



# New York State Depreciation Schedule

New York State does not allow the federal accelerated cost recovery system depreciation deduction (ACRS) for property (except for property classified as Internal Revenue Code (IRC) section 280F property) placed in service inside or outside New York State during tax years 1981, 1982, 1983, 1984, and fiscal years beginning in 1984. You must figure your New York depreciation by using one of the methods provided for in section 167 of the IRC as it was in effect on December 31, 1980 (e.g., straight line, declining balance, etc.). The deduction for New York depreciation may be taken until the property is fully depreciated or disposed of.

For property (except for property classified as IRC section 280F property) placed in service outside New York State for tax years beginning after 1984 but before 1994, New York did not allow ACRS or MACRS depreciation under section 168 of the IRC. Instead, New York allowed the depreciation deduction that would have been allowed under IRC section 167 as it was in effect on December 31, 1980.

However, as a result of a court decision (Reynolds), if you claimed ACRS depreciation on your federal return for property not classified as IRC section 280F property and that property was placed in service outside New York State in tax years beginning after December 31, 1984, but before January 1,

1994 (including property on which ACRS depreciation was figured in accordance with the Federal Tax Reform Act of 1986), you may continue using the **pre-1981** IRC section 167 depreciation on that property, making the applicable depreciation addition and subtraction, or choose to switch to the IRC section 168 depreciation deduction.

A taxpayer choosing to switch to the IRC section 168 depreciation deduction is no longer required to make the New York depreciation addition and subtraction adjustments. If you switch to IRC section 168 depreciation, you must use IRC section 168 depreciation from this taxable year forward, and must use it for all of your subject property. For more information concerning this property, see TSB-M-99(1)I. This TSB-M is available on the Tax Department Web site.

If you claimed ACRS depreciation on your federal return for property placed in service during tax years 1981 through 1984 and fiscal tax years beginning in 1984 (other than 280F property), or property placed in service outside New York State during tax years 1985 through 1993 and fiscal tax years beginning in 1993 (other than 280F property), and you elect to continue using IRC 167 depreciation, complete Part I below.

Name(s) as shown on return \_\_\_\_\_ Identifying number as shown on return \_\_\_\_\_

**Check one box to show the income tax return you are filing and attach this form to that return.**

IT-201, Resident       IT-203, Nonresident and part-year resident       IT-204, Partnership       IT-205, Fiduciary

**Part I** — Depreciation information for property (except for section 280F property) placed in service inside or outside New York State in taxable years beginning after December 31, 1980, but before January 1, 1985, and if you elect to continue using IRC section 167 depreciation for property placed in service outside New York State in taxable years beginning after December 31, 1984, but before January 1, 1994 (see instructions).

A Description of property <i>(attach schedule if needed)</i>	B Date placed in service	C Depreciable basis	D Depreciation method	E Life or rate	F New York depreciation	G Federal ACRS deduction

**1** Enter the column F and column G totals ..... **1**

**If you are filing Form:**      **transfer the column F total to:**      **transfer the Column G total to:**

IT-201 ..... line 28 ..... line 21

IT-203 ..... line 28 ..... line 21

IT-204 ..... line 10 ..... line 9

IT-205 ..... line 67 ..... line 64

**Part II** — Year-of-disposition adjustment for property (except for section 280F property) placed in service inside or outside New York State in taxable years beginning after December 31, 1980, but before January 1, 1985, and for property placed in service outside New York State in taxable years beginning after December 31, 1984, but before January 1, 1994, (see instructions).

A Description of property <i>(attach schedule if needed)</i>	B Date of disposition	C Method of disposition	D Amount of New York depreciation	E Amount of ACRS deduction

**2** Enter the column D and column E totals ..... **2**

**3** Enter amount from line 2, column D or column E, whichever is larger ..... **3**

**4** Enter amount from line 2, column D or column E, whichever is smaller ..... **4**

**5** Subtract line 4 from line 3 ..... **5**

**and column D is larger than column E,**      **and column E is larger than column D,**

**If you are filing Form:**      **transfer line 5 amount to:**      **transfer line 5 amount, to:**

IT-201 ..... line 21 ..... line 28

IT-203 ..... line 21 ..... line 28

IT-204 ..... line 9 ..... line 10

IT-205 ..... line 64 ..... line 67

## Instructions

Use this form to figure your New York adjustments for New York depreciation and federal ACRS depreciation.

