, or a reimbursement of, moving expenses (defined below) that you paid directly. You cannot claim any payment for, or reimbursement of, a moving expense actually deducted by you in a prior year.

*Moving expenses* means expenses that are reasonable for the circumstances of your move. For example, the cost of traveling from your former home to your new one should be the shortest, most direct route available by conventional transportation. If, during your trip to your new home, you stop over, or make side trips for sightseeing, the additional expenses for your stopover or side trips are not deductible as moving expenses. You can deduct the following items as reasonable expenses:

- moving your household goods and personal effects (including in-transit or foreign-move storage expenses), and
- traveling (including lodging but **not** meals) to your new home.

**Who can deduct moving expenses:** If you move to a new home because of a new principal workplace, you may be able to deduct your moving expenses. You must meet both the distance and time tests that follow. Also, your move must be closely related both in time and place to the start of work at your new job location. For more information, see 2017 IRS Publication 521, *Moving Expenses*.

**Distance test:** Your new principal workplace must be at least 50 miles farther from your old home than your old workplace was. For example, if your old workplace was 3 miles from your old home, your new workplace must be at least 53 miles from that home. If you did not have an old workplace, your new workplace must be at least 50 miles from your old home. The distance between the two points is the shortest of the more commonly traveled routes between them.

**Time test:** If you are an employee, you must work full-time in the general area of your new workplace for at least 39 weeks during the 12 months right after you move. If you are self-employed, you must work full time in the general area of your new workplace for at least 39 weeks during the first 12 months and a total of at least 78 weeks during the 24 months right after you move.

**Exception to the time test:** You do not have to meet the time test if any of the following apply:

- Your job ends because of disability
- You are transferred for your employer’s benefit
- You are laid off or discharged for a reason other than willful misconduct

- You are in the Armed Forces and the move is due to a *permanent change of station* (see below)
- You meet the requirements for certain retirees or survivors living outside the United States when you move to a new home in the U.S. (see 2017 IRS Publication 521)
- You are filing this form for a decedent

**Members of the Armed Forces:** If you are in the Armed Forces, you do not have to meet the distance and time tests if the move is due to a permanent change of station. A *permanent change of station* includes a move in connection with and within one year of retirement or other termination of active duty.

**S-136: Alimony or separate maintenance payments paid**

**If** you made any applicable alimony or separate maintenance payments during the tax year, **then** enter the amount paid. See addition modification A-119 for the definition of *applicable alimony or separate maintenance payment*.

**Form IT-203 filers:** You must use the following formula to calculate the amount to report in the *NYS allocated amount* column for alimony or separate maintenance payments paid:

Form IT-203, line 17 NYS amount column	Alimony or separate	New York State
Form IT-203, line 17 Federal amount column	× maintenance payments paid	allocated amount of alimony or separate maintenance payments paid*

The amount reported in the *NYS allocated amount* column cannot exceed the amount reported in the *Total amount* column.

\*If this amount is a negative number, enter zero in the *New York State allocated amount* column.

You must attach a statement to your return that includes the Social Security number (SSN) or individual taxpayer identification number (ITIN) of any spouse or former spouse receiving the alimony or separate maintenance payments.

**S-137: Volunteer firefighter enhanced cancer disability benefits**

**If** you were an eligible volunteer firefighter who received insurance payments related to the cancer disability benefits described in General Municipal Law § 205-cc, **then** enter the amount of such insurance payments includable in federal gross income.

**S-138: State and local tax deduction other than state and local sales taxes and income taxes**

**If** an estate or trust claimed a deduction for taxes under IRC § 164 that was limited to \$10,000 as provided in IRC § 164(b)(6)(B), **or** that was denied under IRC § 164(b)(6)(A), **then** enter the amount of state and local taxes that the estate or trust was **not** able to deduct for federal income tax purposes because of such limitation or denial, **other than** state and local sales taxes and income taxes as described in Tax Law § 615(c)(1).

**Note:** In determining the makeup of the \$10,000 of deduction claimed by the estate or trust under IRC § 164, it shall be presumed that the \$10,000 first comprises the state and local income taxes (or sales taxes, if applicable) the estate or trust accrued or paid during the tax year.

**S-139: Miscellaneous itemized deductions**

**If** an estate or trust had miscellaneous itemized deductions, as described in and limited by IRC § 67 [excluding the deductions described in § 67(e)], that the estate or trust was **not** able to deduct for federal income tax purposes due solely

to IRC § 67(g), **then** enter the amount disallowed under IRC § 67(g).

#### **S-140: COVID-19 family death benefit program**

If you received a lump sum death benefit, pursuant to the COVID-19 family death benefit program established by the Metropolitan Transportation Authority in 2020, that was included in your federal adjusted gross income, **then** enter the amount of the lump sum death benefit. This amount cannot exceed \$500,000.

