



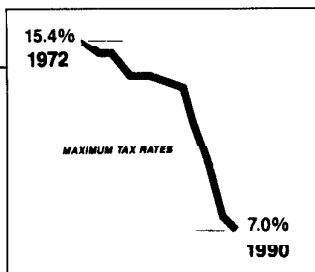
Instructions for Form IT-201

Changes for 1987 (see page 2)

- New York State's Tax Reform and Reduction Act
- Form IT-201 Simplified
- Two-earner Married Couple Deduction Available
- Maximum Tax and Family Adjustment Eliminated
- Nonobligated Spouse Form Available
- Tax Tables Replace Schedules
- New York City Income Tax Reduction

This booklet also contains:

- Instructions for Form IT-201-ATT, *Summary of Other Credits and Taxes*



From the Commissioner

Major tax reform laws have been passed at both the federal and state levels. In addition, New York State has enacted the biggest income tax cut in its history, and the City of New York has provided its own tax reduction package. All of these changes will be phased in over the next few years, and taxpayers will have to pay close attention to tax planning and to the new forms and instructions that will be coming their way.

Tax reform will affect individual taxpayers differently. If you are a low-income taxpayer, you may find that you no longer have to pay federal or state income taxes even though you may still have to file a return. If in the past you have used tax shelters extensively, you may find that certain of these deductions are no longer permitted. And if you fall into the majority of middle-class taxpayers, you should see your state income taxes steadily decrease. You should also find filing your tax return much easier over the next four years.

Many taxpayers are not yet aware of just how different our state income tax system will be when all of the recently enacted changes take full effect. Not only will the maximum rate drop to 7 percent in 1990, but the distinction between earned income (salaries and wages) and unearned income (dividends, interest, capital gains) will be eliminated. Many credits will gradually disappear as the standard deduction rises in 1991 to \$13,000 for married couples filing joint returns and to \$7,500 for single taxpayers. Gone are the "maximum tax" form, the complicated family adjustment calculation, and the three-column form for married taxpayers filing separately on one return. Complementing state changes, New York City's maximum tax rates will be gradually reduced from the previous 4.3 percent to 3.4 percent by 1989, and the top tax bracket will be increased from \$25,000 to \$60,000 for single taxpayers and \$108,000 for married taxpayers filing a joint return in 1989.

But as we move to a fairer and simpler tax system, there will be yearly changes to tax forms and instructions. I urge you once again to carefully analyze your situation each year and to anticipate some of the changes that will be coming. You may have to change the amount of tax you have withheld from your earnings as your individual circumstances change. You should fill out the new withholding allowance form (IT-2104) to see if you have to change your New York State withholding amount.

Trained technicians on our 1 800 CALL TAX hotline are on hand to answer your questions on tax reform and all the attendant changes. And we will continue to work hard to provide all the information you need to fully benefit from tax simplification and the largest income tax reduction in state history.


Roderick G. W. Chu,
Commissioner

New York State's Tax Reform and Reduction Act of 1987

As New York's Tax Reform and Reduction Act of 1987 is fully implemented over the next four years, it will return more than \$11 billion in income taxes to state taxpayers -- including the windfall from federal tax reform.

The program consolidates many tax benefits into a larger standard deduction, eliminates the three-column tax return, and reduces paperwork and the number of tax forms.

The table below compares the tax law in 1987 (before tax reform) to 1990 when tax reform will be fully implemented.

	Before Reform 1987	1987	1988	1989	1990	With Reform Fully Implemented 1990
Top rate on earned income	9%	8.75%	8.375%	7.875%	7.375%	7%*
Top rate on unearned income	13%	8.75%	8.375%	7.875%	7.375%	7%*
Standard married deduction	\$3,800	\$5,300	\$8,500	\$9,500	\$11,250	\$13,000**
Standard head of household deduction	\$3,800	\$4,600	\$6,000	\$7,000	\$8,750	\$10,500**
Standard single deduction	\$2,800	\$3,600	\$5,000	\$6,000	\$6,750	\$7,500**
Dependent exemption amount	\$900	\$900	\$1,000	\$1,000	\$1,000	\$1,000

*Effective October 1, 1990

**Effective July 1, 1990

Specific Changes for 1987 include:

• Form IT-201 Simplified

Form IT-201 is now a simpler, single-column return. The three-column version of Form IT-201, which was previously used by married taxpayers who filed joint federal returns but separate New York returns, has been eliminated. Most New Yorkers now will use the same filing status for both their state and federal returns. And joint filers who qualify can still claim the two-earner married couple deduction.

• Two-earner Married Couple Deduction Available on Your New York Return for 1987

New York is retaining the two-earner married couple deduction for 1987, a deduction that is no longer allowed on your federal return.

• Complicated Maximum Tax and Family Adjustment Eliminated

The Tax Reform and Reduction Act of 1987 has eliminated the difficult maximum tax and family adjustment calculations and lowered tax rates.

• New Nonobligated Spouse Allocation Form

Form IT-280, *Nonobligated Spouse Allocation*, is now available for taxpayers who file a joint state return but do not want to apply their part of any refund to a debt owed by their spouse because they are not liable for it.

• Instructions Simplified

This year it is much easier for you to decide if you have to file a tax return, and which form you should file. Also, changes in the Tax Law have allowed us to make improvements to the general information and line-by-line instructions.

• Tax Tables Replace Tax Rate Schedules

Instead of figuring their tax themselves, Form IT-201 filers with taxable income of up to \$50,000 will now find their tax using the *New York State Tax Table* located on pages 29 through 34 and, if required, the *City of New York Tax Table* on pages 35 through 40. For taxable income of \$50,000 and over, the tax is figured using the schedule at the end of each table.

• Employee's Withholding Allowance Certificate

Because of all the federal and state changes, a new Form IT-2104, *Employee's Withholding Allowance Certificate*, is available to help taxpayers determine if they are claiming the correct number of withholding allowances. Taxpayers should review the number of allowances they are presently claiming and decide whether they should file a new Form IT-2104 with their employer.

New York City Income Tax Reduction

- The city's definition of taxable income remains coupled with the state's, including the increases each year in the standard deduction and personal exemption amounts (see the state table above for the amounts each year). As before, there is still only one state and city combined tax form to fill out.
- The city's top tax rate is lowered from the former 4.3% to 4.1% for 1987, 3.5% for 1988 and 3.4% for 1989 and years thereafter.
- Separate rate tables are introduced for taxpayers filing jointly or as heads of households.

- The brackets of the tax tables were expanded, with the top tax rate, previously in effect at \$25,000 for all taxpayers, now in effect at \$60,000 for single taxpayers and at \$99,000 for married taxpayers filing jointly.
- Married or head of household taxpayers with income of \$17,500 or less and single taxpayers with income of \$10,000 or less may qualify for new household credit. The credit is worth as much as \$30 per exemption.
- There is a new capital gains credit of 1/2 of 1 percent for net capital gain income includable in New York City adjusted gross income. This tax credit applies to 1987 only.

Tax returns can be used as proof of residency and financial responsibility for undocumented aliens. the back cover for more information.

Who Must File

New York residents

You must file a New York State resident return if you have to file a federal return or if you meet any of the conditions listed below. If you do not have to file a federal return, use the federal instructions to see what your filing status and federal adjusted gross income would have been. Then continue with these instructions to see if you must file a New York return. If you need help, see page 8 of these instructions.

If your federal filing status would have been:	You must file a New York return if you had federal adjusted gross income (plus New York additions*) of more than:
single, and you can be claimed as a dependent on another taxpayer's federal return	\$2,800
single, and you cannot be claimed as a dependent on another taxpayer's federal return	\$3,600
married filing joint return	\$4,000
married filing separate return	\$2,650
head of household	\$4,000
qualifying widow(er)	\$4,000

* See instructions for lines 19 - 21 on page 10 for an explanation of New York additions.

Even if your income was not more than the amounts shown above, you must file a New York return if:

- You are subject to the minimum income tax.
- You are subject to a separate tax on lump sum distributions.
- You are subject to a separate tax because a PASS (parents' and students' savings) fund terminated before April 20, 1987.
- You want to claim a refund of any New York State, City of New York or Yonkers income tax that was withheld from your pay.

Residents of New York City and Yonkers

City Taxes — If you were a resident of the City of New York or City of Yonkers for the taxable year and you have to file a New York State return, report your City of New York income tax or your City of Yonkers resident income tax surcharge on your state return.

Nonresidents of New York City and Yonkers

If you are not a resident of the City of New York or City of Yonkers but you earned wages or self-employment income in either of these cities and you have to file a New York State income tax return, you must also file Form NYC-203, *City of New York Nonresident Earnings Tax Return*, and/or Form Y-203, *City of Yonkers Nonresident Earnings Tax Return*.

If you are married, you cannot file jointly on Form NYC-203 and/or Form Y-203. If you each have taxable earnings, you must each file a separate Form NYC-203 and/or Form Y-203.

Forms NYC-203 and Y-203 are due the same time as your state return and must be attached to it. For more information, see the instructions for these forms.

Partnerships

Partnerships are not subject to the New York State personal income tax but individual members of the partnership are. If your partnership has a partner who is a New York State resident or if the partnership has any income from New York State sources, it must file Form IT-204, *New York State Partnership Return*. If you were a partner, transfer your share of income (or loss), deductions and adjustments from Form IT-204 to your Form IT-201. For more information see Form IT-204-I, *Instructions for Form IT-204*. If your partnership carried on a business in the City of New York, it may also be required to file Form NYC-204, *City of New York Unincorporated Business Tax Partnership Return*. For more information, see Instructions for Form NYC-204. Forms and instructions can be obtained by calling 1 (718) 935-6000 or from the City of New York Department of Finance, City Collector, Municipal Building, Mezzanine Level, New York, N.Y. 10007. Since New York State does not administer the New York City unincorporated business tax, do not file your NYC-204 with your state return.

Estates and trusts

Estates and trusts are subject to the New York State personal income tax. The fiduciary for an estate or trust must file Form IT-205, *New York State Income Tax Fiduciary Return*. Each beneficiary of an estate or trust must include his or her share of the estate or trust income on Form IT-201. If you have income from an estate or trust, any New York additions or subtractions that apply to that income and any New York additions to or subtractions from federal itemized deductions must be included in your share of a single fiduciary adjustment.

Estimated income tax for estates and trusts

Estates and trusts are required to make estimated tax payments for tax years beginning after 1987. However, estates are exempt from paying estimated tax for the first two years after the decedent's death. Generally, an estate or trust must pay estimated tax if the estate or trust is expected to owe, after subtracting its withholdings and credits, at least \$100 in New York income tax for 1988 and can expect withholding to be less than:

- 90% of the tax shown on the 1988 return, or
- 100% of the tax shown on the 1987 return (assuming the return covered all 12 months).

Homeowners and renters

If you are a New York State resident and if your household gross income was \$18,000 or less, you may be entitled to a state tax credit for a part of the real property taxes or rent you paid during the year. Qualified persons 65 or older can claim a credit of up to \$375. For qualified persons under 65, the maximum credit is \$75. To claim the credit, complete Form IT-214, *Claim for Real Property Tax Credit*, and attach it to your return.

If you do not have to file an income tax return, you may still claim the credit by filing only Form IT-214.

For more information, see *Instructions for Form IT-214* on page 24 and Publication 308, *Real Property Tax Credit for Homeowners and Renters*.

Deceased taxpayers

An executor, administrator or spouse has to file a New York State return for a taxpayer who died before filing a 1987 return. If a joint federal income tax return was filed for the deceased taxpayer and the surviving spouse, a joint New York State return can be filed on Form IT-200 or Form IT-201. Fast Form IT-100 cannot be filed for a taxpayer who died before filing a 1987 return.

Complete the box labeled "if taxpayer is deceased", in the name and address area of Form IT-201 by entering the decedent's first name and date of death.

If you are claiming a refund for a deceased taxpayer, Form AU-281.17, *Survivor's Affidavit*, may be required. Call or write us for this form. See *How to get forms* on page 5 of these instructions.

Members of the armed forces

If you are a member of the military and a New York State resident, the amount of your military pay that is subject to federal income tax is also subject to New York income tax.

If your permanent home (domicile) was in New York State when you entered the military but you were assigned to duty outside the state, you are still a New York State resident and must file a resident return even if you are presently serving outside New York.

If your permanent home (domicile) was in New York State when you entered the military but you meet the conditions for nonresident status, your military pay is not subject to New York income tax. For more information, see Publication 361, *Military Personnel and Veterans*.

City Taxes — If you were a City of New York or City of Yonkers resident when you entered the military and if your military pay is subject to New York State income tax, it is also subject to City of New York or City of Yonkers taxes. However, if you meet the conditions for nonresident status, your military pay is not subject to the City of New York or City of Yonkers nonresident earnings tax.

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Who Must File *(continued)*

Part-year residents

If you became a New York State resident or moved out of New York during the year, you may have to pay the New York State income tax for that part of the taxable year you were a New York resident. If you received income from New York State sources during the time you were a nonresident, you may also be subject to tax.

If you changed your resident status, you may have to file both a resident return (Form IT-201) and a nonresident return (Form IT-203) for the taxable year.

You will also have to complete Form IT-360, *Change of Resident Status*, and attach it to your New York returns. For more information, see IT-360-I, *Instructions for Form IT-360*.

City Taxes — If you changed your City of New York or City of Yonkers resident status during the year, but not your New York State resident status, you may have to complete Form IT-360.1, *Change of City Resident Status*, and pay a part-year City of New York resident tax or City of Yonkers resident income tax surcharge for the part of the year that you lived in the City of New York or City of Yonkers. If you earned wages in one of these cities or conducted a trade or business there (either as an individual or a member of a partnership) during the part of the year that you were not a City of New York or City of Yonkers resident, you must complete Form NYC-203, *City of New York Nonresident Earnings Tax Return*, or Y-203, *City of Yonkers Nonresident Earnings Tax Return*, and pay any tax due. For more information, see IT-360.1-I, *Instructions for Form IT-360.1*.

Nonresidents

If you are not a New York State resident but received income from New York State sources, you may have to file a nonresident Form IT-203. For more information on who must file a nonresident return, see the instructions for Form IT-203.

Resident and Nonresident Defined

You may have to pay income tax as a New York State resident even if you are not considered a resident for other purposes. For income tax purposes, your resident status depends on where you were domiciled and where you maintained a permanent place of abode during the taxable year.

In general, your *domicile* is the place that you intend to have as your permanent home — the place you intend to return to whenever you may be away. For income tax purposes, your domicile is the state where your permanent home is located.

You can have only one domicile. Your domicile does not change until you move to a new location with the sincere intention of making your permanent home there. If you move to a new location but intend to stay there only for a limited amount of time (no matter how long), your domicile does not change.

A *permanent place of abode* is a residence you permanently maintain, whether you own it or not, and usually includes a residence your

spouse owns or leases. A place of abode is not permanent if you maintain it only during a temporary or limited period of time for a particular purpose.