If you have an interest in a passive activity, the modifications required under sections 612(b)(25) and (c)(26) of the Tax Law for ACRS depreciation and New York depreciation must be made for the full amounts allowable as a federal depreciation deduction (100%), even though the activity may be subject to federal loss deduction limitations. It is only under Internal Revenue Code (IRC) section 469 (*Passive Activity Losses and Credits Limited*) that there is a limitation on passive loss deductions.

In the case of a partnership using ACRS to determine depreciation, the individual partners will make the adjustments to income on their personal income tax returns. The adjustments for partners will be their distributive share of New York depreciation and federal ACRS depreciation determined by the partnership as of the end of the partnership year ending within the partner's taxable year. Form IT-399 will be completed only by the partnership, and not by each individual partner. This treatment will be the same for a beneficiary of an estate or trust that is on a fiscal-year basis.

If you are a shareholder of an electing New York State S corporation, your proportionate share of the S corporation's depreciation deduction will be provided to you by the S corporation.

If you are a nonresident or part-year resident, you must complete Form IT-399 as if you were a New York State resident for the entire year. Transfer the amounts from Part I and Part II to Form IT-203, *Nonresident and Part-Year Resident Income Tax Return*. For more information on the addition and subtraction modifications for ACRS and New York State depreciation, see the instructions for Form IT-203.

If you are married and file a joint federal return but are required to file separate New York returns, complete only one Form IT-399 showing the amounts from

your joint federal return. Attach a schedule to each return showing each spouse's separate amounts, as if separate federal returns were filed, and explain any differences.

### Specific instructions

Enter your name and your social security number or employer identification number in the spaces provided on the front of this form. Check the box that indicates which New York State income tax return you are filing and attach this form to that return.

If you use a delivery service other than the U.S. Postal Service, see *Private delivery services* in the instructions for the return you are filing.

### Part I — Depreciation

Depreciation is an amount you can deduct each year for assets you buy to use in your business or hold to produce income. (Land is never depreciable.) Depreciation starts when you place the property in service and ends when you take the property out of service or it reaches the end of its useful life. (See Part II for the deduction to be taken in the year you dispose of the property.)

**Column C** — Enter the depreciable basis of the assets you place in service in the same year. Depreciable basis is the cost or other basis reduced by any salvage value, the part of the basis you elected to amortize or expense under section 179 of the IRC and any federal investment credit subtracted in figuring the federal unadjusted basis of the asset.

**Column D** — Enter the depreciation method you elect. You must use a method that is allowed under section 167 of the IRC, as it was in effect on December 31, 1980.

**Column E** — Enter the useful life of the property. You **cannot** use the ACRS recovery period in figuring your New York State depreciation. You must use the useful life or rate provided for in section 167 of the IRC. In some cases the useful life under section 167 may be the same as the recovery period.

**Column F** — Enter your New York depreciation deduction in column F, based on the method you elected in column D.

**Column G** — Enter the ACRS deduction you took on your federal return.

### Part II — Year-of-disposition adjustment

If you dispose of property (except for section 280F property) that you placed in service inside or outside New York State after December 31, 1980, but before January 1, 1985, or property placed in service outside New York State after December 31, 1984, but before January 1, 1994, you **must** adjust your New York State income by the difference between the total New York depreciation deduction and the total federal ACRS deduction claimed on that property. If you elected to switch to IRC section 168 depreciation for property placed in service outside New York State in taxable years beginning after December 31, 1984, but before January 1, 1994, in the year-of-disposition, the adjustment should take into account only those years prior to switching to IRC section 168.

**Column C** — Enter the method used to dispose of the property. Disposition includes but is not limited to sale, exchange, transfer and obsolescence.

**Column D** — Enter the total New York depreciation you claimed on the property you disposed of. (If the property was placed in service during 1981, do not include the amount of ACRS depreciation claimed for the property on your 1981 New York State return.)

**Column E** — Enter the total federal ACRS deduction you claimed on your federal return for the property you disposed of. (If the property was placed in service during 1981, do not include the amount of ACRS depreciation claimed for the property on your 1981 federal return.)