**Note:** This subtraction modification **only** applies to lump sum death benefits paid under the COVID-19 family death benefit program and does **not** apply to any benefit payable under that program other than a lump sum death benefit.

#### **S-141: Deduction for repayment of amounts reported in a taxpayer's income in a previous tax year**

If you reported an item of income in your New York adjusted gross income for a prior tax year (or years) because it appeared that you had an unrestricted right to such item, but repaid it during the tax year because it was later established that you did not have an unrestricted right to the item (or to a portion of the item), **then** enter the amount of the item that you repaid.

**Note:** For purposes of this modification, no subtraction will be allowed if:

- you included the repayment amount in your New York itemized deduction (or any other deduction allowed under Tax Law Article 22), **or**
- you filed Form IT-257, *New York State Claim of Right Credit*, using the repayment amount as the basis of such credit.

#### **S-142: Student loan forgiveness awards**

If you received a student loan forgiveness award from New York State, including any awards made under Article 14 of New York State Education Law, **then** include the amount of the award to the extent it was included in federal adjusted gross income.

#### **S-143: Health care and mental hygiene worker bonuses**

If you received a health care and mental hygiene worker bonus payment under social services law § 367-w or under § 4 of part ZZ of Chapter 56 of the Laws of 2022, **then** include the amount of the bonus payment to the extent it was included in federal gross income.

#### **S-144: Student loans discharged or forgiven under any federally authorized program**

If you have any student loan discharged or forgiven by the Secretary of Education allowed under any federally authorized program, **then** include the amount of the discharged or forgiven student loan to the extent it was included in federal adjusted gross income.

**Note:** Do **not** include any amount as a subtraction modification if it was not included in your federal adjusted gross income.

**The following subtraction modifications apply to only Form IT-201 or Form IT-203 filers who file federal Schedule C, E, or F, or to Form IT-204 or Form IT-205 filers.**

**Other filers:** see the instructions for *line 18*.

#### **S-201: Small business modification**

If you meet the definition of a small business (see below) or are a member, partner, or shareholder of an LLC, partnership,

or New York S corporation that meets the definition of a small business (see below), **then** you may deduct an amount equal to 15% of the net items of income, gain, loss, and deduction attributable to that business that are included in your federal adjusted gross income. Do **not** enter an amount less than zero.

For purposes of this subtraction modification, a *small business* means:

- a sole proprietor who employs one or more persons during the tax year, and has net business income or net farm income of greater than zero but less than \$250,000; **or**
- an LLC, partnership, or New York S corporation that employs one or more persons during the tax year, and has net farm income attributable to a farm business that is greater than zero but less than \$250,000; **or**
- an LLC, partnership, or New York S corporation that employs one or more persons during the tax year, and has New York gross business (see **Note** below) income attributable to a non-farm business that is greater than zero but less than \$1,500,000.

In addition, in order to qualify for this subtraction modification, a taxpayer who is a member, partner, or shareholder of an LLC, partnership, or New York S corporation, that is a non-farm small business, must have income attributable to the net business income from its ownership interests that is **less than** \$250,000.

**Note:** For purposes of this modification, New York gross business income, for an LLC or a partnership, means New York source gross income as defined in Tax Law § 658(c)(3)(B). For a New York S corporation, New York gross business income means the New York receipts included in the numerator of the apportionment factor determined under Tax Law § 210-A.

#### **S-202: Interest expense on loans used to buy federally tax-exempt obligations that are taxable to New York State**

**Individuals:** If you included interest income from bonds or other obligations that is federally tax exempt but taxable to New York State (as a New York addition), and the expense you incurred in buying the obligation is attributable to a trade or business you carried on, **then** enter that expense.

**Estates and trusts:** If the estate or trust included interest income from bonds or other obligations that is federally tax exempt but taxable to New York State (as a New York addition), and if the estate or trust reduced their federal taxable income by deducting interest expense on money borrowed to purchase or carry those obligations, **then** enter that expense.

#### **S-203: Expenses (other than interest expense) connected with federally tax-exempt income that is taxable to New York State**

**Individuals:** You may deduct expenses you incur to acquire or maintain income that is attributable to a trade or business. If you included income from bonds or other obligations that are federally tax exempt but taxable to New York State (as a New York addition) **and** the expense you incurred to either produce or collect that income or manage, conserve, or protect the assets that produce that income was not deducted for federal purposes and those expenses are attributable to a trade or business you carried on, **then** enter that expense.

**Estates and trusts:** If the estate or trust is including income that is federally tax exempt but taxable to New York State (as a New York addition), **and** if in determining its federal taxable income, the estate or trust deducted expenses used to either produce or collect that income or manage, conserve, or protect the assets that produce that income, **then** enter that expense.