Resident — You are a New York State resident if:

- Your domicile is not New York State but you maintain a permanent place of abode in New York and spend *184 days or more* in New York during the taxable year. However, if you are a member of the armed forces, and your domicile is not New York State, you are not a resident under this definition; or
- Your domicile is New York State unless you meet **all three** of the conditions in either Group A or Group B as follows:

Group A

- You did not maintain any permanent place of abode in New York State during the taxable year; and
- You maintained a permanent place of abode outside New York State during the entire taxable year; and
- You spent *30 days or less* in New York State during the taxable year.

Group B

- You were in a foreign country for at least 450 days during any period of 548 consecutive days; and

- You spent *90 days or less* in New York State during this 548 day period, and your spouse (unless legally separated) or minor children spent *90 days or less* in New York during this 548 day period in a permanent place of abode maintained by you; and
- During any period of less than one year which is in this 548 consecutive day period, (which would be treated as a separate taxable period as a result of a change or resident status during the year), you were in New York State for no more than the number of days bearing the same ratio to 90 as the number of days in the less-than-one-year period bears to 548 days. Your status is determined by the following formula:

$$\frac{\text{No. of days in the less-than-one-year-period}}{548} \times 90 =$$

(No. of days not to be exceeded in NY to meet this condition.)

Nonresident — You are a New York State nonresident if you do not meet the above definition of a resident.

For more information on nonresidents, see the instructions for Form IT-203 and Publication 362, *U.S. Citizens Abroad*.

Which Form to File

If the federal income tax return you filed was:

Form 1040EZ

You should file your New York income tax return on:

Form IT-100 if you want us to figure your tax,

or

Form IT-200 if you want to figure your tax yourself or claim the real property tax credit (see *Homeowners and renters* on page 3) or you want to disclaim a spouse's debt (see *Collection of debts from your refund*, page 18).

Form 1040A

Form IT-100 if you want us to figure your tax. (You must use Form IT-200 if you are married and filing a separate federal return).

or

Form IT-200 if you want to figure your tax yourself, or you claim the real property tax credit (see *Homeowners and renters* on page 3) or you want to disclaim a spouse's debt (see *Collection of debts from your refund*, page 18).

Form 1040

Form IT-201

No matter which federal form you filed, you must use New York Form IT-201 if:

- You have any of the following New York adjustments to income: **subtractions** for taxable refunds of state and local income

taxes, taxable social security benefits and the pension and annuity income exclusion; (subtractions for interest income on U.S. government bonds and two-earner married couples can be made on all New York returns); **additions** to income for interest income from state and local bonds (but not those of New York State and local governments within the state). For information on all New York adjustments to income, see Publication 382, *How to Figure Your New York State Additions & Subtractions*.

- You can claim any of these New York tax credits:

- Resident credit
- Accumulation distribution credit
- Investment credit
- Special additional mortgage recording tax credit
- Solar and wind energy credit carryover
- Economic development zone credits

The household credit and child and dependent care credit can be claimed on all New York returns. The real property tax credit can be claimed only on Forms IT-200 and IT-201.

- You are subject to any of these taxes:

- Minimum income tax
- Separate tax on PASS funds
- Separate tax on lump sum distributions
- Add-back of investment credit on early dispositions
- Part-year City of New York resident tax
- Part-year City of Yonkers resident income tax surcharge

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Which Form to File (continued)

- You are claiming a 1987 estimated tax payment or an overpayment credit from your 1986 return.
- You want to apply any part of your 1987 overpayment to your estimated tax for 1988.
- You were a New York State, City of New York or City of Yonkers resident for only part of the year. See IT-360-1, *Instructions for Form IT-360*. If you changed your City of New York or City of Yonkers residence, but not your New York State residence, see Form IT-360.1-1, *Instructions for Form IT-360.1*.
- You are filing for a taxable period other than the calendar year January 1 through December 31, 1987.
- You need an extension of time to file your return.

If you did not have to file a federal return but you must file a New York return, use your federal instructions to choose the federal form you would have filed if one had been required. Then use these instructions to choose your New York form. You will also need your federal instructions to determine your filing status, your income and adjustments to income, and the number of exemptions you may claim. If you need help, see page 8 of these instructions.

Separate returns are required for some married taxpayers who file a joint federal return:

- If one of you was a New York State resident for the entire taxable year and the other was a nonresident for the entire taxable year, you must each file a separate New York return. The New York State resident must use Form IT-200 (if your joint federal return was Form 1040A) or Form IT-201 (if your joint federal return was Form 1040); the nonresident, if required to file a New York return, must use Form IT-203. However, if both of you choose to file as New York residents for the entire taxable year, you may file a joint New York State return. Use Form IT-200 if your joint federal return was Form 1040A; use Form IT-201 if your joint federal return was Form 1040.
- If both of you changed your resident status, but at different times, or if only one of you had a change of resident status, you must each file a separate New York return using Form IT-201. For more information on change of resident status, see *Part-year residents* on page 4.

How to get forms

You can get forms and publications at many banks and public libraries, or by using the *Forms Order Blank* in the tax packet mailed to you. You can also get forms by calling toll free 1 800 462-8100. From areas outside New York State, call (518) 438-1073. If you want to write instead of calling, address your letter to **New York State Tax Department, Taxpayer Assistance Bureau, W. A. Harriman Campus, Albany, NY 12227.**

Other Forms You May Have to File

Form IT-270, Tuition Deduction and the PASS Plan

Parents may deduct part of the tuition paid (up to \$1,000) for each dependent in full-time attendance at a college located in New York State. To claim this deduction, fill in Form IT-270, *Tuition Deduction and Higher Education (PASS) Funds*, and attach it to your return.

The 1987 Tax Reform and Reduction Act eliminated PASS accounts effective April 20, 1987. A parent can deduct amounts contributed to the fund after December 31, 1986, and before April 20, 1987 (up to \$750 for each child). The earnings on the value of the assets in the fund on April 19, 1987, will remain nontaxable during the 1987 tax year. To claim the PASS fund deduction, fill in Form IT-270 and attach it to your return. Also use this form to report PASS fund terminations that occurred before April 20, 1987. For more information, see Publication 320, *Tuition Deduction and the PASS Plan*.

Form IT-2105, Estimated Tax

If you expect your 1988 tax withheld to be less than 90% of your 1988 tax and less than 100% of your 1987 tax (based upon a return covering 12 months), you may have to pay estimated tax. You do not have to pay estimated tax if you expect to owe less than \$100 of New York State or City of New York or City of Yonkers tax after deducting tax withheld and credits that you are entitled to claim. See Form IT-2105, *New York State, City of New York and City of Yonkers Estimated Income Tax*, for more information.

If you paid estimated tax for 1987, you will automatically receive a 1988 estimated tax packet in the mail. If you did not pay estimated tax for 1987, or do not receive your packet by the date your first payment is due (generally April 15), call or write us for forms and instructions. See *How to get forms* on this page.

Form IT-201-ATT, Summary of Other Credits and Taxes

Complete this form if you are subject to any other New York State or City of New York taxes. You can also use this form to claim other New York State credits. The worksheet for figuring the new tax on unearned income appears on page 2 of this form. Everyone who has New York adjusted gross income in excess of \$100,000 (\$50,000 for married taxpayers filing separate returns) must complete it. For more information, see *Instructions for Form IT-201-ATT* on page 20.

Form IT-220, Minimum Income Tax

Complete this form if you claimed ACRS depreciation, intangible drilling costs, incentive stock options, charitable contributions of appreciated property, or reserve for bad debts of financial institutions totaling more than \$5,000 (\$2,500 if you are married and filing separately). You may have to file Form IT-220, even if you are not required to file federal Form 6251, *Alternate Minimum Tax Computation*. For more information, see the instructions for Form IT-220.

Form IT-221, Disability Income Exclusion

Complete this form to figure the amount of your disability income that may be excluded from income on Form IT-201. To qualify you must have retired due to permanent and total disability and have not reached age 65 when your tax year ended. For more information, see Form IT-221.

Form IT-230, Separate Tax on Lump Sum Distributions

Complete Form IT-230 if you have to pay a separate tax on the ordinary income portion of a lump sum distribution from a qualified retirement plan. For more information, see the instructions for Form IT-230.

Form IT-399, New York State Depreciation

Complete this form if you are an individual, partnership, estate or trust to figure your New York depreciation deduction for property placed in service during taxable years beginning in 1981, 1982, 1983, 1984 and for property placed in service outside New York State in taxable years beginning after December 31, 1984 (including property on which ACRS depreciation was figured in accordance with the Federal Tax Reform Act of 1986). Also use Form IT-399 to figure your adjustment for the federal ACRS deduction and the year of disposition adjustment. For more information, see Form IT-399.

Changes in your federal income

If the Internal Revenue Service changes the taxable income, tax preference items, total taxable amount or ordinary income portion of a lump sum distribution, or credit for child and dependent care expenses that you reported on your federal return, you must report these changes to the New York State Tax Department within 90 days after the date the IRS makes its final determination. To report these changes, complete Form IT-115 and, if necessary, Forms IT-115.1 (minimum income tax) and IT-115.3 (separate tax on lump sum distributions).

If, in addition to reporting federal changes, you are making some other change to your state return, you must file Form IT-201-X, *Amended Resident Income Tax Return*. For more information, see *Amended Returns* below.

File these forms separately; do not attach them to any other returns.

Amended Returns

Generally, an amended return claiming credit for, or a refund of, an overpayment must be filed within three years of the date that the original return was filed, or within two years of the date the tax was paid, whichever is later.

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Other Forms You May Have to File *(continued)*

However, if you file an amended federal return showing a change in your taxable income, tax preference items, total taxable amount or ordinary income portion of a lump sum distribution, or credit for child and dependent care expenses, you must also file an amended New York State return within 90 days of the date you amend your federal return.

You must also file an amended return to correct any error on your original state return. If you have Internal Revenue Service changes in addition to New York errors, report both on Form IT-201-X.

To amend your 1987 return, you must use 1987 Form IT-201-X. Since we cannot act on your amended return until we have completed the processing of all original returns, there may be some delay in processing your amended return. If you need forms, see *How to get forms* on page 5.

For more information, see Publication 380, *How to Amend Your New York State Income Tax Return*.

Where to File

Use the preaddressed envelope that came with your tax packet. If you do not have one, address your envelope as follows:

For refund returns —

New York State Income Tax
W.A. Harriman Campus — REFUND '87
Albany, NY 12227-0125

For all other returns —

New York State Income Tax
W.A. Harriman Campus
Albany, NY 12227-0125

When to File

File your return as soon as you can after January 1, 1988, but not later than April 15, 1988. If you file late, you may have to pay penalties and interest. See *Penalties and Interest* on page 7.

Extension of time to file — If you know that you cannot meet the April 15 deadline, ask for an extension of time by filing Form IT-370, *Application for Automatic Extension of Time to File*. The time to file will be automatically extended for four months if you file Form IT-370 on time and, if required, pay the tax you owe with it. If you do not expect to owe any tax and you are filing Form 4868 to extend the time to file your federal return, you can also use a copy of it to extend the time to file your New York return instead of filing Form IT-370. Write "NY State Copy" in the top margin and mail it to: New York State Income Tax, Processing Division 46-C, W.A. Harriman Campus, Albany, NY 12227. **When you file, you must use Form IT-201; you cannot file Fast Form IT-100 or Form IT-200.**

If you are traveling or living outside the United States on April 15, 1988, you are automatically granted an extension to June 15, 1988, to file your federal and state returns. For more information, see Publication 362, *U.S. Citizens Abroad*.

Reminders

Whole dollar amounts

You may round all money items on your return to the nearest dollar. For example, round \$10.49 to \$10; round \$10.50 to \$11. If you round to the nearest dollar, round for all amounts.

Name and social security number

You must enter your name and social security number on all forms you send to us. **If you are making a payment, write your social security number and "1987 Income Tax" on your check or money order.**

Household Credit

If you are single, with federal adjusted gross income of \$28,000 or less and cannot be claimed as a dependent on another taxpayer's federal return, you qualify for a \$20 to \$75 household credit.

If you are married, a qualifying widow(er) with a dependent child, or a head of household with qualifying person, with federal adjusted gross income of \$32,000 or less, and you cannot be claimed as a dependent on another taxpayer's federal return, you qualify for a household credit of \$15 to \$75 plus \$5 to \$15 for each exemption you claim on your return.

For more information, see page 15 of these instructions.

Computer filled-in returns

If you use a computer to fill in your return, be sure you meet these requirements:

- You must use the official income tax forms that we provide. However, you may computer-generate any form as long as it complies with the guidelines in Publication 75, *Specifications for Reproduction of 1987 New York State Tax Forms*.
- You cannot computer-generate Form IT-100.
- Your software must conform to current federal and state income tax laws.

Refunds/real property tax credit

Even if you do not have to file a return, you should file to get a refund if New York State, City of New York or City of Yonkers income taxes were withheld from your pay. You may also be eligible for a refund if you are qualified to claim the real property tax credit. If you qualify, file Form IT-214 to claim the refund for this credit. For more information on the real property tax credit, see *Homeowners and renters* on page 3 of these instructions.

Wage and tax statements

Your employer must give you a wage and tax statement — either federal Form W-2 or New York State Form IT-2102. This statement shows your total earnings and the amount of New York State, City of New York and City of Yonkers taxes withheld from your pay during the year.

If you received periodic annuity, pension, retired pay or IRA payments and income tax was withheld, the payer must give you a statement, either federal Form W-2P or New York State Form IT-2102P. This statement shows the amount of your gross and taxable retirement plan payments, and the New York State, City of New York and City of Yonkers tax withheld from your payments during the year.

If you received payments from New York State lottery winnings and you had income tax withheld from those payments, New York State will give you Form IT-2102L, *Statement for Recipients of New York State Lottery Winnings*. This statement shows your total payments and the amount of New York State, City of New York and City of Yonkers taxes withheld during the year.

You must attach Copy 2 of your wage and tax statement(s) to your return. If you have not received your statement by February 15, 1988, or if it is incorrect or lost, contact your employer.

Paid preparers must sign your return

Anyone you pay to prepare your return must sign it and fill in the other blanks in the paid preparer's area of your return. The preparer required to sign your return must sign it by hand; signature stamps or labels are not acceptable. If someone prepares your return and does not charge you, that person should not sign it.

Paid tax return preparers should get Publication 50, *Information for Paid Preparers of New York Income Tax Returns*, for more details.

Penalties and Interest

Interest — Daily compounded interest will be charged on income tax that is not paid on or before April 15, 1988, even if you received an extension of time to file your return.

If we have to pay interest to you because we didn't issue your refund check by July 15, 1988 (or, if your return was filed after April 15, 1988, within 3 months from the date it was filed), it also will be compounded daily. However, we will not pay interest to you if your return cannot be processed. To be processed, your return must show your name, address, social security number, signature and the information needed to mathematically verify your tax liability.

Late filing penalty — If you file late, you will be charged a penalty of 5% of the tax due for each month, or part of a month, the return is late (maximum 25%) unless you extend the time to file or attach to your return an explanation showing reasonable cause for the delay. If your return is more than 60 days late, the penalty will be the lesser of \$100 or 100% of the amount required to be shown as tax due on the return, reduced by any tax paid and by any credit which may be claimed. For information on getting an extension of time to file your return, see *When to File* on page 6 of these instructions.

