



Instructions for Form IT-205-A Fiduciary Allocation

IT-205-A-I

General information

Who must file Form IT-205-A

The following estates and trusts must submit Form IT-205-A with Form IT-205, *Fiduciary Income Tax Return*. See Form IT-205-I, *Instructions for Form IT-205*, for the Privacy notification or if you need help contacting the Tax Department.

New York resident estate or trust with any nonresident beneficiaries

If **any** of the income distributable from the estate or trust to the nonresident beneficiaries is derived from New York State sources, complete Schedules 4, 2, and 3, in that order. Then complete any of Schedules 5, 6, 7, and 8 that apply, as described below.

Note: If **none** of the income distributable from the estate or trust to the nonresident beneficiaries is derived from New York State sources, even if other income is distributable to those beneficiaries:

- Do **not** complete Form IT-205-A.
- Include a statement with Form IT-205, *Fiduciary Income Tax Return*, to the effect that the distributable income of the nonresident beneficiaries consists only of income that is not taxable to nonresident individuals.

New York nonresident estate or trust and part-year resident trust

If **any** of the income distributable from the estate or trust to the nonresident beneficiaries is derived from New York State sources, complete Schedules 4, 2, 3, and 1, in that order. Then complete any of Schedules 5, 6, 7, and 8 that apply, as described below.

All New York resident and nonresident estates or trusts and part-year resident trusts (with income distributable to the nonresident beneficiaries that is derived from New York State sources)

Complete any of Schedules 5, 6, 7, and 8 that apply:

- If the estate or trust carries on business both in and out of New York State but does not maintain books and records from which the New York income of the business can be determined, complete Schedule 5.
- If the estate or trust claims a deduction for New York charitable contributions, complete Schedule 6.
- If the estate or trust has gains or losses from the sale or disposition of New York property, complete Schedules 7 and 8.

Specific instructions

Schedule 1: Computation of New York tax of a nonresident estate or trust or part-year resident trust

Note: Complete this schedule after you complete Schedules 4, 2, and 3, in that order.

Column a

Enter the federal amounts for lines 1 through 13; follow the line instructions below.

Column b

Enter the portion of each amount that is derived from New York City sources during the resident period (see *Computation of New York City and Yonkers tax of a part-year resident trust* below).

Line 1

Column a: Enter the amount from line 30, column a.

Column b: Enter the amount from line 30, column c.

Lines 2, 3, and 4

Column a: On each applicable line, enter the amount reported on the corresponding similar line of federal Form 1041, *U.S. Income Tax Return for Estates and Trusts*.

Line 7: New York modifications relating to amounts allocated to principal

Column a: Add or subtract any modifications listed in Form IT-205-I, line 2 instructions that apply to amounts you are not required to include in the estate or trust's federal distributable net income. Submit a statement giving full details of any modifications.

Line 9

Column a: If all the income of the estate or trust is taxable to the fiduciary for the 2024 tax year, enter the amount from Form IT-205, *Fiduciary Income Tax Return*, Schedule B, line 70; otherwise, enter the amount of the fiduciary's share of New York fiduciary adjustment from Form IT-205, Schedule C, column 5.

Line 10

Column b: Transfer this amount to Worksheet A, *Part-year New York City resident tax*, line a.

Line 11: New York State tax

Note: If the estate or trust used Form IT-230, *Separate Tax on Lump-Sum Distributions*, see Form IT-230 filers below.

NYAGI worksheet

Complete New York adjusted gross income (NYAGI) worksheet as follows:

- 1 Enter federal adjusted gross income (see Adjusted gross income (AGI) in the instructions for federal Form 1041) 1
- 2 Enter amount from Form IT-205-A, line 7, column a 2
- 3 Enter the net amount of the fiduciary share of additions and subtractions from Form IT-205, lines 63 through 69, that relate to the income reported on Form IT-205-A, lines 14 through 21 3
- 4 Combine lines 2 and 3 4
- 5 New York adjusted gross income (line 1 and add or subtract line 4; enter here and on Form IT-205, page 1, Item B) 5

Tax computation

- If *NYAGI worksheet*, line 5, is **\$107,650 or less**, compute the estate or trust's New York State tax on the amount on Form IT-205-A, line 10, using the New York State tax rate schedule below. Enter the tax amount on Form IT-205-A, line 11.
- If *NYAGI worksheet*, line 5, is **more than \$107,650**, the estate or trust must compute its tax using the appropriate tax computation worksheet below.