**S-204: Amortizable bond premiums on bonds that generate federally tax-exempt interest income that is taxable to New York State**

**Individuals:** You may deduct expenses incurred when buying an obligation that generates investment income that is attributable to a trade or business.

- If you are including interest income that is federally tax exempt but taxable to New York State (as a New York addition); **and**
- those bonds were bought for more than their face value (that is, at a premium); **and**
- you did not reduce federal income by deducting the amortization of that premium attributable to 2024; **and**
- those bonds were attributable to a trade or business carried on by you in 2024 (as opposed to personal investments), **then** enter that amortization.

**Estates and trusts:** If investment income from an obligation is taxable, **then** expenses incurred to buy that obligation are deductible when determining New York taxable income.

- If the estate or trust is including interest income that is federally tax exempt but taxable to New York State; **and**
- those bonds were bought for more than their face value (that is, at a premium); **and**
- If the estate or trust did not reduce federal income by deducting the amortization of that premium attributable to 2024; **then** enter that amortization.

**S-205: Wage and salary expenses allowed as federal credits but not as federal expenses**

If you took a federal credit for which a deduction for wages and salary expenses is not allowed under IRC § 280C, **then** enter the wage payments not deductible for federal purposes.

**S-206: Cost depletion**

If you are making addition A-202 for any percentage depletion, **then** enter the cost depletion that IRC § 611 would allow on that property without any reference to either IRC § 613 or 613-A.

**Estates and trusts:** You may make this subtraction only to the extent that it relates to items included in the federal distributable net income of the estate or trust.

**S-207: Special depreciation expenditures**

You may carry over excess expenditures incurred in tax years beginning before 1987 in connection with depreciable, tangible business property located in New York State to the following tax year or years and deduct such expenditures in calculating your New York income for that year or years, if the expenditures exceed your New York income for that year before the allowance of those expenditures. Complete Form IT-211, *Special Depreciation Schedule*, to calculate the amount to enter. Submit Form IT-211 with your return.

**Partners, shareholders, and beneficiaries:** Do **not** complete Form IT-211 to determine the amount to enter. **Enter the amount** provided to you by the entity of which you are a partner, shareholder, or beneficiary.

**S-208: Safe harbor leases**

Enter any amount you included in federal income (except for mass transit vehicles) solely because you made the safe harbor election on your federal return for agreements entered into before January 1, 1984.

**S-209: Safe harbor leases**

Enter any amount that you could have excluded from federal income (except for mass transit vehicles) had you not made the safe harbor election on your federal return for agreements entered into before January 1, 1984.

**S-210: New York depreciation allowed**

If you claimed accelerated cost recovery system depreciation on your federal return for:

- property placed in service during tax years 1981 through 1984 (except IRC § 280F property); **or**
- property placed in service outside New York State during tax years 1985 through 1993 and fiscal tax years beginning in 1993 (except IRC § 280F property) and you elect to continue using IRC § 167 depreciation [see TSB-M-99(1)I];

**then** enter the amount of your New York depreciation. Complete and submit Form IT-399, *New York State Depreciation Schedule*, with your return.

**Partners, shareholders, and beneficiaries:** Do **not** complete Form IT-399 to determine the amount to enter. **Enter the amount** provided to you by the entity of which you are a partner, shareholder, or beneficiary.

**S-211: Accelerated cost recovery system (year of disposition adjustment)**

If you disposed of property in 2024 that was depreciated for federal purposes using accelerated cost recovery system **and** your total federal accelerated cost recovery system deduction exceeds your New York depreciation deduction for that property, **then** complete Part 2 of Form IT-399, *New York State Depreciation Schedule*, to calculate the amount to enter. See A-206. Submit Form IT-399 with your return.

**Partners, shareholders, and beneficiaries:** Do **not** complete Form IT-399 to determine the amount to enter. **Enter the amount** provided to you by the entity of which you are a partner, shareholder, or beneficiary.

**S-212: Sport utility vehicle expense deduction recapture**

If you previously claimed an IRC § 179 deduction with respect to a sport utility vehicle that weighs more than 6,000 pounds; **and**

- you had to recapture any amount of that deduction when you calculate your federal income for the tax year; **and**
- you are not an eligible farmer as defined for the farmers' school tax credit;

**then** enter the recapture amount. (See A-208 for the definition of a sport utility vehicle.)

**S-213: IRC § 168(k) property depreciation**

With the exception of resurgence zone property and New York liberty zone property described in IRC § 1400L(b)(2), New York State does not follow the federal depreciation rules for IRC § 168(k) property placed in service inside or outside New York State on or after June 1, 2003.