Late payment penalty — If you do not pay your tax when due, you will be charged a penalty of 1/2 of 1% of the unpaid amount for each month or part of a month it is not paid (maximum 25%). This penalty is in addition to the interest charged for late payments.

This penalty may not be charged if you attach to your return an explanation showing reasonable cause for paying late.

If you figure your tax incorrectly — You may have to pay a penalty if the tax you report on your return is **less** than your correct tax. If you are off by more than 10% or \$2,000, whichever is more, you may have to pay this penalty. The penalty is 10% of the difference between the tax you reported and the tax you actually owe.

Underpayment of estimated tax penalty — If your 1987 withholding and estimated tax payments do not equal at least 80% of your 1987 tax or 100% of your 1986 tax (based upon a return covering 12 months), you may be subject to a penalty for underpayment of estimated tax. Attach Form IT-2105.9, *Underpayment of Estimated Income Tax by Individuals*, to show how you figured the penalty, or which exceptions to the penalty apply. For more information, see the instructions for Form IT-2105.9.

Negligence penalty — If your return does not show all of the tax imposed under the Tax Law, its rules or regulations, due to negligence or intentional disregard but not with intent to defraud, you will be charged a penalty of 5% of any deficient amount. In addition, 50% of the interest due on any underpayment resulting from negligence will be added to your tax.

Fraudulent returns — If any part of a deficiency is due to fraud, you will be charged a penalty of 50% of the deficiency. In general, a deficiency is the difference between the correct tax and the tax shown on your return. In addition, 50% of the interest due on any deficiency resulting from a fraudulent act will be added to your tax.

Frivolous returns — A penalty of up to \$500 will be imposed on any person who files a frivolous tax return. A return is considered frivolous when it does not contain information needed to judge the correctness of the tax return, or reports information that is obviously and substantially incorrect, and intended to delay or impede the administration of Article 22 of the Tax Law and/or the processing of the return.

Privacy Notification

The authority to request this personal information from you or your employer, including identifying numbers (Social Security numbers, etc.), is found in Sections 651, 652, 658, 697, 1306, 1332 and 1342, Articles 22, 30, 30-A and 30-B in general of the Tax Law, Article 2-E of the General City Law, and Part 152 of the Personal Income Tax Regulations. The principal purpose for which the information is collected is to assist the Department of Taxation and Finance in determining New York State personal income tax liabilities under Article 22 of the Tax Law, New York City personal income tax liabilities under Article 30 of the Tax Law and Article 2-E of the General City Law, and City of Yonkers income tax surcharge on residents and earnings tax on nonresidents under Articles 30-A and 30-B of the Tax Law. The authority to maintain this information is found in Section 697(e) of the Tax Law and Section 152.8 of the Personal Income Tax Regulations.

The information will be used for tax administration purposes and as necessary under Tax Law Sections 171-a, 171-b, 171-c, 171-d, 171-e and 697 and for any other purpose authorized by law, and when the taxpayer gives written authorization to this department for another department, person, agency or

entity to have access, limited or otherwise, to information contained in the return.

Failure to provide the requested information may result in civil penalties under Section 685, 1312, 1332 and 1342 of the Tax Law and/or criminal penalties under Article 37 of the Tax Law.

This information will be maintained by the Director, Accounting and Records Management Bureau, Processing Division, Department of Taxation and Finance, W. A. Harriman Campus, Building 8, Room 905, Albany, New York 12227, telephone 1 800 CALL TAX (1 800 225-5829); from outside New York State, call (518) 438-8581.

Federal/State Tax Agreement

Under authority of federal and New York State laws, the New York State Department of Taxation and Finance and the Internal Revenue Service have entered into a federal/state agreement for the mutual exchange of tax information.

Need Help?

We will answer your tax questions if you call us (see *Information* below), but we cannot fill in your return for you.

You can get help filling in your return from:

- Volunteer Income Tax Assistance (VITA) and Tax Counseling for the Elderly (TCE). Volunteers will give free help to lower income, elderly, handicapped and non-English speaking individuals. Watch for VITA and TCE information in your community or call the toll-free telephone number 1 800 CALL TAX (1 800 225-5829) for the location of the volunteer assistance site near you.
- Senior Citizens Centers; contact center for dates and times.
- Social Service Agencies.

Information

For **Information** or answers to your New York State tax questions, call toll free **1 800 CALL TAX (1 800 225-5829)**. From areas outside New York State, call (518) 438-8581. Telephone assistance is available from 8 a.m. to 5 p.m. Monday through Friday. To make sure that Tax Department employees give courteous responses and correct information to taxpayers, a second Tax Department employee sometimes monitors telephone calls. No record is kept of any taxpayer's name, address or social security number.

New York State tax information on federal Tele-Tax System

This year New York State is participating in a pilot program with the Internal Revenue Service. New York State income tax information is available on the federal Tele-Tax Toll-free System. This program is being tested in the Buffalo Internal Revenue Service District only. Taxpayers calling from area codes 607, 716 or 315 may call the Internal Revenue Service toll-free tele-tax number 1 800 554-4477 to use this service.

If you have a question about the status of your refund check, see *When to call about your refund* below.

If you want to write instead of calling, address your letter to **New York State Tax Department, Taxpayer Assistance Bureau, W. A. Harriman Campus, Albany, NY 12227.**

When to call about your refund

Generally, early filers get their refund checks first. However, if you file after April 1, you may not receive your refund check for at least 12 weeks. If you have to call to ask where your refund check is, please wait until after April 15; then call toll free 1 800 443-3200. From areas outside New York State, call (518) 438-6777.

Trying to resolve a problem with the Tax Department?

New York State has a Problem Resolution Program for taxpayers who have been unable to resolve a problem with the Tax Department. If you have a tax problem and have made **two or more** attempts to resolve it without success, you may seek help from one of our Problem Resolution Officers (PROs).

You may call or write to the PRO serving your area. You can get the address and telephone number by calling us (see *Information* on this page).

Steps for Preparing Your Return

Prepare your federal return first; much of the information on your New York State return will be the same. In many cases when New York State and federal tax laws are similar, the New York instructions do not repeat all the requirements, but instead, explain the differences.

Step 1

Get all forms and publications you need.

If you need any forms or publications, see *How to get forms* on page 5.

Step 2

Get your tax records together.

If you received a salary or wages, get all your 1987 wage and tax statements together. These can be either New York Form IT-2102 or federal Form W-2. Only your employer can issue or correct these forms. If you have not received your wage and tax statements by February 15, or if the form you received is incorrect, contact your employer.

If you had tax withheld from annuities, pensions, retired pay or IRA payments, get together all of your New York Form(s) IT-2102P or federal Form(s) W-2P.

If you paid income taxes to another state, get a copy of the income tax return you filed with that state.

If you made payments during the year for your New York State, City of New York, or City of Yonkers estimated tax, check your payments or credits that were applied to your 1987 tax year.

If you plan to take any credits or deductions, get all the supporting information and records you will need.

Step 3

Fill in your return.

Fill in your return using the line-by-line instructions for Form IT-201 that begin on page 9, or the instructions for Form IT-100 that begin on page 28. Then continue with Step 4 on page 18.

Line-by-Line Instructions for Form IT-201

All information on your return, except for your mailing address, should be for the calendar year January 1 through December 31, 1987, or for your fiscal year. If you are filing for a fiscal year, enter the month and day your tax year began, and the month, day and year that it ended at the top of page 1.

Make your entries in the **white** areas of Form IT-201.

Name and Address Box

Do not write in this box or attach your mailing label until you have completed and checked your return.

Step 5 on page 18 of these instructions will tell you how to complete this section of your return.

Item A

Filing Status

Show your filing status by checking only one box. If you filed a federal return, you must use the same filing status for your state return.

If you did not have to file a federal return, use the same filing status that would have been allowed for federal income tax purposes.

However, married taxpayers who file a joint federal return must file separate New York State returns (filing status $\text{\textcircled{3}}$ for both) if either of the following applies:

- One of you was a New York State resident for the entire taxable year and the other was a nonresident for the entire year, unless both of you elect to file jointly (filing status $\text{\textcircled{2}}$) as if you were residents for the entire taxable year.
- Both of you had a change of resident status and your periods of New York State residency were different, or if only one of you had a change of resident status. For more information on change of resident status, see *Part-year Residents* on page 4.

Item B

Can you be claimed as a dependent?

If you can be claimed as a dependent on another taxpayer's federal return (see the federal instructions), check the **Yes** box. If not, check the **No** box.

Item C

Part-year residents

If you were a New York State resident for only part of the year, enter in the box the **number of full months** that you were a New York State resident. Count as a full month any period of more than one-half month; do not count a period of one-half month or less. If you changed your resident status, complete Form IT-360 and attach it to your Form IT-201. For more information, see *Part-year Residents* on page 4 of these instructions.

Item D

Do you want a tax packet (IT-201-P) sent to you next year?

Many taxpayers who pay others to prepare their returns do not use the income tax

packets mailed to them each year. If you do **not** need a packet mailed to you next year, check the box.

The Tax Department will then send you a mailing label which you or your tax preparer should use on your 1988 return.

By telling us that you do not need a packet next year, you will help reduce printing and mailing costs.

Federal Income and Adjustments

The amounts on lines 1 through 18 must be the same as the income (loss), total adjustments and adjusted gross income reported on your federal return.

If you did not have to file a federal return, report the same income you would have reported for federal income tax purposes.

Line 1

Wages, salaries, tips, etc.

Enter the total of all wages, salaries, fees, commissions, bonuses, tips, fringe benefits, etc., reported on your 1987 federal return. Include all of these items even if they were not reported by your employer on a wage and tax statement or other income statement.

Line 2

Taxable interest income

Enter the taxable interest income reported on your federal return.

Line 3

Dividend income

Enter the dividend income reported on your federal return.

Line 4

Taxable refunds of state and local income taxes

Enter the total taxable state and local income tax refunds included as income on your federal return. Also enter this amount on line 23.

Line 5

Alimony received

Enter the total alimony received as reported on your federal return.

Line 6

Business income or (loss)

Enter your business income or (loss) reported on your federal return and attach a copy of your federal Schedule C.

If you are self-employed and carry on a trade, business or profession in the City of New York, you may also be required to file Form NYC-202, *City of New York Unincorporated Business Tax Return*. For more information, see *Instructions for Form NYC-202*. You can get this form and its instructions by calling 1 (718) 935-6000, or from the **City of New York Department of Finance, City Collector,**

Municipal Building, Mezzanine Level, New York, NY 10007. Since New York State does not administer the New York City unincorporated business tax, **do not** file your NYC-202 with your state return.

Line 7

Capital gain or (loss)

Enter your net capital gain or (loss) from the sale or exchange of property, including securities, as reported on your federal return. Attach to your state return a copy of federal Schedule D and any related schedules.

Line 8

Other gains or (losses)

Enter the net capital gains or (losses) from the sale or exchange of assets used in a trade or business, as reported on your federal return. Attach a copy of federal Form 4797.

Line 9

Taxable amount of pensions, IRA distributions and annuities

Enter the amount reported on your federal return.

Lines 10 and 11

Rents, royalties, partnerships, estates, trusts and S corporations

Enter the amounts from federal Schedule E, Form 1040, and attach a copy of your federal Schedule E.

The amount reported on line 10 should be the same as reported on federal Schedule E, line 29. The amount reported on line 11 should be the same as the total of lines 33 and 37 from federal Schedule E.

Line 12

Farm income or (loss)

Enter the amount reported on your federal return and attach a copy of your federal Schedule F.

Line 13

Unemployment compensation (insurance)

Enter the amount reported on your federal return.

Line 14

Taxable amount of social security benefits

Enter the amount of taxable social security benefits (and tier 1 railroad retirement benefits) reported on your federal return. Also enter this amount on line 25.

Line 15

Other income

Identify any other income that applies to you by writing the type and amount of each income in the white area on line 15. Enter the total amount of your other income (the amount reported on your federal return) on line 15 in the money column.

Line 16

Total

Add lines 1 through 15 and enter the total on line 16.

Line 17

Total federal adjustments to income

Enter the total adjustments to income reported on federal Form 1040, line 29. These include reimbursed employee business expenses, IRA deduction and spouse's IRA deduction, as well as other adjustments. Write each adjustment and its amount in the white area on line 17. If more room is needed, make a list showing each adjustment and its amount, and attach the list to your New York return. If you did not have to file a federal return, claim the same adjustments to income you would have claimed for federal income tax purposes.

Line 18

Adjusted gross income (federal)

Subtract line 17 from line 16 and enter the result on line 18. This amount must be the same as the adjusted gross income from your federal return.

New York Adjustments/ New York Adjusted Gross Income

Enter any of the listed additions to or subtractions from your federal adjusted gross income. For more information on additions and subtractions, see Publication 382, *How to Figure Your New York State Additions and Subtractions*.

Partners — If you have income from a partnership, include any New York additions and subtractions which apply to that income. Determine your share of partnership additions and subtractions from the partnership return, Form IT-204.

Beneficiaries (estates and trusts) — If you have income from an estate or trust, any New York additions and subtractions which 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. If the adjustment is a net addition, enter this amount on line 21; if the adjustment is a net subtraction, enter this amount on line 29. Identify this item as a "fiduciary adjustment."

S Corporation Shareholders — If you are a shareholder of a federal S corporation for which the election to be a New York S corporation was in effect for the taxable year, include any of the following additions and subtractions that apply to your pro rata share of S corporation items of income, loss or deduction. Additions A-19 and A-20 and subtractions S-25 do **not** apply to you since they apply only to non-electing S corporations. If the election to treat the corporation as a New York S corporation terminated during the taxable year, you must allocate those items (see Publication 382 for more information). Obtain your share of S corporation items of income, loss and deduction from the S corporation's Form CT-3S.

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 franchise tax, include any of the additions and subtractions below that apply to your pro rata share of S corporation items of income, loss or deduction. Additions A-18, A-19, A-20 and A-21, and subtractions S-24 and S-25 do **not** apply to you since they apply only to electing and non-electing New York S corporations.

If 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 taxable year after December 31, 1980, make addition A-21 or subtraction S-24, whichever applies to you.

You must make the adjustments for the taxable year of the S corporation that ends in your taxable year.

New York Additions

Line 19

Interest income on state and local bonds other than New York State

Enter any interest income on state and local bonds (except those of New York State and its political subdivisions) that you received or that was credited to you during 1987 if it was **not** included in your federal adjusted gross income.

Line 20

Accelerated cost recovery system (ACRS) deduction

Enter your accelerated cost recovery system (ACRS) deduction from Form IT-399, line 1, column G (Section 612(b)(25) of the Tax Law). This adjustment must be made for property placed in service during taxable years beginning in 1981, 1982, 1983, and 1984. It also must be made for property placed in service outside New York State in taxable years beginning after December 31, 1984 (including property on which ACRS depreciation was figured in accordance with the Federal Tax Reform Act of 1986), except for property subject to the provisions of Section 280F of the Internal Revenue Code (such as luxury automobiles).