New York State tax rate schedule

If taxable income is:

| over | but not over | Base tax is: | | | | | |
|------------|--------------|----------------|--------|-------------------|---|---|------------|
| \$ 0 | \$ 8,500 | 4% | | of taxable income | | | |
| 8,500 | 11,700 | \$ 340 plus | 4.5% | of amount over | | | \$ 8,500 |
| 11,700 | 13,900 | 484 plus | 5.25% | " | " | " | 11,700 |
| 13,900 | 80,650 | 600 plus | 5.50% | " | " | " | 13,900 |
| 80,650 | 215,400 | 4,271 plus | 6.00% | " | " | " | 80,650 |
| 215,400 | 1,077,550 | 12,356 plus | 6.85% | " | " | " | 215,400 |
| 1,077,550 | 5,000,000 | 71,413 plus | 9.65% | " | " | " | 1,077,550 |
| 5,000,000 | 25,000,000 | 449,929 plus | 10.30% | " | " | " | 5,000,000 |
| 25,000,000 | | 2,509,929 plus | 10.90% | " | " | " | 25,000,000 |

Tax computation worksheet 1

If *NYAGI worksheet*, line 5, is **more than \$107,650, but not more than \$25,000,000**, and the estate's or trust's taxable income from Form IT-205-A, line 10, is **\$215,400 or less**, the estate or trust must compute its tax using this worksheet.

- 1 Enter the amount from *NYAGI worksheet*, line 5..... 1 _____
- 2 Enter the estate's or trust's taxable income from Form IT-205-A, line 10 2 _____
- 3 Multiply line 2 above by 6.00% (.0600) (**Stop:** If the line 1 amount above is **\$157,650 or more**, skip lines 4 through 8 and enter the line 3 amount on line 9) 3 _____
- 4 Enter the estate's or trust's New York State tax on the line 2 amount above from the *New York State tax rate schedule* 4
- 5 Subtract line 4 from line 3 5 _____
- 6 Enter the excess of line 1 over \$107,650 6 _____
- 7 Divide line 6 by \$50,000 and round the result to the fourth decimal place 7 _____
- 8 Multiply line 5 by line 7 8
- 9 Add lines 4 and 8. **Enter here and on** Form IT-205-A, line 11 9 _____

Tax computation worksheet 2

If *NYAGI worksheet*, line 5, is **more than \$215,400, but not more than \$25,000,000**, and the estate's or trust's taxable income from Form IT-205-A, line 10, is **more than \$215,400, but not more than \$1,077,550**, the estate or trust must compute its tax using this worksheet.

- 1 Enter the amount from *NYAGI worksheet*, line 5 1 _____
- 2 Enter the estate's or trust's taxable income from Form IT-205-A, line 10 2 _____
- 3 Enter the estate's or trust's New York State tax on the line 2 amount above from the *New York State tax rate schedule* 3
- 4 Recapture base amount 4
- 5 Incremental benefit amount 5
- 6 Enter the excess of line 1 over \$215,400 6 _____
- 7 Enter the lesser of line 6 or \$50,000 7 _____
- 8 Divide line 7 by \$50,000 and round the result to the fourth decimal place 8 _____
- 9 Multiply line 5 by line 8 9
- 10 Add lines 3, 4, and 9. **Enter here and on** Form IT-205-A, line 11 10 _____

(continued)

Tax computation worksheet 3

If *NYAGI worksheet*, line 5, is **more than \$1,077,550, but not more than \$25,000,000**, and the estate's or trust's taxable income is **more than \$1,077,550 but not more than \$5,000,000**, the estate or trust must compute its tax using this worksheet.