If you claimed a depreciation deduction for such property; **and** no exception for resurgence zone or New York liberty zone property applies, **then** complete Part 1 of Form IT-398, *New York State Depreciation Schedule for IRC Section 168(k) Property*, to calculate the amount of New York depreciation to enter. Submit Form IT-398 with your return.

**Partners, shareholders, and beneficiaries:** Do **not** complete Form IT-398 to determine the amount to enter. **Enter the amount** provided to you by the entity of which you are a partner, shareholder, or beneficiary.



**S-214: IRC § 168(k) property (year of disposition adjustment)**

If you disposed of IRC § 168(k) property placed in service inside or outside New York State on or after June 1, 2003 [except for resurgence zone property, and New York liberty zone property described in IRC § 1400L(b)(2)], and your total federal depreciation deduction was more than the New York depreciation deduction for that property, **then** complete Part 2 of Form IT-398, *New York State Depreciation Schedule for IRC Section 168(k) Property*, to calculate the amount of the disposition adjustment to enter. Submit Form IT-398 with your return.

**Partners, shareholders, and beneficiaries:** Do **not** complete Form IT-398 to determine the amount to enter. **Enter the amount** provided to you by the entity of which you are a partner, shareholder, or beneficiary.

**S-215: Refund of certain New York business tax credits**

Enter the amount of any refund of certain New York State business tax credits included in your federal adjusted gross income (for example, the Qualified Empire Zone Enterprise credit for real property taxes). See our website for a complete list of the credits this subtraction modification applies to. For additional information, see TSB-M-10(9)C, (15)I, *New York State Tax Treatment of Refunds of the Qualified Empire Zone Enterprise (QEZE) Credit for Real Property Taxes*.

**S-216: New York State Innovation Hot Spot Program**

Complete Form IT-223, *Innovation Hot Spot Deduction*, and enter any income or gain included in federal income that is attributable to the operations of a qualified entity at its location in, or as part of, a New York State innovation hot spot. Submit Form IT-223 with your return.

**S-217: Taxable refunds**

**Individuals:** If as a partner, S corporation shareholder, or a federal Schedule C or F filer you included in your federal income an amount of taxable refund that was not included on line 4 of Form IT-201 or IT-203, **then** use this subtraction modification code.

If you included in your federal income any refunds, credits, or offsets for overpayment of any income tax (including the New York City unincorporated business tax and any taxes imposed under Tax Law Article 23 [metropolitan commuter transportation mobility tax]), **then** include that amount.

**S-218: Gains invested in a qualified opportunity fund**

If you included a gain invested in a qualified opportunity fund in federal gross income for the current tax year, **then** enter the amount of such gain that was added back in a previous tax year per A-221. Also see A-221.

**S-220: Deductions related to the production and distribution of adult-use cannabis products**

Include the amount of any federal deduction disallowed under IRC § 280E related to the production and distribution of adult-use cannabis products (as defined under Tax Law Article 20-C), provided that the amount:

- was not used as the basis for any other tax deduction, exemption, or credit; and
- was not otherwise required to be added back when calculating New York adjusted gross income.

**Subtractions S-301, S-302, and S-303 apply to S corporation shareholders only.**

**S-301: S corporation shareholders**

If you reported a federal gain or loss because of the disposition of stock or indebtedness of an S corporation **and** that S corporation was a New York C corporation for any tax year beginning after December 31, 1980 (for corporations taxable under Article 9-A, general business corporation tax), or December 31, 1996 (for corporations taxable under former Article 32, banking corporation franchise tax), **then** enter the reduction in basis of the stock or indebtedness that is due to the application of IRC § 1376(b) (as in effect for tax years beginning before January 1, 1983) and 1367(a)(2)(B) and (C) for each tax year that the New York election was not in effect.

If, with respect to stock described above, you made any New York additions to federal adjusted gross income required under A-303, **then** enter the total of those additions. See Tax Law § 612(b)(20).

**S-302: S corporation shareholders – pass-through income**

If you included in your federal adjusted gross income any S corporation pass-through income pursuant to IRC § 1366 and the corporation is a New York C corporation, **then** enter the pass-through income.

**S-303: Franchise tax refunds**

If you as an S corporation shareholder received a share of a franchise tax refund from your S corporation, **then** enter that amount. For more information, see Form CT-225-I, *Instructions for Form CT-225, New York State Modifications*.

**ES-901: Beneficiary's share of fiduciary adjustment**

If your share of the fiduciary adjustment is a net subtraction, **then** enter this amount and the modification number on Form IT-225, line 14. Also see EA-901.

As a beneficiary you may have income from an estate or trust. Any New York modifications that apply to that income, as well as any additions to or subtractions from federal itemized deductions, will be shown in your share of a single fiduciary adjustment.