Line 21

Other additions

Identify any of the following additions that apply to you by writing the item number and the amount of each addition in the white area on line 21. Enter the total amount of these other additions on line 21 in the money column.

A-1 Interest or dividend income received by you or credited to you during 1987, on bonds or securities of any United States authority, commission or instrumentality that federal laws exempt from federal income tax but not from state income tax (Section 612(b)(2) of the Tax Law).

A-2 Income taxes that were deducted from your federal gross income (Section 612(b)(3) of the Tax Law). For example, if you operated a business and deducted income taxes from your federal return as an expense of doing business, include these taxes on line 21.

Partners — Include on line 21 your distributable share of income taxes deducted in figuring net income.

A-3 PASS funds — 110 percent of the value of the assets of a higher education (PASS) fund terminated before April 20, 1987, from Form IT-270, line 24. (If terminated on or after April 20, 1987, do not make this addition.)

A-4 Professional service corporation shareholders — Certain employee benefits you received if you were a shareholder of a professional service corporation (including shareholders of professional service corporations organized outside New York State but authorized to conduct business in New York State under Article 15-A of the Business Corporation Law). These benefits include certain corporate contributions to pension, employee annuity, stock bonus, profit sharing or bond purchase plans in excess of \$15,000 or 15% of earned income, whichever is less. They also include 5.70 percent of your wages from the corporation that are subject to social security taxes (Section 612(b)(7), and (8) of the Tax Law).

Professional service corporations are required by law to furnish each shareholder with Form IT-2102.I-PC, *Professional Service Corporation Information Return*, reporting payments of the above benefits.

A-5 Interest expense on loans used to buy bonds and securities (whose interest income is exempt from New York State tax) if you made a deduction for this interest expense in figuring your federal adjusted gross income. Amortization of bond premiums whose interest income is exempt from New York State tax and expenses relating to income exempt from New York State tax, if you made a deduction in figuring your federal adjusted gross income, must also be included on line 21 (Sections 612(b)(4) and (5) of the Tax Law).

A-6 The amount of special additional mortgage recording tax that was excluded or deducted in figuring your federal adjusted gross income to the extent the credit was taken (Section 612(b)(15) of the Tax Law). For information about the special additional mortgage recording tax credit, see *Instructions for Form IT-201-ATT*, line 5, on page 20 of these instructions.

A-7 The amount of special additional mortgage recording tax you paid when the property for which the tax was paid is sold or disposed of at a gain or loss and the basis of such property was not adjusted for the special additional mortgage recording tax credit (Section 612(b)(16) of the Tax Law).

A-8 Any amount that has to be added to your federal adjusted gross income if you made an election for tax years beginning before 1987 for additional depreciation or research and development expenditures, waste treatment facility expenditures, air pollution control equipment expenditures or acid deposition control equipment (Section 612(b)(6) of the Tax Law). See subtraction S-15 on page 13 of these instructions.

A-9 Any deduction for percentage depletion on mines, oil and gas wells, and other natural deposits made in figuring your federal adjusted gross income (Section 612(b)(10) of the Tax Law). See subtraction S-14 on page 13 of these instructions.

A-10 Amounts required under the Tax Law relating to your distributive or pro rata share of allocated entire net income, or your distributive or pro rata share of loss included in your federal adjusted gross income, from an insurance business operating as a member of the New York Insurance Exchange (Section 617-a of the Tax Law). See subtraction S-16 on page 13 of these instructions.

A-11 Any gain which would have been realized for New York State tax purposes from the sale or other disposition of property acquired from a decedent and valued by the executor under New York State Law because the estate had an insufficient amount of assets to require the filing of a federal estate tax return (Section 612(b)(17) of the Tax Law).

A-12 Solar and wind energy systems — The amount of New York State solar and wind energy credit you claimed for residential property later sold or disposed of at a gain if the basis of that property included the cost of your energy system (Section 606(g) of the Tax Law).

A-13 New business investment — Deferral recognition — The amount of capital gain deferred on the sale of a capital asset if the new business investment property is sold and the proceeds are not reinvested again in a New York business within 12 months (Section 612(b)(22) of the Tax Law). If only a part of the proceeds were reinvested, see Publication 382 for information on figuring your addition.

A-14 Safe harbor leases — The amount that was deducted in figuring your federal adjusted gross income (except for mass transit vehicles) solely because of an election made under Section 168(f)(8) of the Internal Revenue Code, as it was in effect for agreements entered into prior to January 1, 1984 (Section 612(b)(23) of the Tax Law).

A-15 Safe harbor leases — Any amount that would have been included in federal adjusted gross income (except for mass transit vehicles) had the election under Section 168(f)(8) of the Internal Revenue Code, as it was in effect for agreements entered into prior to January 1, 1984, not been made (Section 612(b)(24) of the Tax Law).

A-16 Accelerated cost recovery property — Year of disposition adjustment — In the year that you dispose of property, the amount by which the total depreciation allowed for New York State purposes is greater than your total federal accelerated cost recovery deductions on that property (including ACRS depreciation figured in accordance with the Federal Tax Reform Act of 1986) (Section 612(b)(27) of the Tax Law). Use Form IT-399, *New York State Depreciation*, to figure your adjustment. See subtraction S-22 on page 13 of these instructions.

A-17 Tax on petroleum businesses — The amount of gross receipts tax imposed on petroleum businesses under Article 13-A of the Tax Law that was deducted in figuring your federal adjusted gross income (Section 612(b)(28) of the Tax Law).

A-18 S corporation shareholders — If you are a shareholder of an S corporation for which the election to be a New York S corporation is in effect for the taxable year, your pro rata share of the corporation's reductions for taxes described in Sections 1366(f)(2) and (3) of the Internal Revenue Code (Section 612(b)(18) of the Tax Law).

A-19 S corporation shareholders — If you are a shareholder of an S corporation for which the election to be a New York S corporation was not in effect for the taxable year, any S corporation loss or deduction taken into account in figuring your federal adjusted gross income pursuant to Section 1366 of the Internal Revenue Code (Section 612(b)(19) of the Tax Law).

A-20 S corporation shareholders — S corporation distributions not included in federal adjusted gross income due to the application of Section 1368, 1371(e) or 1379(c) of the Internal Revenue Code, and not previously subject to New York personal income tax because the election to be a New York S corporation was not in effect (Section 612(b)(20) of the Tax Law). The Internal Revenue Code sections mentioned above refer to distributions, cash distributions during post termination transition period and distributions of undistributed taxable income, respectively.

A-21 S corporation shareholders — Where gain or loss is recognized on a shareholder's federal income tax return due to the disposition of stock or indebtedness of an S corporation that did not have an election to treat the corporation as a New York S corporation in effect for any taxable year beginning after December 31, 1980, the increase in basis of stock or indebtedness due to the application of Sections 1376(a) (as it was in effect for taxable years beginning before January 1, 1983) and 1367(a)(1)(A) and (B) of the Internal Revenue Code for each taxable year that the New York election was not in effect (Section 612(b)(21) of the Tax Law). The Internal Revenue Code sections mentioned above refer to S corporation undistributed taxable income, respectively, that was required to be included in the shareholder's federal adjusted gross income.

Line 22

Add lines 18 through 21 and enter the total on line 22.

New York Subtractions

Line 23

Taxable refunds of state and local income taxes

Enter the amount of any taxable refund or credit for overpayment of income tax from line 4.

Line 24

Two-earner married couple deduction

You may take this deduction if both you and your spouse work and 1) have qualified earned income; and 2) file a joint return; and 3) do not exclude income or deduct certain housing costs on federal Form 2555 or exclude income from sources in United States possessions on federal Form 4563. Complete the worksheet below to figure the deduction.

Step 1 (lines 1, 2, and 3) — Figure earned income separately for yourself and your spouse. Enter your amounts in column a and your spouse's in column b. The totals for columns a and b must equal the amounts reported on the corresponding lines of Form IT-201.

Earned Income - This is generally income you receive for services you provide. It includes wages, salaries, tips, commissions, supplemental unemployment benefits (sub-pay), etc. (from Form IT-201, line 1). It also includes income earned from self-employment (from Form IT-201, lines 6 and 12; and Schedule K-1 of federal Form 1065), and net earnings and gains (other than capital gains) from the disposition, transfer, or licensing of property that you created.

Two-earner Married Couple Deduction Worksheet

Step 1 Figure earned income		(a) You	(b) Your spouse
1	Wages, salaries, tips, etc., from Form IT-201, line 1. (Do not include taxable amount of pensions, IRA distributions, or annuities reported on Form IT-201, line 9)		
2	Net profit or (loss) from self-employment (from Form IT-201, lines 6 and 12; federal Schedule K-1 (Form 1065); and any other earned income)		
3	Add lines 1 and 2. This is your total earned income		
Step 2 Figure qualified earned income			
4	Add amounts entered on Form IT-201, line 17, for reimbursed employee business expenses, IRA deduction, self-employed health insurance deduction, Keogh retirement plan and self-employed SEP deduction, and any repayment of supplemental unemployment benefits (sub-pay). Enter the total (see instructions on page 12)		
5	Subtract line 4 from line 3. This is your qualified earned income. If the amount in column (a) or (b) is zero (-0-) or less, stop here. You may not take this deduction		
Step 3 Figure the deduction			
6	Compare the amounts in columns (a) and (b) of line 5 above. Enter the smaller amount here. (Enter either amount if 5(a) and 5(b) are the same.) (Do not enter more than \$30,000)		
7	Percentage used to figure the deduction (10%)	x	.10
8	Multiply the amount on line 6 by the percentage on line 7. This is the amount of your deduction. Enter the result here and on Form IT-201, line 24		

Earned income does not include interest, dividends, social security benefits, IRA distributions, unemployment compensation, deferred compensation, or nontaxable income. It also does not include any amount your spouse paid you.

Step 2 (lines 4 and 5) — Figure qualified earned income separately for yourself and your spouse by subtracting certain adjustments from earned income.

Qualified earned income — This is the amount on which the deduction is based. Figure it by subtracting the total of certain adjustments from earned income. These adjustments (and the related lines on federal Form 1040) are:

- Reimbursed employee business expenses (from line 23).
- IRA deduction (yours, line 24a; spouse's, line 24b).
- Self-employed health insurance deduction (from line 25).
- Keogh retirement plan and self-employed SEP deduction (from line 26).
- Repayment of sub-pay included in the total on line 29.

On line 4, enter the total of any adjustments that apply to your earned income in column a and those that apply to your spouse's earned income in column b.

Step 3 (lines 6, 7, and 8) — Figure the deduction based on the **smaller** of:

- the qualified earned income entered in column (a) or (b) of line 5, whichever is less; or
- \$30,000.

Example — You earned a salary of \$21,000 and had \$4,000 of employee-business expenses. Your spouse earned \$16,000 and had an IRA deduction of \$1,000. Your qualified earned income is \$17,000 (\$21,000 minus \$4,000) and your spouse's is \$15,000 (\$16,000 minus \$1,000).

Because your spouse's qualified earned income is less than yours, the deduction is figured on your spouse's income. Therefore, the deduction is \$1,500 (\$15,000 x .10).

Line 25

Taxable social security benefits

Enter the amount of taxable social security and tier 1 railroad retirement benefits from line 14.

Line 26

Interest income on United States government bonds

Enter any interest income on bonds or other obligations of the United States government that you included in your federal adjusted gross income. Include on line 26 qualifying dividends received after April 1, 1987, from regulated investment companies (mutual funds) that invest in obligations of the United States government and meet the 50 percent asset requirement (Section 612(c)(1) of the Law).

Line 27

Pension and annuity income exclusion

If you were age 59½ before January 1, 1987, enter the qualifying pension and annuity income included in your 1987 federal adjusted gross income, but not more than \$20,000. If you became 59½ during 1987, enter only the amount received after you became 59½, but not more than \$20,000.

Do not enter any pension income you received from New York State or its political subdivisions here; see the instructions for line 29, subtraction S-4.

If you are also claiming the disability income exclusion, the total of your pension and annuity income exclusion and disability income exclusion cannot exceed \$20,000. If married, the total of each spouse's pension and annuity income and disability income exclusion cannot exceed \$20,000. You cannot claim any unused part of your spouse's exclusion.

Qualifying pension and annuity income includes:

- Periodic payments for services you performed as an employee before you retired.
- Periodic and lump sum payments from an IRA, but not payments derived from contributions made after you retired.
- Periodic payments from an HR-10 (Keogh) plan, but not payments derived from contributions made after you retired.
- Lump sum payments from an HR-10 (Keogh) plan, but only if a federal forward averaging method is not used. Do not include that part of your payment that was derived from contributions made after you retired.

If you and your spouse both qualify, each of you can subtract up to \$20,000 of your own pension and annuity income. However, you cannot claim any unused part of your spouse's exclusion.

If you received the pension and annuity income of a decedent, you may take this subtraction if the decedent would have qualified to make this subtraction at the time of death.

For more information, see Publication 59, *New York State's Tax Benefit on Pension and Annuity Income*.

Line 28

New York State depreciation

Enter your total New York State depreciation from Form IT-399, line 1, column F (Section 612(c)(26) of the Tax Law). This adjustment must be made for property placed in service during taxable years beginning in 1981, 1982, 1983, and 1984. It also must be made for property placed in service outside New York State in taxable years beginning after December 31, 1984 (including property on which ACRS depreciation was figured in accordance with the Federal Tax Reform Act of 1986), except for property subject to the provisions of Section 280F of the Internal Revenue Code (such as luxury automobiles).

Line 29

Other subtractions

Identify any of the following subtractions that apply to you by writing the item number and amount of each subtraction in the white area on line 29. Enter the total amount of your other subtractions on line 29 in the money column.

S-1 The amount of your tuition deduction from Form IT-270, line 9 (Section 612(c)(17) of the Tax Law). See page 5 of these instructions for more information.

S-2 The total amount of your PASS fund deduction from each Form IT-270, line 16 (Section 612(c)(16) of the Tax Law). Contributions made after December 31, 1986, and before April 20, 1987, including the 1987 earnings on the value of the assets in the fund as of April 19, 1987, qualify for this subtraction. See page 5 of these instructions for more information.

S-3 Interest or dividend income on bonds or securities of any United States authority, commission or instrumentality included in your federal adjusted gross income but exempt from state income taxes under federal laws (Section 612(c)(2) of the Tax Law).

S-4 Any pension you received as a retired officer or employee of New York State or its political subdivisions (towns, cities, etc.) that was included in your federal adjusted gross income, and any pension you received as a beneficiary of a deceased officer or employee of New York State or its political subdivisions (Section 612(c)(3) of the Tax Law).

S-5 The amount of supplemental annuity and tier 2 benefits received under the Railroad Retirement Act of 1974 and the amount of Railroad Unemployment Insurance Act benefits that were included in your federal adjusted gross income but exempt from state income taxes under Title 45 of the United States Code.

S-6 Any interest or dividend income included in your federal adjusted gross income on bonds or securities that is exempt from New York State income tax (Section 612(c)(6) of the Tax Law).