- 1 Enter the amount from *NYAGI worksheet*, line 5 1 _____
- 2 Enter the estate's or trust's taxable income from Form IT-205-A, line 10 2 _____
- 3 Enter the estate's or trust's New York State tax on the line 2 amount above from the *New York State tax rate schedule* 3
- 4 Recapture base amount 4
- 5 Incremental benefit amount 5
- 6 Enter the excess of line 1 over \$1,077,550 ... 6 _____
- 7 Enter the lesser of line 6 or \$50,000 7 _____
- 8 Divide line 7 by \$50,000 and round the result to the fourth decimal place 8 _____
- 9 Multiply line 5 by line 8 9
- 10 Add lines 3, 4, and 9. **Enter here and on** Form IT-205-A, line 11 10 _____

Tax computation worksheet 4

If *NYAGI worksheet*, line 5 is **more than \$5,000,000, but not more than \$25,000,000**, and the estate's or trust's taxable income is **more than \$5,000,000**, the estate or trust must compute its tax using this worksheet.

- 1 Enter the amount from *NYAGI worksheet*, line 5 1 _____
- 2 Enter the estate's or trust's taxable income from Form IT-205-A, line 10 2 _____
- 3 Enter the estate's or trust's New York State tax on the line 2 amount above from the *New York State tax rate schedule* 3
- 4 Recapture base amount 4
- 5 Incremental benefit amount 5
- 6 Enter the excess of line 1 over \$5,000,000 ... 6 _____
- 7 Enter the lesser of line 6 or \$50,000 7 _____
- 8 Divide line 7 by \$50,000 and round the result to the fourth decimal place 8 _____
- 9 Multiply line 5 by line 8 9
- 10 Add lines 3, 4, and 9. **Enter here and on** Form IT-205-A, line 11 10 _____

Tax computation worksheet 5

If *NYAGI worksheet*, line 5 is **more than \$25,000,000**, the estate or trust must compute its tax using this worksheet.

- 1 Enter the estate's or trusts' taxable income from Form IT-205, line 5 1 _____
- 2 Multiply line 1 by 10.9% (.1090). **Enter here and on** Form IT-205-A, line 11. 2 _____

(continued)

Form IT-230 filers: If the estate or trust used Form IT-230, *Separate Tax on Lump-Sum Distributions*, Part 2, to calculate the tax on the capital gain portion of the estate or trust's lump-sum distribution, include the amount of tax from Form IT-230, line 2, in the total for line 11. Submit Form IT-230 with the fiduciary return.

Line 12: Income percentage

You are only required to take New York additions and subtractions that relate to intangible items of income, such as interest or dividend income, to the extent the property that generates the income is employed in a business, trade, profession, or occupation carried on in New York State.

Submit a copy of your calculation with Form IT-205.

New York State income percentage worksheet instructions for lines d and e

Part-year resident trust: Include the portion of any additions and subtractions (from lines 7 and 9) that relates to the trust's **New York State resident period** when you calculate the amounts to enter on lines d and e.

Nonresident trust: Include the portion of any additions and subtractions to the extent that it is either attributable to a business, trade, profession, or occupation the trust carried on in New York State, or is from real or tangible personal property located in New York State for the **nonresident period** when you calculate the amounts to enter on lines d and e.

Estate or trust that is a shareholder of a corporation: If the estate or trust is a shareholder of a corporation that:

- is a New York S corporation **and** the S corporation stock is an asset of another business the shareholder carried on in New York State, **include** any additions and subtractions that relate to S corporation items of income, gain, loss, or deductions when you calculate the amounts to enter on lines d and e. See *Example*.
- was eligible to elect to be a New York S corporation for the tax year but did **not** make the election, **and** the S corporation stock is an asset of another business the shareholder carried on in New York State, **include** additions 612(b)(19), 612(b)(20), and 612(b)(21), and subtraction 612(c)(22) when you calculate the amounts to enter on lines d and e. Substitute Yonkers income percentage for *Worksheet B*. See *Example*.

Example: If a sole proprietorship operated in New York State by the shareholder holds the S corporation's stock as an asset, the shareholder must include the above additions and subtractions in the computation of the amounts on lines d and e.

