

Instructions

General Information

If you have claim of right income for federal tax purposes and are claiming the federal claim of right credit on your 1998 federal return, you may also be entitled to a claim of right credit for New York State, New York City, or Yonkers. The claim of right credit is available to individuals, estates, and trusts. *Claim of right* income is income that was properly reported on a prior year's tax return, but was later determined to have been paid to you in error and therefore had to be repaid. If the claim of right credit exceeds the amount of tax imposed for the taxable year, the excess will be refunded to you.

If you have federal claim of right income but elect to take the federal deduction instead of the credit, you cannot claim a credit for New York State, New York City, or Yonkers. **Do not complete this form.** However, depending upon the type of income repaid and whether you itemize your deductions for New York State purposes, you may get the deduction.

How to claim the credit

File Form IT-257 if you are an individual, estate, or trust that qualifies for the claim of right credit. Complete all sections of this form that apply to you. Be sure to attach Form IT-257 to your return.

Amount of the credit

The amount of credit for New York State residents and nonresidents and New York City or Yonkers residents is the difference between the amount of New York State, New York City, or Yonkers tax originally reported on your return for the prior year and what would have been reported in the prior year if the income had not been included on your state or city return.

If you were subject to New York City or Yonkers nonresident earnings tax in the prior year, you may also be entitled to a claim of right credit for New York City or Yonkers nonresident earnings tax purposes if the claim of right income affects the computation of wages or net earnings from self employment. The credit is the difference between the amount of New York City or Yonkers nonresident earnings tax originally reported in the prior year and what would have been reported in the prior year if the income had not been included on the nonresident earnings tax return.

Example. In 1998, you repaid under a claim of right \$5,000 of income that was included on your 1996 New York State return. The New York State tax originally reported on your 1996 return was \$809. Your 1996 New York State tax computed without including the \$5,000 on your return is \$467. Your 1998 New York State claim of right credit is \$342 (\$809 - \$467).

Line instructions

Please note: To compute your credit, you will need a copy of your original return for the prior year. It may also be helpful to have the instructions and blank tax forms for the prior year.

Line 3 – Enter the New York State tax from the return for the year that the income was included in federal adjusted gross income. Enter the amount as originally filed, as adjusted by New York State, or as you later amended it.

Line 4 – Enter the tax that would have been reported had the income in question not been included in federal adjusted gross income.

Line 6 – Enter the city of New York resident tax from the return for the year that the income was included in federal adjusted gross income. Enter the amount as originally filed, as adjusted by New York State, or as you later amended it.

Line 7 – Enter the city of New York resident tax that would have been reported had the income in question not been included in federal adjusted gross income.

Line 9 – Enter the amount of city of New York nonresident earnings tax for the year that the income was reported on Form NYC-203 (individuals) or Form NYC-206 (fiduciaries). Enter the amount as originally filed, as adjusted by New York State, or as you later amended it.

Line 10 – Enter the city of New York nonresident earnings tax that would have been reported had the income in question not been included on Form NYC-203 or Form NYC-206.

Line 12 – Enter the City of Yonkers resident income tax surcharge from the return for the year that the income was included in federal adjusted gross income. Enter the amount as originally filed, as adjusted by New York State, or as you later amended it.

Line 13 – Enter the City of Yonkers resident income tax surcharge that would have been reported had the income in question not been included in federal adjusted gross income.

Line 15 – Enter the amount of city of Yonkers nonresident earnings tax for the year that the income was reported on Form Y-203 (individuals) or Form Y-206 (fiduciaries). Enter the amount as originally filed, as adjusted by New York State, or as you later amended it.

Line 16 – Enter the city of Yonkers nonresident earnings tax that would have been reported had the income in question not been included on Form Y-203 or Form Y-206.

Need Help?

Telephone Assistance is available from 8:30 a.m. to 4:25 p.m. (eastern time), Monday through Friday. **For business tax information and forms**, call the Business Tax Information Center at 1 800 972-1233. **For general information**, call toll free 1 800 225-5829. **To order forms and publications**, call toll free 1 800 462-8100. **From areas outside the U.S. and outside Canada**, call (518) 485-6800.

Fax-on-Demand Forms Ordering System - Most forms are available by fax 24 hours a day, 7 days a week. Call toll free from the U.S. and Canada 1 800 748-3676. You must use a Touch Tone phone to order by fax. A fax code is used to identify each form.

Internet Access - <http://www.tax.state.ny.us>
Access our website for forms, publications, and information.

Hotline for the Hearing and Speech Impaired - If you have access to a telecommunications device for the deaf (TDD), you can get answers to your New York State tax questions by calling toll free from the U.S. and Canada 1 800 634-2110. Assistance is available from 8:30 a.m. to 4:15 p.m. (eastern time), Monday through Friday. If you do not own a TDD, check with independent living centers or community action programs to find out where machines are available for public use.

Persons with Disabilities - In compliance with the Americans with Disabilities Act, we will ensure that our lobbies, offices, meeting rooms, and other facilities are accessible to persons with disabilities. If you have questions about special accommodations for persons with disabilities, please call the information numbers listed above.

Mailing Address - If you need to write, address your letter to: NYS Tax Department, Taxpayer Assistance Bureau, W A Harriman Campus, Albany NY 12227.

Privacy Notification

The right of the Commissioner of Taxation and Finance and the Department of Taxation and Finance to collect and maintain personal information, including mandatory disclosure of social security numbers in the manner required by tax regulations, instructions, and forms, is found in Articles 22, 26, 26-A, 26-B, 30, 30-A, and 30-B of the Tax Law; Article 2-E of the General City Law; and 42 USC 405(c)(2)(C)(i).

The Tax Department will use this information primarily to determine and administer tax liabilities due the state and city of New York and the city of Yonkers. We will also use this information for certain tax offset and exchange of tax information programs authorized by law, and for any other purpose authorized by law.

Information concerning quarterly wages paid to employees and identified by unique random identifying code numbers to preserve the privacy of the employees' names and social security numbers will be provided to certain state agencies for research purposes to evaluate the effectiveness of certain employment and training programs.

Failure to provide the required information may result in civil or criminal penalties, or both, under the Tax Law.

This information will be maintained by the Director of the Registration and Data Services Bureau, NYS Tax Department, Building 8 Room 924, W A Harriman Campus, Albany NY 12227; telephone 1 800 225-5829. From areas outside the U.S. and outside Canada, call (518) 485-6800.