S-7 Interest expense on money borrowed to purchase or carry bonds or securities, whose income is subject to New York State income tax but exempt from federal income tax, provided this interest was a 1987 business expense and was not deducted in figuring your federal adjusted gross income (Section 612(c)(9) of the Tax Law).

S-8 Ordinary and necessary business expenses paid or incurred during 1987 in connection with income, or property held to produce income, that is subject to New York State income tax but exempt from federal income tax, provided these expenses were not deducted in arriving at your federal adjusted gross income (Section 612(c)(10) of the Tax Law).

S-9 Amortization of bond premium attributable to 1987 on any bond whose interest income is subject to New York State income tax but exempt from federal income

tax, provided this amortization was a 1987 business expense and was not deducted in figuring your federal adjusted gross income (Section 612(c)(10) of the Tax Law).

S-10 The amount necessary to prevent taxation of amounts properly included in total New York income in prior taxable years by a shareholder of a professional service corporation (Section 612(c)(12) of the Tax Law).

S-11 The amount of wages and salaries paid or incurred during the taxable year for which a salaries deduction is not allowed with regard to claiming the federal targeted jobs credit (Section 612(c)(15) of the Tax Law).

S-12 The part of any gain included in your federal adjusted gross income for the sale or other disposition of (1) property which had a higher basis for New York income tax purposes than for federal income tax purposes on December 31, 1959 (or on the last day of a fiscal year ending during 1960) and (2) property held in connection with mines, oil or gas wells, and other natural deposits which has a higher adjusted basis for New York State income tax purposes, which does not exceed this difference in basis. When the gain on the sale or other disposition of jointly owned property is divided between you and your spouse on your separate state returns, any subtraction due to a higher New York than federal basis must also be divided (Section 612(c)(4) and 612(c)(13) of the Tax Law).

S-13 Any amount of income (including annuity income) or gain included in your federal adjusted gross income which was properly reported as income or gain on a prior New York State return filed under former Article 16 of the Tax Law by you or a decedent, an estate or trust from whom you acquired this income or gain (Section 612(c)(5) of the Tax Law).

S-14 Cost depletion figured according to federal tax law on property where percentage depletion was added on line 21 (Section 612(c)(13) of the Tax Law). See addition A-9 on page 10 of these instructions.

S-15 Special depreciation expenditures or carryover of research and development expenditures incurred in taxable years beginning before 1987 in connection with depreciable, tangible business property located in New York State (Section 612(c)(11) of the Tax Law). For more information, see Form IT-211, *Special Depreciation Schedule*, and instructions. Also, see addition A-8 on page 10 of these instructions.

S-16 Any amount included in your federal adjusted gross income which is your distributive or pro rata share of income or gain from an insurance business operating as a member of the New York Insurance Exchange (Section 617-a of the Tax Law). See addition A-10 on page 11 of these instructions.

S-17 Any loss which was to have been realized for New York State tax purposes from the sale or other disposition of property acquired from a decedent and valued by the executor under New York State Tax Law

because the estate had an insufficient amount of assets to require the filing of a federal estate tax return (Section 612(c)(19) of the Tax Law).

S-18 New business investment exclusion — The amount of gain to be subtracted from the sale of a New York new business investment which was included in your federal adjusted gross income (Section 612(c)(20) of the Tax Law).

S-19 New business investment deferral — The amount of a capital gain on the sale of a capital asset that was reinvested in a New York new business within one year from the date the property was sold (Section 612(c)(23) of the Tax Law). For more information, including how to figure your subtraction, see Publication 382.

S-20 Safe harbor leases — Any amount that was included in federal adjusted gross income (except for mass transit vehicles) solely because of an election made under Section 168(f)(8) of the Internal Revenue Code, as it was in effect for agreements entered into prior to January 1, 1984 (Section 612(c)(24) of the Tax Law).

S-21 Safe harbor leases — Any amount that could have been excluded from federal adjusted gross income (except for mass transit vehicles) had the election under Section 168(f)(8) of the Internal Revenue Code, as it was in effect for agreements entered into prior to January 1, 1984, not been made (Section 612(c)(25) of the Tax Law).

S-22 Accelerated cost recovery property — Year of disposition adjustment — In the year that you dispose of property, the amount by which your total federal accelerated cost recovery deductions were greater than the total depreciation you took for New York State purposes on that property (including ACRS depreciation that was figured in accordance with the Federal Tax Reform Act of 1986) (Section 612(c)(28) of the Tax Law). Use Form IT-399, *New York State Depreciation*, to figure your adjustment. See addition A-16 on page 11 of these instructions.

S-23 S corporation shareholders — Where a gain or loss is recognized on a shareholder's federal income tax return due to the disposition of stock or indebtedness of an S corporation that did not have an election to treat the corporation as a New York S corporation in effect for any taxable year beginning after December 31, 1980, the reduction in basis of stock or indebtedness due to the application of Sections 1376(b) (as it was in effect for taxable years beginning before January 1, 1983) and 1367(a)(2)(B) and (C) of the Internal Revenue Code for each taxable year that the New York election was not in effect.

Also, the amount of any additions to federal adjusted gross income under Section 612(b)(20) of the Tax Law (see addition A-20 on page 11 of these instructions) that were made with respect to the stock described above (Section 612(c)(21) of the Tax Law).

The Internal Revenue Code sections mentioned above refer to the shareholder's pro rata share of S corporation net operating loss and S corporation loss and deduction, respectively, that was required to be taken

into account in figuring the shareholder's federal adjusted gross income.

S-24 S corporation shareholders — If you are a shareholder of an S corporation for which the election to be a New York S corporation was not in effect for the taxable year, any S corporation income included in federal adjusted gross income pursuant to Section 1366 of the Internal Revenue Code (Section 612(c)(22) of the Tax Law).

S-25 Disability income exclusion — Any amount that could have been excluded from federal adjusted gross income based on Section 105(d) of the Internal Revenue Code as it was in effect prior to January 1, 1984. However, the sum of disability income excluded and pension and annuity income excluded may not exceed \$20,000 (Section 612(c)(3-b) of the Tax Law). Use Form IT-221, *Disability Income Exclusion*, to figure your disability income exclusion and attach it to your return.

If you claim this exclusion, you must also complete the physician's statement located at the bottom of Form IT-221.

Line 30

Add lines 23 through 29 and enter the total on line 30.

Line 31

New York adjusted gross income

Subtract line 30 from line 22 and enter the result on line 31.

Line 32

Transfer the front page, line 31 amount to page 2, line 32.

New York Itemized Deduction

You may pay less tax if you can claim the New York itemized deduction. You can claim the New York itemized deduction only if you itemize deductions on your federal return. However, if your New York itemized deduction is less than your allowable standard deduction, you should claim the standard deduction.

If you are married and filing separate returns (filing status Ⓒ), you can claim the New York itemized deduction only if both of you itemize deductions on your federal returns and both of you elect to claim the New York itemized deduction. Otherwise, both of you must claim the New York standard deduction.

For information on the New York standard deduction, see the instructions for line 46 on page 14. (Continued on next page.)

If you did not itemize deductions on your federal return, or if you did not have to file a federal return, you must claim the New York standard deduction; skip lines 33 through 45 and continue on line 46.

Lines 33 through 40

Enter on each line the total of each group of itemized deductions (medical and dental, taxes, moving expenses, etc.) exactly as you reported them on your federal Schedule A (Form 1040), *Itemized Deductions*.

Line 41

Enter the total itemized deductions from federal Schedule A, line 26.

Line 42

State, local and foreign income taxes included on line 34

Enter the amount of any state, local and foreign income taxes included on line 34.

State and local income taxes are reported on your federal Schedule A, line 5. Foreign income taxes are reported on your federal Schedule A, line 7.

Exception for City of New York nonresident earnings tax — If you included the City of New York nonresident earnings tax on line 34, you do **not** have to include on line 42 the difference between the City of New York nonresident earnings tax on wages figured at the old rate (0.25%) and the tax figured at the current rate (0.45%). To figure the amount you have to include on line 42, multiply your City of New York taxable wages (from Form NYC-203, line 3) by .0020 and subtract it from your state, local and foreign income tax deduction included on line 34.

Example — Your line 34 amount includes your City of New York nonresident earnings tax as well as other state, local and foreign income taxes, for a total income tax deduction of \$1,000. Your taxable wages from Form NYC-203, line 3, are \$10,000. Multiply \$10,000 by .0020 which equals \$32; the amount you do **not** have to include on line 42. Then subtract \$32 from \$1,000 to find the difference of \$968, the amount to enter on line 42.

The above also applies to the City of New York nonresident earnings tax on net earnings from self-employment. The amount you do not have to include on line 42 is the difference between the tax figured at the old rate (0.375%) and the tax figured at the current rate (0.65%). To figure the amount you have to include on line 42, multiply your City of New York taxable net earnings from self-employment (Form NYC-203, line 7) by .00275 and subtract it from your state, local and foreign income tax deduction included on line 34.

Line 43

Subtract line 42 from line 41 and enter the result.

Line 44

Other adjustments

On a separate sheet marked "Line 44 Other Adjustments," identify by item letter the following other adjustments that apply to you. Show the amount of each and attach this sheet to your return. Enter only the net addition or net (subtraction) amount on line 44.

Partners — Include on line 44 the additions and subtractions described below that apply to your share of partnership deduction items (if not included in your New York additions and subtractions on the front page). Determine your share of partnership items from the partnership return, Form IT-204.

S corporation shareholders — If you are a shareholder of a federal S corporation for which the election to treat the corporation as a New York S corporation was in effect for the taxable year, or if you were not eligible to make the election to treat your corporation as a New York S corporation because the corporation is not subject to Article 9-A franchise tax, include on line 44 additions A through C and subtractions D through G, described below, that apply to your pro rata share of S corporation items of income, loss or deduction. If the election to be a New York S corporation terminated during the taxable year, you must allocate those items (see Publication 382, *How to Figure Your New York Additions and Subtractions*, for more information). Obtain your share of S corporation items from the S corporation's Form CT-3S.

If you are a shareholder of a federal S corporation that did not elect to be a New York S corporation, include subtraction H only.

Additions

- A** Interest expense on money borrowed to purchase or carry bonds or securities subject to New York income tax but exempt from federal income tax, if this interest expense was not deducted on your federal return or shown as a New York subtraction on page 1 of your state return.
- B** Ordinary and necessary expenses paid or incurred during 1987 in connection with income, or property held for the production of income, which is subject to New York income tax but exempt from federal income tax, if these expenses were not deducted on your federal return or shown as a New York subtraction on page 1 of your state return.
- C** Amortization of bond premium attributable to 1987 on any bond whose interest income is subject to New York income tax but exempt from federal income tax, if this amortization was not deducted on your federal return or shown as a New York subtraction on page 1 of your state return.

Subtractions

- D** Interest expense on money borrowed to purchase or carry bonds or securities

whose income is exempt from New York income tax.

- E** Ordinary and necessary expenses paid or incurred in connection with income, or property held for the production of income, which is exempt from New York income tax.
- F** Amortization of bond premium attributable to 1987 on any bond, whose interest income is exempt from New York income tax.
- G** Your distributive or pro rata share of deductions from an insurance business operating as a member of the New York Insurance Exchange (Section 617-a of the Tax Law).
- H** If you are a shareholder of a federal S corporation that did not elect to be a New York S corporation, any S corporation deductions included in your federal itemized deductions. If an S corporation short year is involved, you must allocate those deductions (see Publication 382, *How to Figure Your New York Additions and Subtractions*, for more information).

Line 45

New York itemized deduction

If line 44 is an addition, add lines 43 and 44 and enter the total on line 45. If line 44 is a (subtraction), subtract line 44 from line 43 and enter the result.

If you made no entry on line 44, enter the amount from line 43 on line 45.

Tax Computation

Line 46

New York deduction: standard or itemized

Check either the standard or the itemized deduction box to show which method you are using and enter the amount of your New York deduction on line 46.

- If you itemized deductions on your federal return, you can use either method.
- If you did not itemize on your federal return, or if you did not have to file a federal return, you must claim the New York standard deduction.
- If you are married and filing separate returns (filing status ③) and one of you claims the New York standard deduction, the other must also claim the standard deduction.

New York standard deduction

If you are **not** claiming the New York itemized deduction, find your standard deduction in the table on page 15 and enter it on line 46 in the money column.

Standard Deduction Table

Filing Status	Standard Deduction — enter on Form IT-201, line 46
① Single and you checked item B "Yes"	\$2,800
① Single and you checked item B "No"	3,600
② Married filing joint return	5,300
③ Married filing separate return	2,650
④ Head of household (with qualifying person)	4,600
⑤ Qualifying widow(er) with dependent child	5,300

New York itemized deduction

If you are claiming the New York itemized deduction, transfer the amount on line 45 to line 46 in the money column.

If you checked filing status ③ because you filed a separate federal return, you must claim only those deductions that apply to your income and your spouse must claim only those that apply to his or her income.

Line 47

Subtract the amount on line 46 from the amount on line 32 and enter the result.

Line 48

Exemptions

Enter in the box on line 48 the same number of exemptions you claimed on your federal return. Multiply the number of exemptions in the box by \$900 and enter the result on line 48 in the money column.

If you can be claimed as a dependent on another taxpayer's federal return, you cannot claim a personal exemption on your New York return. Enter "0" in the box and "0" on line 48 in the money column.

If you did not have to file a federal return, enter the number of exemptions that would be allowed for federal income tax purposes.

Line 49

New York taxable income

Subtract the amount on line 48 from the amount on line 47 and enter the result on line 49.

Line 50

New York State tax

Find your New York State tax on the amount on line 49 by using the **New York State Tax Table** on yellow pages 29 through 34 of these instructions. Be sure you use the correct column. After you have found the correct tax, enter that amount on line 50.

There is an example at the beginning of the table to help you find the correct tax.

Line 51a

Additional tax on unearned income

If line 32 is **more than \$100,000** (or more than \$50,000 if you are married filing a separate return), enter the additional tax on unearned income from Form IT-201-ATT, page 2, worksheet line 18. (See instructions, page 22.)

If your line 32 amount is **\$100,000 or less** (\$50,000 or less if you are married filing a separate return), enter "0" on line 51a.

You may be subject to the additional tax on unearned income even if you have no New York taxable income on line 49.

Line 51b

For additional tax on unearned income filers only

If you entered an amount of additional tax on unearned income on line 51a, transfer the amount from Form IT-201-ATT, page 2, worksheet line 12, to Form IT-201, line 51b.

Line 52

Add lines 50 and 51a and enter the total on line 52.

Credits/Other Taxes

Line 53

New York State household credit

Enter your New York State household credit. You qualify to claim this credit if you checked the "No" box for item B on the front page of your Form IT-201 and if you checked:

- filing status ① and the amount on Form IT-201, line 18, is **not** over \$28,000; or
- filing status ②, ③, ④ or ⑤ and the amount on Form IT-201, line 18 is **not** over \$32,000.

Filing status ① — Complete Worksheet I to figure your household credit.