New York State income percentage

| | |
|---|-------------------------------|
| a Enter the amount from Form IT-205-A, line 22, column b..... | a _____ |
| b Enter the portion of any administration costs, income distribution deduction, exemption, and other deductions used in determining federal adjusted gross income that relate to items of income, gain, loss, and deduction derived from or connected with New York sources..... | b _____ |
| c Subtract line b from line a..... | c <input type="text"/> |
| d Enter amount from Form IT-205-A, line 7, column a, that relates to New York source income (see line 12 instructions) | d _____ |
| e Enter amount from <i>Fiduciary</i> line of Schedule 2, column 4 (see line 12 instructions)..... | e _____ |
| f Line d and add or subtract line e..... | f <input type="text"/> |
| g Balance (line c and add or subtract line f)..... | g _____ |
| h Divide line g above by line 5 from the <i>NYAGI worksheet</i> . Round the result to the fourth decimal place and enter on Form IT-205-A, line 12..... | h _____ |

Form IT-230 filers: If you completed Form IT-230, Part 2, you must use the *Nonresident and Part-Year Resident income percentage schedule* on Form IT-230-I, *Instructions for Form IT-230*, to calculate the income percentage to enter on line 12.

Line 13: Allocated New York State tax

Multiply line 11 by line 12. Enter the result (even if the result is zero) on this line and on Form IT-205, line 9.

Computation of New York City and Yonkers tax of a part-year resident trust

Part-year New York City resident tax

Complete *Worksheet A* to calculate the trust's part-year New York City resident tax.

New York City tax rate schedule

If the city taxable income is:

| over | but not over | Enter on <i>Worksheet A</i> , line b: | | | |
|--------|--------------|---------------------------------------|--|--|-----------|
| \$ 0 | \$ 12,000 | 3.078% | of the amount on <i>Worksheet A</i> , line a | | |
| 12,000 | 25,000 | \$ 369 plus 3.762% | of excess over | | \$ 12,000 |
| 25,000 | 50,000 | 858 plus 3.819% | " " " | | 25,000 |
| 50,000 | | 1,813 plus 3.876% | " " " | | 50,000 |

Worksheet A

Part-year New York City resident tax

| | |
|--|----------------|
| a New York City taxable income (from line 10, column b)..... | a _____ |
| b Determine the part-year New York City tax on the amount on line a using the <i>New York City tax rate schedule</i> . Enter here and on Form IT-205, line 15b..... | b _____ |

Part-year Yonkers resident income tax surcharge

To calculate the trust's Yonkers resident income tax surcharge, complete Worksheet B and Worksheet C below (See *Line 12: Income percentage* above.)

| Worksheet B | |
|--|---|
| Yonkers income percentage | |
| a Enter the amount from Form IT-205-A, line 22, column d | a _____ |
| b Enter the portion of any administration costs, income distribution deduction, exemption, and other deductions used in determining federal adjusted gross income that relate to items of income, gain, loss, and deduction derived from or connected with Yonkers sources | b _____ |
| c Subtract line b from line a | c <input style="width: 50px;" type="text"/> |
| d Enter amount from Form IT-205-A, line 7, column a, that relates to Yonkers resident period (see line 12 instructions) .. | d _____ |
| e Enter amount from Form IT-205-A, line 9, column a, that relates to Yonkers resident period (see line 12 instructions) .. | e _____ |
| f Line d and add or subtract line e | f <input style="width: 50px;" type="text"/> |
| g Balance (line c and add or subtract line f) | g _____ |
| h Divide line g by the amount from the NYAGI worksheet, line 5 | h _____ |

Worksheet C instructions

New York resident trust: If the trust was a New York State resident trust the entire year but changed its Yonkers resident status, complete Worksheet C, line 1.

Part-year resident trust: If the trust was a New York State resident trust for only part of the year and changed its Yonkers resident status, complete Worksheet C, lines 2 through 7 and line 9.

Worksheet C, line 11: Net state tax

New York resident trust: If the trust was a New York State resident trust the entire year, calculate its net state tax on this line.

