



Instructions for Form IT-653

Pass-Through Entity Tax Credit

General information

If you are eligible for a pass-through entity tax (PTET) credit, New York City pass-through entity tax (NYC PTET) credit, or both, your electing entity **must** provide you with:

- a copy of Form IT-204-IP, *New York Partner's Schedule K-1*; or
- an S corporation shareholder statement indicating your share of the PTET entity's income, deductions, and credits, including the PTET and NYC PTET credits.

To claim one or both credits, complete this form and submit it with your New York State personal income tax return.

Generally, on your personal income tax return, you must add back to your federal adjusted gross income an amount equal to the PTET and NYC PTET credits you claim. For more information, see Form IT-225-I, *Instructions for Form IT-225*, or visit www.tax.ny.gov (search: *it225i*).

For additional guidance and tips on claiming a PTET credit, see *How partners, members, and shareholders claim the PTET credit* and *Tips to avoid common filing errors: PTET*, or visit www.tax.ny.gov (search: *ptet*).

Who may claim a credit

For tax years beginning on or after January 1, 2021, you may claim the **PTET credit** if you meet **all** the following:

- you are subject to tax under Tax Law Article 22;
- you are a direct partner or member in a partnership or a direct shareholder or member of an S corporation that has:
 - elected to be taxed under Tax Law Article 24-A, and
 - paid the PTET due; and
- you have received documentation from the eligible, electing entity that provides your specific PTET amount.

For tax years beginning on or after January 1, 2022, you may claim the **NYC PTET credit** if you meet **all** the following:

- you are subject to tax under Tax Law Article 30;
- you are a direct partner or member in a New York City partnership or a shareholder or member of a New York City resident S corporation that has:
 - elected to be taxed under Tax Law Article 24-B, and
 - paid the NYC PTET due; and
- you have received documentation from the eligible, electing entity that provides your specific NYC PTET amount.

You **cannot** claim a credit if your electing entity does **not**:

- pay the PTET imposed under Article 24-A or the NYC PTET imposed under Article 24-B, and
- provide sufficient information to identify you on its annual PTET return.

Amount of credit

Your PTET credit is equal to your direct share of PTET paid by your partnership or S corporation. Your NYC PTET credit is equal to your direct share of NYC PTET paid by your New York City partnership or New York City resident S corporation.

If you are a partner, member, or shareholder in multiple electing entities, your credit amount is the sum of the credits calculated for each entity in which you are a direct partner, member, or shareholder.

If you do not use the full amount of the credit against your tax liability this year, you may request a refund or apply the overpayment to next year's tax. However, the Tax Department will not pay interest on the refund or overpayment.

Line instructions

Schedule A: Pass-through entity tax (PTET) and NYC PTET paid on your behalf

In columns A, B, and C, enter the information for each entity that paid a PTET on your behalf and in which you held direct ownership.

If an entity that you held direct ownership in also paid an NYC PTET on your behalf, enter that amount in column D.

Additional forms: If you have more entries than will fit on the lines provided in Schedule A, submit additional Forms IT-653, completing only the necessary schedule. Include your name and taxpayer identification number on each form. On the indicated line of the first Form IT-653, include the total from all additional Forms IT-653. Place the extra forms behind the first Form IT-653 and submit them with your return.

Line 3

Enter the amount and code **653** on:

- Form IT-201-ATT, line 12; or
- Form IT-203-ATT, line 12.

For Form IT-205, include the amount in the total reported on line 33.