Filing status ②, ③, ④, or ⑤ — Complete Worksheet II to figure your household credit.

New York State Household Credit Worksheet I

Filing status ① only

a. Enter the amount from Form IT-201, line 18.....a. _____

If the amount on line a above is:

over	but not over	enter on line b:
\$ 0	\$ 5,000	\$75
5,000	6,000	60
6,000	7,000	50
7,000	20,000	45
20,000	25,000	40
25,000	28,000	20
28,000	No credit is allowed; enter "0" on Form IT-201, line 53.	

- b. Enter amount from table above.....b. _____
- c. Enter amount from Form IT-201, line 52.....c. _____
- d. Enter the total of any credits claimed on Form IT-201-ATT, Part I, lines 1, 2 and 3.....d. _____
- e. Subtract line d from line c.....e. _____
- f. Enter the amount on line b or line e, whichever is smaller.....f. _____

This is your New York State household credit. Transfer this amount to Form IT-201, page 2, line 53.

New York State Household Credit Worksheet II

Filing status ②, ③, ④ and ⑤

a. Enter the amount from Form IT-201, line 18 (for filing status ③, use the total from **both** returns).....a. _____

If the amount on line a above is:

over	but not over	enter on:	line b	line c
\$ 0	\$ 5,000	\$75	.....	\$15
5,000	6,000	60	.....	15
6,000	7,000	50	.....	15
7,000	20,000	45	.....	15
20,000	22,000	50	.....	10
22,000	25,000	40	.....	10
25,000	28,000	35	.....	5
28,000	32,000	15	.....	5
32,000	No credit is allowed; enter "0" on Form IT-201, line 53.			

- b. Enter amount from table above.....b. _____
- c. Enter amount from table above.....c. _____
- d. Enter the number of exemptions from Form IT-201, line 48 (for filing status ③, use the total from **both** returns).....d. _____
- e. Multiply line c by line d and enter result.....e. _____

f. Add lines b and e.....f. _____

g. Enter amount from Form IT-201, line 52.....g. _____

- h. Enter the total of any credits claimed on Form IT-201-ATT, Part I, lines 1, 2 and 3.....h. _____
- i. Subtract line h from line g and enter result.....i. _____
- j. Filing status ②, ④ or ⑤ — enter amount on line f or i, whichever is smaller.....j. _____

Filing status ③ — enter 50% of line f or 100% of line i, whichever is smaller.....j. _____

This is your New York State household credit. Transfer this amount to Form IT-201, page 2, line 53.

Line 54

Subtract the amount on line 53 from the amount on line 52 and enter the result. If line 53 is more than line 52, enter "0".

Line 55

Other New York State credits

Enter the total amount of other New York State credits from Form IT-201-ATT, Part I, line 8. These are: resident credit, accumulation distribution credit, **New York State child and dependent care credit**, investment credit, special additional mortgage recording tax credit, solar and wind energy credit carryover,

and economic development zone credit(s). For more information, see *Instructions for Form IT-201-ATT*, on page 20.

Line 56

Subtract the amount on line 55 from the amount on line 54 and enter the result. If line 55 is more than line 54, enter "0".

Line 57

Other New York State taxes

Enter the total amount of other New York State taxes from Form IT-201-ATT, Part II, line 13. These are: separate tax on lump sum distributions, minimum income tax, separate tax on PASS funds, and add-back of investment credit on early dispositions. For more information, see *Other New York State Taxes* on page 21.

Line 58

Total New York State tax

Add lines 56 and 57 and enter the total on line 58.

Lines 59 through 65 apply only to City of New York taxes. If you are not subject to City of New York taxes, do not fill in these lines.

Line 59

City of New York resident tax

Find your City of New York resident tax on the amount on line 49 by using the *City of New York Tax Table* on pages 35 through 40 of these instructions. Be sure you use the correct column. After you have found the correct tax, enter that amount on line 59.

There is an example at the beginning of the table to help you find the correct tax.

Do not complete line 59 if you were a City of New York resident for only part of 1987, but a New York State resident for all of 1987. Use Form IT-360.1, *Change of City Resident Status*, to figure your part-year City of New York resident tax, and transfer it to Form IT-201-ATT, *Summary of Other Credits and Taxes*. For more information, see IT-360.1-I, *Instructions for Form IT-360.1*.

Line 60

City of New York household credit

Enter your City of New York household credit. You qualify to claim this credit if you checked the "No" box for item B on the front page of your Form IT-201 and if you checked:

- filing status ① and the amount on Form IT-201, line 18 is **not** over \$10,000; or
- filing status ②, ③, ④ or ⑤ and the amount on Form IT-201, line 18 is **not** over \$17,500.

Filing status ① – Complete Worksheet I to figure your household credit.

Filing status ②, ③, ④ or ⑤ – Complete Worksheet II to figure your household credit.

City of New York Household Credit Worksheet I
Filing Status ① only

a. Enter the amount from Form IT-201, line 18.....a. _____

If the amount on line a above is:

over	but not over	enter on line b:
\$ 0	\$ 7,500	\$15
7,500	10,000	10
10,000		No credit is allowed; enter "0" on Form IT-201, line 60.

b. Enter amount from table above.....b. _____

c. Enter your city tax from Form IT-201, line 59.....c. _____

d. Enter any accumulation distribution credit claimed on Form IT-201-ATT, Part III, line 14.....d. _____

e. Subtract line d from line c.....e. _____

f. Enter the amount on line b or line e, whichever is smaller.....f. _____

This is your City of New York household credit. Transfer this amount to Form IT-201, page 2, line 60.

City of New York Household Credit Worksheet II
Filing Status ②, ③, ④, and ⑤

a. Enter the amount from Form IT-201, line 18 (for filing status ③, use the total from **both** returns).....a. _____

If the amount on line a above is:

over	but not over	enter on line b:
\$ 0	\$12,500	\$30
12,500	15,000	20
15,000	17,500	10
17,500		No credit is allowed; enter "0" on Form IT-201, line 60.

b. Enter amount from table above.....b. _____

c. Enter the number of exemptions from Form IT-201, line 48 (for filing status ③, use the total from **both** returns).....c. _____

d. Multiply line b by line c and enter result.....d. _____

e. Enter your city tax from Form IT-201, line 59.....e. _____

f. Enter any accumulation distribution credit claimed on Form IT-201-ATT, Part III, line 14.....f. _____

g. Subtract line f from line e.....g. _____

h. Filing status ②, ④ or ⑤ – enter amount on line d or line g, whichever is smaller.....h. _____

Filing status ③ – enter 50% of line d or 100% of line g, whichever is smaller.....h. _____

This is your City of New York household credit. Transfer the amount to Form IT-201, page 2, line 60.

Line 61

Subtract the amount on line 60 from the amount on line 59 and enter the result. If line 60 is more than line 59, enter "0."

Line 62

Other City of New York credits

Enter the total amount of other City of New York credits from Form IT-201-ATT, Part III, line 16. These are the accumulation distribution credit and the net capital gain credit. For more information, see *Other City of New York Credits* on page 21.

Line 63

Subtract the amount on line 62 from the amount on line 61 and enter the result. If line 62 is more than line 61, enter "0".

Line 64

City of New York nonresident earnings tax

Enter your City of New York nonresident earnings tax.

If you were not a City of New York resident but earned wages or conducted a trade or business there (either as an individual or a member of a partnership), you are subject to the City of New York nonresident earnings tax. Fill in Form NYC-203, *City of New York Nonresident Earnings Tax Return*, and attach it to Form IT-201. For more information, see the instructions for Form NYC-203.

Line 65

Other City of New York taxes

Enter on this line the total amount of other City of New York taxes from Form IT-201-ATT, Part IV, line 21. These are: part-year City of New York resident tax, City of New York minimum income tax, City of New York separate tax on lump sum distributions and the City of New York separate tax on PASS funds. For more information, see *Other City of New York Taxes* on page 22.

If you are self-employed and carry on a trade, business or profession in the City of New York, you may also be required to file Form NYC-202, *City of New York Unincorporated Business Tax Return*. For more information, see the *Instructions for Form NYC-202*. You can get this forms and its instructions by calling 1 (718) 935-6000, or from the **City of New York Department of Finance, City Collector, Municipal Building, Mezzanine Level, New York, NY 10007**. Since New York State does not administer the New York City unincorporated business tax, **do not** file your NYC-202 with your state return.

Lines 66 through 68 apply only to City of Yonkers taxes. If you are not subject to City of Yonkers taxes, do not fill in these lines.

Line 66

City of Yonkers resident income tax surcharge

Enter on this line your City of Yonkers resident income tax surcharge from the worksheet on page 17. However, if you entered "0" on line 58, also enter "0" on line 66.

Yonkers Worksheet

a. Amount from line 58.....a.	_____
b. Amount from Form IT-214, line 16 (Real Property Tax Credit).....b.	_____
c. Subtract line b from line a (if line b is larger than line a, enter "0" on line 66).....c.	_____
d. Yonkers resident tax rate (15 percent).....d.	.15
e. Multiply line c by line d. Enter this amount on Form IT-201, line 66.....e.	_____

Do not complete line 66 if you were a City of Yonkers resident for only part of 1987, but a New York State resident for all of 1987. Use Form IT-360.1, *Change of City Resident Status*, to figure your part-year City of Yonkers resident income tax surcharge, and transfer it to Form IT-201, line 60. For more information, see IT-360.1-1, *Instructions for Form IT-360.1*.

Line 67

City of Yonkers nonresident earnings tax

Enter your City of Yonkers nonresident earnings tax.

If you were not a City of Yonkers resident but earned wages or conducted a trade or business there (either as an individual or a member of a partnership), you are subject to the City of Yonkers nonresident earnings tax. Fill in Form Y-203, *City of Yonkers Nonresident Earnings Tax Return*, and attach it to Form IT-201. For more information, see the instructions for Form Y-203.

Line 68

Part-Year City of Yonkers resident income tax surcharge

Enter your part-year City of Yonkers resident income tax surcharge. If you were a City of Yonkers resident for only part of 1987, but a New York State resident for all of 1987, fill in Form IT 360.1 and attach it to your return. If you were subject to the City of Yonkers nonresident earnings tax for the remainder of the year, see the instructions for Form Y-203. For more information, see IT-360.1-1. *Instructions for Form IT-360.1*.

Line 69

Total City of New York and City of Yonkers taxes

Add lines 63 through 68 and enter the total on line 69.

Line 70



Gift to wildlife

If you want to return a gift to wildlife, enter the amount of your gift on line 70.

The amount you give must be in whole dollars: \$5, \$10, \$20, or any other dollar amounts. Your gift will reduce your refund or increase your tax payment. Also, you cannot change the amount you give after you filed your return.

For more information about returning a gift to wildlife, see page 23 of these instructions.

Line 71

Total New York State, City of New York and City of Yonkers taxes, and gift to wildlife

Add lines 58, 69 and 70 and enter the total on line 71.

Payments

Line 72

Real property tax credit

If you qualify, enter on this line your real property tax credit (Section 606(e) of the Tax Law). To claim this credit, fill in Form IT-214 and transfer the amount from Form IT-214, line 16, to Form IT-201, line 72. Attach Form IT-214 to your return. For more information, see *Instructions for Form IT-214* on page 24 of this booklet.

Line 73

Total New York State tax withheld

Enter on this line your total **New York State** tax withheld as shown on your wage and tax statement(s), Form IT-2102 or federal Form W-2.

If you checked filing status Ⓢ, enter the total New York State tax withheld for you and your spouse.

Attach Copy 2 of your wage and tax statement(s) to your return. If New York State tax was withheld from annuities, pensions, retirement pay or IRA payments, attach Copy 2 of Form IT-2102P or federal Form W-2P to your return.

If New York State tax was withheld from New York State lottery winnings payments, attach copy 2 of Form IT-2102L to your return.

If you did not have City of New York tax withheld, skip line 74.

Line 74

Total City of New York tax withheld

Enter your total **City of New York** tax withheld as shown on your wage and tax statement(s).

If you checked filing status Ⓢ, enter the total City of New York tax withheld for you and your spouse.

Attach Copy 2 of your wage and tax statement(s) to your return. If City of New York tax was withheld from annuities, pensions, retirement pay or IRA payments, attach Copy 2 of Form IT-2102P or federal Form W-2P to your return.

If City of New York tax was withheld from New York State lottery winnings payments, attach copy 2 of Form IT-2102L to your return.

If you did not have City of Yonkers tax withheld, skip line 75.

Line 75

Total City of Yonkers tax withheld

Enter your **City of Yonkers** tax withheld as shown on your wage and tax statement(s).

If you checked filing status Ⓢ, enter the total City of Yonkers tax withheld for you and your spouse.

Attach Copy 2 of your wage and tax statement(s) to your return. If City of Yonkers tax was withheld from annuities, pensions, retirement pay or IRA payments, attach Copy 2 of Form IT-2102P or federal Form W-2P to your return.

If City of Yonkers tax was withheld from New York State lottery winnings payments, attach copy 2 of Form IT-2102L to your return.

Line 76

Estimated tax paid/Paid with Form IT-370

Enter on this line the total of your estimated tax payments for New York State, City of New York and City of Yonkers. Also, enter the amount you paid with Form IT-370. *Application for Automatic Extension of Time to File*.

Estimated tax paid — include on line 76 the total of your 1987 estimated tax payments (include your last installment, even if paid in 1988) and any overpayment from your 1986 return that was applied to your 1987 estimated tax.

If you checked filing status Ⓢ but made **separate** 1987 estimated tax payments (Form IT-2105), enter your combined total estimated tax paid.

Do not include any amounts you paid for the **City of New York** unincorporated business tax. File the City of New York unincorporated business tax directly with the City of New York Department of Finance.

Paid with Form IT-370

If you filed Form IT-370 to get an extension of time to file Form IT-201, include on line 76 the amount you paid with Form IT-370. **Attach a copy of Form IT-370 to your return.**

If you checked filing status Ⓢ but filed **separate** Forms IT-370, enter the total amount paid by you and your spouse with your separate Forms IT-370.

Remember to attach a copy of Form IT-370 to your return.

Line 77

Total payments

Add lines 72 through 76 and enter the result on line 77.

Refund/Amount You Owe

Line 78

Overpayment

If line 71 is less than line 77, subtract line 71 from line 77 and enter your overpayment on line 78. You can have all or part of this amount refunded to you. Any remainder can be applied to your 1988 estimated tax. Any overpayment credited toward your estimated tax cannot be refunded after April 15, 1988.

Line 79**Refund**

Enter the amount of overpayment from line 78 that you want refunded to you. You must file a return to get a refund. The Tax Department will not refund an amount of one dollar or less unless you attach to your return a signed statement asking for it.

Collection of debts from your refund — We will keep all or part of your refund if you owe a federal, New York State, City of New York or City of Yonkers tax liability, past due spousal or child support, or if a judgment was filed against you because you have not repaid a student loan guaranteed by the New York State Higher Education Services Corporation or a national defense/national direct, health professions or nursing student loan provided to students at state-operated units of the State University of New York or the City University of New York. Any amount over your debt will be refunded.