Worksheet C, line 12: Net state tax

Part-year resident trust: If the trust was a New York State resident trust for only part of the year, calculate its net state tax on this line.

Worksheet C, line 14: Part-year Yonkers resident income tax surcharge

New York resident trust: If the trust was a New York State resident trust the entire year, multiply line 11 by line 13, and enter this amount on Form IT-205, line 26.

Part-year resident trust: If the trust was a New York State resident trust for only a part of the year, multiply line 12 by line 13, and enter this amount on Form IT-205, line 26.

| Worksheet C | | Part-year Yonkers resident income tax surcharge | |
|-------------|--|---|---|
| | | Full-year NYS resident | Part-year NYS resident |
| 1 | Total New York State tax (from Form IT-205, line 14) | 1 | |
| 2 | Base tax (amount from Form IT-205-A, line 11) | 2 | |
| 3 | New York State credits (from Form IT-205, line 10) | 3 | |
| 4 | Subtract line 3 from line 2 (if line 3 is larger than line 2, enter 0) | 4 | |
| 5 | Other New York State taxes (from Form IT-205, line 12) | 5 | |
| 6 | Add lines 4 and 5 | 6 | |
| 7 | Refundable credits from Form IT-205, line 33 (less any claim of right credit from Form IT-257) | 7 | |
| 8 | Full-year New York State resident (subtract line 7 from line 1) | 8 | |
| 9 | Part-year New York State resident (subtract line 7 from line 6) | 9 | |
| 10 | Income percentage (from Worksheet B, line h above) | 10 | <input style="width: 40px;" type="text"/> % |
| 11 | Net state tax - full-year state resident (multiply line 8 by line 10) | 11 | |
| 12 | Net state tax - part-year state resident (multiply line 9 by line 10) | 12 | |
| 13 | Yonkers resident tax rate | 13 | .1675 |
| 14 | Part-year Yonkers resident income tax surcharge (Multiply line 11 by line 13 and also enter this amount on Form IT-205, line 26; or multiply line 12 by line 13 and also enter this amount on Form IT-205, line 26) | 14 | <input style="width: 40px;" type="text"/> |

Yonkers nonresident earnings taxes

If the estate or trust received wages or net earnings from self-employment from Yonkers sources during the estate or trust's city nonresident period, see Form Y-206, *Yonkers Nonresident Fiduciary Earnings Tax Return*.

Schedule 2: Fiduciary's and beneficiary's share of income from New York State sources

Note: Complete this schedule after you complete Schedule 4.

Allocate the federal distributable net income from New York State sources (line 38, column b) in Schedule 2 to the estate or trust (the fiduciary) and its beneficiaries in proportion to their respective shares in the federal distributable net income of the estate or trust. Submit additional sheets if necessary.

Column 1

Enter the respective shares of federal distributable net income of each beneficiary and of the fiduciary on the appropriate lines of column 1. Use the same letter (a, b, and so on) used in Schedule C of Form IT-205 to identify each beneficiary.

Note: To determine the allocation of income from New York State sources that applies among the nonresident taxpayers, you must enter the respective shares for both resident and nonresident beneficiaries. If you are required to complete Form IT-205, Schedule C, columns 3, 4, and 5, enter the same amount in columns 3 and 4 as you enter in Form IT-205-A, Schedule 2, columns 1 and 2.

Column 2

Using the amounts in column 1, determine the percentage interest of each beneficiary and the fiduciary in the federal distributable net income of the estate or trust; enter these percentages in column 2.

Column 3

On the *Totals* line of column 3, enter the total income from New York sources included in federal distributable net income of the estate or trust (from line 38, column b). To determine the share of each nonresident beneficiary or of the fiduciary of a nonresident estate or trust or part-year resident trust in the total amount, multiply the total income from New York sources (column 3 total) by the column 2 percentage.

Note: Do **not** enter an amount in this column for a **resident** beneficiary or the fiduciary of a **resident** estate or trust.

