



Instructions for Form IT-267 Geothermal Energy System Credit

General information

You may claim a credit for qualified geothermal energy system equipment and associated expenditures for equipment installed at residential property located in New York State and placed into service after January 1, 2022. To qualify for the credit, the property where the geothermal system is installed must be your residence at the time the system is originally placed into service.

Amount of credit

The credit is equal to 25% (0.25) of your qualified geothermal energy system expenditures and is limited to \$5,000. You may only claim the credit for one geothermal energy system in a tax year. If the residential property is rented at any time during the year in which the credit is claimed, you may not claim this credit.

In the case of a cooperative housing corporation or a condominium, a percentage of the qualified geothermal energy system equipment expenditures may be attributed to each unit within the building. The cooperative housing corporation or condominium management association should provide this information to each tenant-stockholder or condominium owner.

You cannot request a refund for any unused portion of this credit; however, you may carry it forward for the next five years. After five years, any remaining credit expires.

Leases

If you qualify, you may only claim the credit for a geothermal energy system lease for the first 15 years of the lease.

To qualify:

- You must have a written agreement to lease the equipment from someone other than you.
- The lease must be for a minimum of 10 years.
- The equipment must be installed, placed in service, and used for personal purposes at your residence located in New York State.

Definition

Geothermal energy system is a ground-coupled solar thermal system that uses the solar thermal energy stored in the ground or in bodies of water to produce heat and is commonly known as or referred to as a ground source heat pump system.

Line instructions

Schedule A: Calculation of geothermal energy system credit

Purchase

Column B: Enter your expenditures for the purchase of geothermal energy system equipment installed, placed in service, and used for personal purposes at your residence in New York State. These expenditures include:

- materials;
- labor costs properly allocated to on-site preparation, assembly, and original installation;
- architectural and engineering services; and
- designs and plans directly related to the construction or installation of the geothermal energy system equipment.

These expenditures do **not** include:

- expenditures you paid with nontaxable federal, state, and local grants;
- interest or other finance charges; or
- costs that have been used to qualify for any other credit.

Column C: Multiply the amount from column B by 0.25. If the result is \$5,000 or less, enter the result. If the result is greater than \$5,000, enter **5000**.

Note: If you are a tenant-shareholder in a cooperative housing corporation or condominium owner, the amount to enter in column B is your share of the expenditures incurred by the cooperative housing corporation or condominium management association. The cooperative housing corporation or condominium management association should provide this information to you.

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Lease

Column B: Enter the total amount of all the payments you are required to make under your written agreement to lease the geothermal energy system equipment not owned by you. Do **not** include payments you made with nontaxable federal, state, and local grants. See *Leases*.

Column C: Multiply the amount from column B by 0.25. If the result is \$5,000 or less, enter the result. If the result is greater than \$5,000, enter **5000**.

Column D: Enter the total amount of lease payments paid in the current year.

Column E: Enter the difference between column C and the total amount of payments made related to this lease from any previous years' Forms IT-267, line 1. If the amount of all payments made related to the lease are equal to or greater than column C, enter **0**.

Example:

You lease a geothermal system for 12 years beginning 2/1/2022, your payments are \$1,000 a year for a total cost of \$12,000. You would complete Schedule A as follows:

2022

Lease	A Date equipment placed in service (mmddyyyy)	B Qualified lease payments (see instructions)	C Column B x 25% (0.25) not to exceed \$5,000	D Amount from column B paid in 2022	E Limitation (see instructions)
	02012022	12000	3000	1000	3000

*You will enter **1000** on line 1.*

2025

Lease	A Date equipment placed in service (mmddyyyy)	B Qualified lease payments (see instructions)	C Column B x 25% (0.25) not to exceed \$5,000	D Amount from column B paid in 2025	E Limitation (see instructions)
	02012022	12000	3000	1000	0

Because you have already claimed the full amount of the credit, you would not enter an amount on line 1.

Line 1

Follow the instructions for your transaction type.

Purchase: Enter the amount from column C.

Lease: Enter the lesser of column D or column E.

Schedule B: Application of credit and calculation of carryover

Line 4

Follow the instructions for the form you are filing.

Form IT-201 filers: Enter the tax from Form IT-201, line 39, plus any amount from Form IT-201-ATT, line 21.

Form IT-203 filers: Enter the tax from Form IT-203, line 46, plus any amount from Form IT-203-ATT, line 20.

Line 5

If you are applying any credits against the tax before this credit, enter those amounts here.

Apply credits in the following order:

- household credit
- any credits that cannot be carried over or refunded
- any credits that can be carried over for a limited duration
- any credits that can be carried over for an unlimited duration
- refundable credits

For more information, see *Ordering of personal income tax credits*, or visit www.tax.ny.gov (search: *ordering*).

Line 7

Enter the amount from line 7 and code **267** on Form IT-201-ATT, line 6, or Form IT-203-ATT, line 7.

Special rule: If you occupied a residence with another taxpayer or taxpayers, you must prorate the amount of credit according to the percentage of the total eligible expenditures each of you contributed. However, if you are married and filing a joint return, do **not** prorate the credit between spouses. Use only your share of the line 3 amount when you compare line 3 to line 6 to determine which amount is smaller. Submit a statement with your return showing the name of each taxpayer occupying the residence and claiming the credit and the total expenditures contributed by each.

Example: *You and a parent occupy the same residence. You each pay one-half of the cost of the geothermal energy system equipment. You may claim one-half of the total credit on your New York State return and your parent may claim the other half of the credit on their New York State return. To claim the credit, each of you must file Form IT-267 showing the calculation of the total credit and submit a statement detailing the amounts each of you paid.*

Line 8

If you occupied your residence with another taxpayer or taxpayers, subtract line 7 from your share of the line 3 amount.

Line 9

You can only carry over a credit amount that is more than the tax you owe for a maximum of up to five years. Enter any expired credit amount on this line.