Disclaiming of spouse's debt — If you checked filing status $\textcircled{2}$ and you do not want to apply your part of the refund to your spouse's debt and you are not liable for it, fill in Form IT-280, *Nonobligated Spouse Allocation*, and attach it to your return. You cannot amend your return to disclaim your spouse's debt.

If you have any questions about whether you owe a federal, New York State, City of New York or City of Yonkers tax liability, past-due spousal or child support, whether you have repaid your HESC guaranteed or state or city university student loan, or about the amount owed, call or write to the appropriate agency shown below:

For a federal tax liability —

(518) 472-3608
I.R.S. Special Procedures Function
Leo O'Brien Federal Building
Clinton and North Pearl Streets
Albany, NY 12207

(718) 780-6636
Internal Revenue Service
P.O. Box 911 G.P.O.
Brooklyn, NY 11202

(716) 846-5439
Internal Revenue Service P.O. Box 266
Niagara Square Station
Buffalo, NY 14202

(212) 264-1140
Internal Revenue Service
ATTN: C; FS 3rd Floor
P.O. Box 2827
New York, NY 10277

For a New York State, City of New York or City of Yonkers tax liability —

1 800 835-3554
outside NYS (518) 482-0683
NYS Tax Compliance Division
W. A. Harriman Campus
Albany, NY 12227

For past-due spousal or child support —

(518) 473-8029
NYS Office of Child Support Enforcement
Special Collections Unit
P.O. Box 125
One Commerce Plaza
Albany, NY 12260

For HESC guaranteed student loans —

(518) 474-0991
NYSHESC
99 Washington Avenue
Albany, NY 12225

For State University student loans —

(518) 443-5626
Student Loan Service Center
State University of New York
SUNY Plaza
Albany, NY 12246

For City University student loans —

(212) 397-5620
NDSL/NSL Department
Room 1696
City University of New York
University Accounting Office
555 West 57th Street
New York, NY 10019

Line 80**New York State, City of New York and City of Yonkers estimated tax for 1988**

Enter the amount of overpayment from line 78 that you want credited to your New York State, City of New York and City of Yonkers estimated tax for 1988. Do not include any amount that you claimed as a refund on line 79.

Line 81**Amount you owe**

If line 71 is larger than line 77, subtract line 77 from line 71 and enter the amount you owe on line 81.

If you owe more than one dollar, include full payment with your return. (You do not have to pay one dollar or less.) Make your check or money order payable to "**New York State Income Tax**" and write your social security number and "1987 Income Tax" on it. **Do not send cash.** If you also have to pay an underpayment of estimated tax penalty (line 82), send one check or money order for the total amount (penalty plus tax due).

Do not include any penalty or interest amounts on line 81. If you include penalties or interest with your payment, identify and enter these amounts in the right margin of page 2 of Form IT-201 (but not underpayment of estimated tax penalty; see line 82).

Line 82**Underpayment of estimated tax**

If line 81 is at least \$100 and, in addition, represents more than 20% of the tax shown on your return, or you underpaid your estimated tax liability for any payment period, you may owe a penalty. However, you are not subject to a penalty if your 1987 prepayments equal at least 100% of your 1986 tax (based upon a return covering 12 months). Attach Form IT-2105.9, *Underpayment of*

Estimated Tax by Individuals, to Form IT-201 to show how you figured the penalty or which exceptions apply. If you owe a penalty, check the box at line 82 and enter the amount of the penalty. For more information, see the instructions for Form IT-2105.9.

Do not include any other penalty or interest amounts on line 82. If you include penalties or interest with your payment, identify and enter these amounts in the right margin of page 2, Form IT-201.

Now continue with Step 4 below

Step 4

Check the figures on your return and attachments.

Step 5

Complete the top of page 1 of your return.

Mailing label — Remove the peel-off label from the cover of your packet and place it in the name and address box at the top of your return. Check the label to make sure the information on it is complete and correct:

Social Security Information	Form Filed Last Year	Carrier Route Designation
Name Number and Street City	State	School District Code ZIP Code County

At the top of the label there is a series of numbers which shows your social security information, a single letter that indicates the form you filed last year, and the carrier route (CR) designation for the post office. The number sign (#) that appears on some labels at the right of the school district code is for mail-sorting purposes only.

- If your name (or your spouse's name) or address is wrong, cross it out and make the corrections directly on the label.
- If any other information is incorrect or missing — or if you do not have a mailing label — enter the correct information in the white spaces. (Your social security number(s) is printed in the upper left-hand corner of the label; your county of residence is in the lower right-hand corner). If this information is not on your label, enter it in the white spaces at the top of the form.

School district name and code number

Enter the name and code number of your public school district. This is the district where you were a resident on December 31, 1987. School districts and code numbers are on pages 41 through 44 of these instructions. If you do not know the name of your school district, contact your nearest public school.

You must enter your school district and code number even if you were absent from the school district temporarily, if the school your children attended was not in your school district, or if you had no children attending school. Also, school aid may be affected if the school district or code number is not correct.

Permanent home address

Enter your permanent home address within New York State on December 31, 1987, if it is not the same as the address on your mailing label.

Information about your permanent home address is being requested to enable verification of your school district name and code number, which are used in the calculation of state aid to local school districts.

Your permanent home address is the address of the dwelling place in New York State where you actually live, whether it is owned or rented by you or your spouse. A summer or vacation home does not qualify as your permanent home.

Your permanent home address is not always the same as the mailing address that is entered on your income tax return. For example, although you may use a post office box number for your mailing address, this would not be your permanent home address.

- If you use a paid preparer, and you use the preparer's address as your mailing address, enter the address of your permanent home in the space provided.
- If you are a permanent resident of a nursing home, enter the address of the nursing home as your permanent home address.
- If you are a member of the armed forces and your permanent home was in New York State when you entered the military, enter your New York permanent home address regardless of where you are stationed.
- If you are married and maintain separate New York State residences and are filing separate New York State returns, enter as your permanent home address the address of your own residence.
- If you moved out of state prior to December 31, 1987, enter as your permanent home address the address of the New York State residence you occupied last in 1987.
- If you moved after December 31, 1987, enter the address of your permanent home on December 31, 1987, **not** your current home address.

For additional information, see Publication 45, *Permanent Home Address and School District Information*.

Death of taxpayer - If a taxpayer is deceased, enter the decedent's **first** name and date of **death**.

If you do not have a mailing label, enter all of the following information on the lines at the top of page 1 of your return:

- Name and address** (both names if filing a joint return)
- Permanent home address** (if different from mailing address)
- If taxpayer is deceased** (enter the decedent's first name and date of death)
- Social security number(s)**
- New York State county of residence** (on December 31, 1987)
- School district name and code**

Step 6

Sign and date your return at the bottom of page 2.

You must sign and date your return. If you are married and filing a joint return, you must both sign it. **Your return cannot be processed if you do not sign it.**

Keep a copy of your return and any attachments for future reference. If someone prepares your return for you, be sure to get a copy for your records.

If the return is for someone who died and there is no surviving spouse to sign it, the name and address of the person signing it must be printed or typed below the signature.

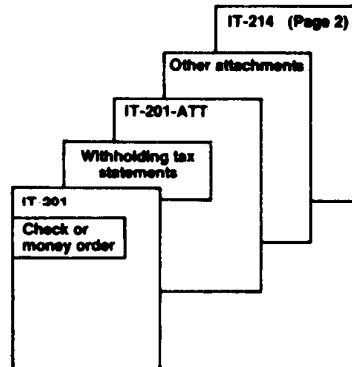
Paid preparer must also sign your return

If you pay someone to prepare your return, the paid preparer must also sign it and fill in the other blanks in the paid preparer's area of your return. A person who prepares your return and does not charge you should not fill in the paid preparer's areas.

Step 7

Attachments

- Attach Copy 2 of your wage and tax statement(s) and any other forms and schedules you used to the **back** of your return at the upper left corner. (Please staple once only). Staple them in the following order:
 - 1 Copy 2 of your wage and tax statements, face out
 - 2 Form IT-201-ATT
 - 3 Other New York State forms in form number order, including Form IT-203 if you are required to file one due to a change of resident status (but not Form IT-214 - see 5 below)
 - 4 Any other schedules you used or prepared yourself, including copies of federal schedules
 - 5 Form IT-214, page 2 facing forward (page 1 facing out on back)
- If you owe any tax, staple your check or money order to the **top of the front** of Form IT-201.
- If you have to write to us, attach your letter to the front of your return.



Step 8

Checklist

Before you mail your return, a quick check will help you avoid common errors that may delay your refund. **Did you:**

- Attach your peel-off label?** If you do not have a label, did you enter your name, address, social security number(s), county of residence, school district name and school district code number at the top of your return?
- Enter your permanent home address?** (if different from your mailing address)
- Check your filing status box?**
- Check the Yes or No box at item B of Form IT-201?**
- Check the standard or itemized deduction box on line 46 of Form IT-201?**
- Enter the number of exemptions in the box on Form IT-100, line 1 or Form IT-201, line 48?**
- Claim any adjustments or credits that you may qualify for?**
- Sign your return?** (Both husband and wife must sign a joint return.)
- Attach Copy 2 of your wage and tax statement(s)?**
- Attach Form IT-201-ATT if you are claiming other New York State or City of New York credits, or if you are subject to other New York State or City of New York taxes (including the new additional tax on unearned income)?**
- Make your check or money order payable to "New York State Income Tax" for the full amount you owe?** (Form IT-201)
- Write your social security number and "1987 Income Tax" on your check or money order?** (Form IT-201)

Step 9

Use the preaddressed mailing envelope

To speed your refund, use the preaddressed envelope that came with your tax packet. If you are claiming a refund, mark an "X" in the box on the front of the envelope. If you do not have a preaddressed envelope, address your envelope -

For refund returns:

New York State Income Tax
W. A. Harriman Campus -
HEFUND '87
Albany, NY 12227-0125

For all other returns:

New York State Income Tax
W. A. Harriman Campus
Albany, NY 12227-0125

Instructions for Form IT-201-ATT, Summary of Other Credits and Taxes

Purpose of Form IT-201-ATT — If you are claiming other New York State or City of New York credits or if you are subject to other New York State or City of New York taxes (including the new additional tax on unearned income), fill in Form IT-201-ATT and attach it to your return. If you need more forms or schedules, see *How to get forms* on page 5 of these instructions.

Part I — Other New York State Credits

If you are claiming other New York State credits listed below, fill in Part I. These credits do not apply to City of New York taxes. New York State does not allow any credits similar to those allowed under federal law for the elderly, earned income, etc.

Line 1

Resident credit

Enter the amount of resident credit. If your income is from sources outside New York State and if you paid income taxes to another state, to a political subdivision of another state, or to the District of Columbia, you may qualify for a tax credit against your New York State tax (Section 620 of the Tax Law).

If you qualify, figure this credit on Form IT-112R, *Resident Tax Credit*, and transfer the amount to Form IT-201-ATT, line 1. Attach Form IT-112R and a copy of the tax return filed with the other state, or states, to your New York State return. For more information, see Form IT-112R. For information on the resident credit against the separate tax on lump sum distributions see line 9b instructions on page 21.

Line 2

Accumulation distribution credit

Enter the amount of New York State accumulation distribution credit. If you are a beneficiary of a trust who received an accumulation distribution, you may be allowed a credit for New York State income taxes paid by the trust (Section 621 of the Tax Law). Attach a schedule showing how you figured your credit.

Line 3

New York State child and dependent care credit

Enter the amount of New York State child and dependent care credit (Section 606(c) of the Tax Law). You can claim this credit if you were allowed a child and dependent care credit on your federal income tax return. Enter in the boxes on line 3 the number of qualifying persons cared for in 1987 (from federal Form

2441) and the amount of federal child and dependent care credit. You can claim 20 percent of your federal credit, but not more than the tax on Form IT-201, line 52, less any resident credit and accumulation distribution credit claimed on lines 1 and 2 of Part I. Use the worksheet below to figure your credit.

Child and Dependent Care Credit Worksheet	
a. Enter your federal credit for child and dependent care expenses from federal Form 2441	a. _____
b. Tentative credit. Enter 20 percent of line a	b. _____
c. Enter your tax from Form IT-201, line 52	c. _____
d. Enter the total of the credits claimed from Part I, lines 1 and 2 ..	d. _____
e. Subtract line d from line c	e. _____
f. Enter the amount from line b or line e, whichever is smaller ...	f. _____
This is your New York State child and dependent care credit.	
Transfer the amount on line f to Part I, line 3 in the money column. Also, transfer the amount on line a (federal credit) to Part I, line 3 in the box to the right of the dollar sign (\$) .	

Line 4

Investment credit

Enter the amount of investment credit. You can claim an investment credit if 1) you produce goods by manufacturing, processing, mining, agriculture or similar activities; 2) you use certain property for research and development purposes, pollution control purposes, waste treatment purposes; or 3) if your business is a retail enterprise and you have qualified rehabilitation expenditures on property located in New York State (Section 606(a) of the Tax Law). To figure this credit, fill in Form IT-212, *Investment Credit*, and attach it to your return. For more information, see IT-212-1, *Instructions for Form IT-212*.

Line 5

Special additional mortgage recording tax credit

Enter the amount of special additional mortgage recording tax paid to record a mortgage for the purchase of residential property consisting of more than six dwelling units or the purchase of business property. If you are the lender, enter the amount of special additional mortgage recording tax you paid to record the mortgage for residential property containing six dwelling units or less with separate cooking facilities. This credit does **not** apply to the tax paid to record the mortgage on a single residential

dwelling unit where you are the purchaser. If you are claiming this credit, see additions A-7 and A-8 on page 10 of these instructions.

Exceptions:

Metropolitan Commuter Transportation District — The special additional mortgage recording tax credit will **not** be allowed on certain mortgages where the real property on which the credit is being claimed is located in the Metropolitan Commuter Transportation District (MCTD) and where the mortgage is recorded on or after May 1, 1987.

The counties comprising the Metropolitan Commuter Transportation District (MCTD) are the counties of Bronx, Queens, Kings, New York, Richmond, Dutchess, Nassau, Orange, Putnam, Rockland, Suffolk and Westchester.

The types of mortgages referred to are mortgages of real property principally improved or to be improved by one or more structures containing in the aggregate not more than six residential dwelling units, each dwelling having its own cooking facilities.

Niagara Frontier Transportation Authority — The special additional mortgage recording tax credit will **not** be allowed on a mortgage of real property (principally improved or to be improved by one or more structures containing in the aggregate not more than six residential dwelling units, each unit having its own separate cooking facilities) where the real property on which the credit is being claimed is located in Erie County and the mortgage is recorded on or after May 1, 1987.

Partners — Include your distributive share of the special additional mortgage recording tax credit from Form IT 204.

Electing New York S corporation shareholders — Include your prorated share of the S corporation's special additional mortgage recording tax from Form CT-3S.

Line 6

Solar and wind energy credit carryover from 1986

Enter the amount of solar and wind energy credit carryover. 1985 was the last year that taxpayers filing on a calendar-year basis could claim this credit. Section 606(g)(6) provides that any unused credit can be carried over to the following year or years. Taxpayers carrying over any unused credit from 1986 to 1987 must attach Form IT-218.1, *Solar and Wind Energy Credit Carryover*, to their 1987 return.