Column 4

Enter the fiduciary adjustment (from Form IT-205, line 70) on the *Totals* line of column 4. To determine the share of each nonresident beneficiary or the fiduciary of a nonresident estate or trust in the total amount, multiply the total fiduciary adjustment by the column 2 percentage. If the estate or trust has no federal distributable net income, you must apportion the share of each beneficiary in the fiduciary adjustment in proportion to their share of the estate or trust income for the tax year—under local law or the governing instrument—which is required to be distributed currently and any other amounts of the income distributed in the tax year.

The nonresident beneficiary must report their share of fiduciary adjustment on their Form IT-225, *New York State Modifications*, as a net addition or net subtraction. You must allocate to the estate or trust any balance of the fiduciary adjustment not allocable to beneficiaries. If you apportioned the shares in the fiduciary adjustment in accordance with this paragraph, **do not complete Schedule 2**. Instead, show the apportionment in a schedule submitted with the return.

A fiduciary may, in its discretion, use an alternate method for apportioning the fiduciary adjustment, if:

- an item of income, gain, loss, or deduction is attributable to corpus or principal, or
- the beneficiaries do **not** share proportionately and the applicable method results in an inequity which is substantial both in amount and in relation to the amount of the New York fiduciary adjustment.

For more information regarding alternate methods of attributing modifications, see 20 NYCRR 119.3 and 139.4.

If using an alternate method, instead of completing Schedule 2, the fiduciary should submit with the return a schedule containing the information required under the applicable regulation.

Schedule 3: Nonresident beneficiary's share of income and deduction from New York State sources

Note: Complete this schedule after you complete Schedule 2.

To identify each beneficiary, use the same letter (a, b, and so on) used on Form IT-205, Schedule C. Submit additional sheets if necessary.

Columns 1 through 4

In the appropriate column, enter each nonresident beneficiary's share of income, gain, or loss included in their share of distributable net income from New York State sources as reported on Form IT-205-A, Schedule 2, column 3 (also see column 5 instructions for deductions). Nonresident beneficiaries must report these amounts as income from New York State sources on the appropriate lines 1 through 18 of their Form IT-203, *Nonresident and Part-Year Resident Income Tax Return*.

Column 5

Submit a separate schedule showing each nonresident beneficiary's share of other deductions from New York State sources included in the beneficiary's total share of distributable net income.

Schedule 4: Details of federal distributable net income and amounts from New York State sources

Note: Complete this schedule first.

Column a

Enter the amount reported on federal Form 1041, *U.S. Income Tax Return for Estates and Trusts*, for the applicable items listed in this schedule. If the fiduciary was a **part-year resident trust**, also include in column a all items the trust would be required to include if the trust were filing a federal return on the accrual basis.

Column b

Enter the portion of each amount that is derived from New York sources.

Column c

Enter the portion of each amount the estate or trust received during the period of New York City residency.

Column d

Enter the portion of each amount the estate or trust received during the period of Yonkers residency.

New York City and Yonkers resident trust

If any amount from the trust is subject to New York City or Yonkers resident income tax, substitute New York City or Yonkers for New York State in the following instructions and include that portion in the applicable column c or d.

Lines 14 and 15: Interest income and dividends

Column b: Report income from interest and dividends included in column a that is income from a trade or business carried on in New York State.

Line 16: Business income (or loss)

Column b: Enter the net profit from a trade or business the estate or trust carried on in New York State. If business is carried on both within and outside of New York State and the New York income can be determined from the books and records of the business, enter in column b the net profit from business carried on in New York State, and in column b on the appropriate lines the other items relating to the New York operations. If the New York income of the business cannot be determined from the books of the business, you must allocate income to New York State in accordance with the formula in Schedule 5 or an approved alternate method. Apply the business allocation percentage on line 46 to line 16, column a, and to each allocable item of business income, gain, loss or deduction reported in column a on other lines of Schedule 4 to determine the New York amounts.

Line 17: Capital gain (or loss)

Column b: Enter the gain shown on line 75, column 3. If line 75, column 3, is a net loss, compute the amount of the loss deductible on line 17 following the instructions for Part II of federal Schedule D. (See Schedule 7 instructions.)

Line 18: Rents, royalties, partnerships, other estates and trusts, etc.

