



Instructions for Form IT-657

COVID-19 Capital Costs Credit

General information

The COVID-19 capital costs credit was only available to small businesses that incurred certain qualified COVID-19 capital costs from January 1, 2021 through December 31, 2022.

You can only claim the credit if you received a share of the credit from an entity that was issued a certificate from Empire State Development (ESD) in 2023.

If you are claiming the COVID-19 capital costs credit for an earlier tax year, use the appropriate year's Form IT-657, *COVID-19 capital costs credit*, to claim the credit.

Eligibility

You are eligible for this credit if you:

- are subject to tax under Tax Law Article 9-A or 22; **and**
- have received a share of the credit from your partnership, New York S corporation, or estate or trust.

Credit details

Do not include any expense or cost, paid or incurred, to calculate **this** credit that you used to calculate **any other** tax credit.

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.

You are required to recapture any previous credit due to a revocation of a certificate of tax credit. See *Schedule D*.

How to claim the credit

If you are an **individual**, a beneficiary or fiduciary of an estate or trust, a partner in a partnership (including members of a limited liability company treated as a partnership for federal tax purposes), or a shareholder of an S corporation, claim the credit by filing Form IT-657 with your tax return.

A **married couple** in a business enterprise that made an IRC 761(f) election to file **two federal Schedule C forms** instead of a partnership return: If you file jointly, compute your credit as if you were filing one federal Schedule C for the business. Complete Schedules C and D, if applicable.

An **estate or trust** that divides the credit among itself and its beneficiaries must submit Form IT-657 with Form IT-205, *Fiduciary Income Tax Return*, showing each beneficiary's share of the credit.

A **partnership** must file Form IT-657 with Form IT-204, *Partnership Return*, showing the total credit.

A **New York S corporation** does **not** file Form IT-657. It must file Form CT-657, *COVID-19 Capital Costs Credit*.

If you are a **shareholder of an S corporation**, obtain your share of the COVID-19 capital costs credit from the S corporation and follow the instructions on this form for claiming the credit on your personal income tax return.

Line instructions

Additional forms: If you have more entries than will fit on the lines provided in Schedules A, B, and D, submit additional Forms IT-657, completing only the necessary schedules. Include your name and taxpayer identification number on each form. On the indicated line of the first Form IT-657, include the totals from all additional Forms IT-657. Place the extra forms behind the first Form IT-657 and submit them with your return.

Schedule A: Partner's, shareholder's, or beneficiary's share of credit

Enter the appropriate information for each partnership, New York S corporation, or estate or trust from which you received a share of the COVID-19 capital costs credit. Obtain your share of the credit and certificate information from your partnership, S corporation, estate or trust. If needed, see *Additional forms*.

Schedule B: Beneficiary's and fiduciary's share of credit

An estate or trust must complete this schedule. If an estate or trust allocates or assigns the credit to its beneficiaries, it must base the division on each beneficiary's proportionate share of the income of the estate or trust. Provide the beneficiaries with their share of the credit. If needed, see *Additional forms*.

Schedule C: Computation of credit

Lines 7 and 8: Complete the lines that apply to you.

Fiduciary: Do not enter an amount on line 7.

Line 9

Individual: Enter the amount from line 9 and code **657** on:

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

Partnership: Enter the amount from line 9 and code **657** on Form IT-204, line 147.

Fiduciary: Enter the amount from line 9 on Form IT-205, line 33.

Schedule D: Recapture of credit

If ESD has partially or entirely revoked a previously claimed COVID-19 capital costs credit that you earned directly or from a partnership, the amount of credit revoked by ESD must be added back to your tax for the tax year in which the revocation becomes final.

S corporations, partnerships, and fiduciaries must provide their shareholders, partners, and beneficiaries the certificate number and their share of the revoked credit.

Enter the certificate number in column A, and the amount of revoked credit in column B. If needed, see *Additional forms*.