Line 7

Economic Development Zone (EDZ) Credits

EDZ Wage Tax Credit — Enter the amount of wage tax credit. In order to claim the wage tax credit, a taxpayer must be certified under Article 18-B of the General Municipal Law as

eligible to receive the wage tax credit. The computation of the wage tax credit is limited to five taxable years. The wage tax credit must be computed in the first taxable year during which payments of EDZ wages are made and in each of the four following taxable years (Section 606(k) of the Tax Law).

If you qualify, figure this credit on Form DTF-601, *Claim for Economic Development Zone Wage Tax Credit*, and include the amount on Form IT-201-ATT, line 7. Attach Form DTF-601 to your return. For more information, see Form DTF-601.

EDZ Capital Corporation Tax Credit – Enter the amount of capital corporation tax credit. The EDZ capital corporation tax credit is 25 percent of the consideration paid for original issue stock purchased during the taxable year from one or more economic development zone capital corporations established pursuant to Section 964 of the General Municipal Law (Section 606(1) of the Tax Law).

If you qualify, figure this credit on Form DTF-602, *Claim for EDZ Capital Corporation Tax Credit*, and include the amount on Form IT-201-ATT, line 7. Attach Form DTF-602 to your return. For more information, see Form DTF-602.

EDZ Investment Tax Credit – Enter the amount of investment tax credit. The EDZ investment tax credit is 8 percent of the cost (or other federal basis) of qualified property which was acquired, constructed, reconstructed or erected in an economic development zone after its date of designation and prior to its date of expiration as an economic development zone. To claim this credit, you must also be certified pursuant to Article 18 B of the General Municipal Law (Section 606(j) of the Tax Law).

If you qualify, figure this credit on Form DTF-603, *Claim for Economic Development Zone Investment Tax Credit*, and include the amount on Form IT-201-ATT, line 7. Attach Form DTF-603 to your return. For more information, see Form DTF-603.

Line 8

Total

Add lines 1 through 7; enter the total on line 8 and transfer it to Form IT-201, line 55.

Part II – Other New York State Taxes

If you are subject to other New York State taxes as listed below, complete Part II.

Line 9a

New York State separate tax on lump sum distributions.

Enter your New York State separate tax on lump sum distributions. If you received a lump sum distribution from a qualified

retirement plan and if you have elected a forward averaging method of figuring your federal tax on the ordinary income portion of the lump sum distribution, figure your state separate tax on Form IT-230 and attach it to your return. For more information, see IT-230-I, *Instructions for Form IT-230*.

Line 9b

Resident credit against separate tax on lump sum distributions.

Enter the amount of resident credit you are claiming against the separate tax on lump sum distributions. If you received a distribution which is considered a lump sum distribution for federal income tax purposes, you may qualify for a credit against the state separate tax on lump sum distributions reported on line 9a. This distribution must be from sources outside New York State and must be subject to income tax or to a separate tax by another state, by a political subdivision of another state, or by the District of Columbia.

To claim this credit, fill in Form IT-112.1, *Resident Credit Against Separate Tax on Lump Sum Distributions*. Attach Form IT-112.1 and a copy of the tax return filed with the other state, or states, to your New York State return.

Line 9c

Subtract line 9b from line 9a and enter the result.

Line 10

New York State minimum income tax

Enter your New York State minimum income tax. If you had New York State tax preference items (see Form IT-220, line 18) totaling more than \$5,000 (\$2,500 if married and filing separately), you may be subject to the state minimum income tax. Fill in Form IT-220 and attach it to your return. For more information, see IT-220-I, *Instructions for Form IT-220*.

Line 11

New York State separate tax on PASS funds

Enter your New York State separate tax on PASS funds. The separate tax on PASS funds is figured on the total assets of a PASS fund if the fund terminated before April 20, 1987, because it no longer had any eligible beneficiaries, or if the creator of the fund died without having included a provision in his will or having made an inter vivos (living) trust provision to continue the fund after his death.

Fill in Form IT-270 and attach it to your return. For more information, see Publication 320, *Tuition Deduction and the PASS Plan*.

Line 12

Add-back of investment credit on early dispositions

Enter the amount of add-back of investment credit on early dispositions of investment credit property. If you dispose of property on which an investment credit has been taken, or if prior to January 1, 1987, a research and

development credit was taken, or if the property ceases to be in qualified use before the end of its useful life or specified holding period ends, you must add back in the year of disposition the difference between the investment credit or research and development credit taken and the investment credit or research and development credit allowed. Fill in Form IT-212 and attach it to your return.

Line 13

Total

Add lines 9c through 12, enter the total on line 13, and transfer this amount to Form IT-201, line 57.

Part III – Other City of New York Credits

If you are subject to the City of New York resident tax and are claiming other City of New York credits listed below, complete Part III.

Line 14

Accumulation distribution credit

Enter the amount of City of New York accumulation distribution credit. If you are a beneficiary of a trust and received an accumulation distribution from the trust, you may be allowed a credit for the City of New York income taxes paid by the trust (Section 1310 of the Tax Law). Attach a schedule showing how you figured your City of New York accumulation distribution credit.

Line 15

Net capital gain credit

Enter the amount of net capital gain credit. If you have net capital gain income subject to City of New York resident tax, figure your credit using the following worksheet:

Net Capital Gain Credit Worksheet	
a. Enter your net capital gain income from Form IT-201, line 7.....	a. _____
b. Rate used to figure credit.....	b. _____ .005
c. Multiply line a by line b. This is your net capital gain credit. Enter here and on Form IT-201-ATT, line 15.....	c. _____

Line 16

Total

Add lines 14 and 15; enter the total on line 16, and transfer this amount to Form IT-201, line 62.

Part IV – Other City of New York Taxes

If you are subject to other City of New York taxes as listed below, complete Part IV.

Line 17

Part-year City of New York resident tax

Enter your part-year City of New York resident tax. If you were a City of New York resident for only part of 1987, but a New York State resident for all of 1987, fill in Form IT-360.1 and attach it to your return. If you were subject to the City of New York nonresident earnings tax for the remainder of the year, see the instructions for Form NYC-203. For more information, see IT-360.1-I, *Instructions for Form IT-360.1*.

Line 18

City of New York minimum income tax

Enter your City of New York minimum income tax. If you are a City of New York resident and you are subject to the New York State minimum income tax, you must also figure your **City of New York** minimum tax on Form IT-220 and attach it to your return. For more information, see IT-220-I, *Instructions for Form IT-220*.

Line 19

City of New York separate tax on lump sum distributions

Enter your City of New York separate tax on lump sum distributions. If you are a City of New York resident and if you received a lump sum distribution from a qualified retirement plan and you chose a forward averaging method of figuring your federal tax on the ordinary income portion of the lump sum distribution, figure your City of New York separate tax on Form IT-230 and attach it to your return. For more information, see IT-230-I, *Instructions for Form IT-230*.

Line 20

City of New York separate tax on PASS funds

If you are a City of New York resident, enter your city separate tax on PASS funds. You have to pay this tax if the PASS fund terminated before April 20, 1987, because it no longer has an eligible beneficiary or if the creator of the fund died without having included a provision in his will or without having made an inter vivos (living) trust provision to continue the fund after his death.

Fill in Form IT-270 and attach it to your return. For more information, see Publication 320, *Tuition Deduction and the PASS Plan*.

Line 21

Total

Add lines 17 through 20; enter the total on line 21 and transfer this amount to Form IT-201, line 65.

Line 22

Investment credit refund for new businesses

Enter the amount of investment credit refund for new businesses. If your new business qualifies, you can claim a refund for the amount of your current year's unused investment credit, instead of carrying it over to next year. For more information see IT-212-I, *Instructions for Form IT-212*.

Also include the amount of your investment credit refund for new business on Form IT-201 in the total for line 73. On the dotted line next to line 73, write "ICR" and show the amount.

Line 23

Net investment credit available for carryover to 1988.

Enter the amount of net credit available for carryover to 1988 from Form IT-212, line 28.

Line 24

Net economic development zone credit available for carryover to 1988

Enter the amount of net credit available for carryover to 1988 from Form(s) DTF-601 or DTF-603.

Part V – Additional Tax on Unearned Income Worksheet

(Page two of Form IT-201-ATT)

The additional tax on unearned income is imposed on every resident who has unearned income and whose New York adjusted gross income (Form IT-201, line 32) is more than \$100,000 (more than \$50,000 if married filing separately).

If you are subject to the additional tax on unearned income, complete the worksheet on page two of Form IT-201-ATT using the following instructions and attach it to your Form IT-201.

Line 3

Federal adjustments to income

Enter any adjustments to income allowable for federal tax purposes that are properly allowable to or chargeable against the amounts entered on lines 2, 6, 7 and 8 of this worksheet. However, do not include any deductions that will be used in computing earned income on line 6.

Examples of deductions that must be included on line 3 are: expenses of a trade or business from which you received earned income; expenses of performing services as an employee; payments to a Keogh Plan or an IRA; a net operating loss deduction to the extent that the net operating losses carried to the taxable year are properly allowable to or chargeable against earned income.

When the expenses of a business are more than the income from that business, and both

personal services and capital are material income-producing factors, include only part of the expenses on line 3. To figure your deduction, multiply the total business expenses of that business by the ratio of a reasonable amount of pay for your services over the gross receipts of that business. You must make the computation separately for each business with a loss. You cannot apply the profits of one business against the losses of another.

Line 4

New York subtractions

Enter any New York State subtractions (see page 11) to the extent that they are related to any amounts included on lines 2, 6, 7 and 8 of this worksheet.

Line 6

Earned income

Enter your earned income. **Earned income includes:** wages, salaries, tips, other compensation for personal services actually rendered, and:

- Bonuses and professional fees.
- Commissions on sales or insurance premiums.
- Prizes and awards received in recognition of personal services.
- Pensions and annuities arising from an employer/employee relationship.
- Taxable group term life insurance.
- Property received as payment for services even if you later transferred the property to someone else.
- Gains (except capital gains) and net earnings from the sale or transfer of an interest in or license for the use of property (other than goodwill) that you created by your personal efforts.
- The portion of income you received from a corporation (including an electing S corporation) that represents a reasonable allowance as compensation for the services you performed for the corporation.
- The entire amount you receive for professional services if you are a doctor, dentist, lawyer, architect, accountant, etc., and you are personally responsible for the services performed (even if your assistants perform all or part of the services).
- Income you receive from a noncorporate trade or business where both personal services and capital are material income-producing factors. In this case, your personal income is a reasonable allowance as compensation for the personal services actually rendered, but not more than the net profits of the business.
- An item of gross income in respect of a decedent if the gross income would have been earned income for the decedent had he or she lived and received the amount.
- Amounts paid or distributed out of an individual retirement plan (IRA).
- Amounts received as deferred compensation.

Earned income does not include:

- Interest and dividends.
- Other distributions of corporate earnings and profits.
- Gambling gains.
- Capital gains.
- Premature or excess distributions from a qualified employee pension plan under Internal Revenue Code Section 72(m)(5).
- Lump-sum distributions from pensions or other plans taxed under Internal Revenue Code Section 402(e).
- Certain distributions from individual retirement accounts or annuities described in Internal Revenue Code Sections 408(e)(2), (3), (4), and (5).
- Redemption of retirement bonds includable in income under Internal Revenue Code Section 409(b) or (c).
- Unemployment insurance.

Line 9

New York additions

Enter any New York State additions (see page 10) to the extent that they are related to any amounts included on lines 2, 6, 7 and 8 of this worksheet.

Line 10

Allowable deductions

Enter the following deductions if 1) you paid or incurred them during 1987; 2) they were not deducted when figuring New York adjusted gross income; and 3) they are directly related to unearned income that is included in New York adjusted gross income:

- Interest or indebtedness incurred or continued to purchase or carry obligations or securities.

- Ordinary and necessary expenses for the production or collection of income, or the management, conservation or maintenance of property held for the production of income.
- Amortization of bond premiums.

Line 16

Divide the amount on line 15 by \$100,000 and carry the result to four decimal places.

For example, if the amount on line 15 is \$76,500, divide this amount by \$100,000 and enter the result, .7650, on line 16.

Line 18

Additional tax on unearned income

Multiply the amount on line 12 by the amount on line 17, and enter the result on line 18. Transfer this amount to Form IT-201, line 51a.

Return a Gift to Wildlife

**Look
For This Line**

If you want to
Return a Gift to Wildlife

enter amount \$5, 10, 20, other 00

On Your NYS Tax Form



MARIO M. CUOMO, Governor

THOMAS C. JORLING, Commissioner

Join the hundreds of thousands of New Yorkers who have contributed \$8 million to Return a Gift to Wildlife in the past five years.

Your donation will be used to fund a variety of educational, conservation and restoration projects aimed at improving our precious fish and wildlife resources, and the public's enjoyment of those resources.

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Undocumented Aliens**May Apply for Legal Residence**

If you have lived in the United States since before January 1, 1982, you may qualify for legal status. An alien legalization program is currently in progress. However, the program exists only for a limited time. You must apply for temporary residency by May 4, 1988. If you receive temporary residency, you may apply for permanent residency. For complete information on the program, including a special program for agricultural workers, call the Immigration and Naturalization Service at 1 800 777-7700.

To qualify for legal status, you must show that you have resided here and that you are financially responsible. The Tax Department can help. Copies of filed income tax returns can help supply this

proof. To get copies of your state returns, write to Centralized Photocopy Unit, Department of Taxation and Finance, Building 8, Room 500, W.A. Harriman Campus, Albany, NY 12227. To get a certificate of filing your federal returns, visit or correspond with the Internal Revenue Service (IRS) Center where you filed your returns.

Also, discrimination in this country is illegal. If you think an employer has treated you unfairly because of your national origin, you can get help. Call the New York State Division of Human Rights at (212) 870-8400 or the Office of Special Counsel for Immigration-Related Unfair Labor Practices at (202) 653-8121, or write P.O. Box 65490, Washington, D.C. 20035-5490.

Telephone Assistance

For forms and publications, in New York State only, call toll-free 1 800 462-8100

From areas outside New York State, call (518) 438-1073.

For information, in New York State only, call toll-free 1 800 CALL TAX (1 800 225-5829)

From areas outside New York State, call (518) 438-8581

For refund information only, please wait until after April 15 to call toll-free 1 800 443-3200

From areas outside New York State, call (518) 438-6777

Telephone assistance is available from 8 a.m. to 5 p.m., Monday through Friday.

If you need to write, please address your letter to:

New York State Tax Department
Taxpayer Assistance Bureau
W. A. Harriman Campus
Albany, New York 12227

Mail your return in the preaddressed envelope that came with your tax packet. If you do not have one, address your envelope —

**For refund
returns:**

New York State Income Tax
W. A. Harriman Campus
REFUND '87
Albany, NY 12227-0125

**For all other
returns:**

New York State Income Tax
W. A. Harriman Campus
Albany, NY 12227-0125