Column b: Enter the portion derived from New York State sources of the estate or trust's share of income, gain, loss, or deduction from net rents and royalties from:

- real property situated in New York State, whether used in or connected with a business;
- tangible personal property not used in a business if the property has an actual situs in New York State; and
- tangible and intangible personal property used in or connected with a trade or business the estate or trust carried on in New York State.

Note: The business allocation percentage on Schedule 5, line 46, does not apply to income from tangible personal property not used in a business or real property, since this income is 100% includable if the property is in New York State and 100% excludable if the property is located outside New York State.

If any portion of the following is derived from New York State sources, you must also include in column b that portion of the estate or trust's share of income, gain, loss, or deduction from:

- a partnership (which you may obtain from Form IT-204);
- an S corporation (see Form CT-3-S);
- other estates or trusts (see Form IT-205 or IT-205-A); and
- real estate mortgage investment conduits (REMICs).

If you did **not** report any portion of the estate or trust's share of such income, gain, loss, or deduction here, you **must** include it elsewhere in Schedule 4, column b, on the appropriate line describing the nature of the income (for example, include a partnership's New York capital gain on line 17, column b).

Passive activity loss limitations

To determine the amounts that would be allowed if the federal adjusted gross income took into account only items of income, gain, loss, or deduction derived from or connected with New York sources, you must recalculate any deduction or passive activity losses for an estate or trust.

If the trust was a **part-year resident trust**, you must recalculate your passive activity loss limitations as if you filed separate federal returns for the trust's resident and nonresident periods.

Line 19: Farm income (or loss)

Column b: Enter the net profit from farming the estate or trust carried on in New York State.

Line 21: Other income

Column b: Enter any New York source income that is not reportable elsewhere in Schedule 4.

Prizes a nonresident won in the New York State Lottery are New York source income if:

- the nonresident won the prize on or after October 1, 2000; and
- the total proceeds of the prize are more than \$5,000.

Gambling winnings in excess of \$5,000 from wagering transactions within New York State are New York source income.

If the estate or trust is a shareholder of a federal S corporation for which the election to be a New York S corporation was in effect for the tax year, you may obtain the estate or trust's ordinary income from the S Corporation and enter it in column b.

Report capital gains, dividends, and so on, on the appropriate lines in column b.

New York source income also includes:

- any gain from the sale, transfer, or other disposition of shares of stock in a cooperative housing corporation in connection with the grant or transfer of a proprietary leasehold, when the real property comprising the units of such cooperative housing corporation is in New York State, whether connected with a business;
- income attributable to the ownership of any interest in real property located in New York State (including all or a portion of the gain or loss from the sale or exchange of an interest in an entity if the entity owns real property in New York State, or owns shares of stock in a cooperative housing corporation where the cooperative units relating to the shares are located in New York, provided that the sum of the fair market values of such real property, cooperative shares, and related cooperative units equals or exceeds 50% of the fair market value of the assets the entity has owned for at least two

years as of the date of the sale or exchange; for additional information, see TSB-M-18(1)I, *Definition of New York Source Income of a Nonresident Individual Expanded*; or tangible personal property located in New York State;

- income attributable to the ownership of any interest in intangible personal property to the extent that it is used in a business, trade, profession, or occupation carried on in New York State; **and**
- any gain recognized by the estate or trust for federal income tax purposes from the sale or transfer of a partnership interest, where the sale or transfer:
 - is subject to the provisions of Internal Revenue Code (IRC) § 1060; and
 - occurred on or after April 10, 2017.

Determine the amount of the gain you must include in New York source income in a manner consistent with the applicable methods and rules for allocation under Article 22 in the year that the estate or trust sold or transferred the assets. For additional information, see TSB-M-18(2)I, *Nonresident Partner's Treatment of Gain or Loss on Certain Sales or Transfers of a Partnership or Membership Interest*.

Lines 23 through 28

Column b: Enter only that portion of each deduction item reported in column a that relates to income derived from New York sources (as reported on lines 14 through 21, column b). Include the qualified business income deduction from federal Form 1041, page 1, on line 28.

Lines 31 through 35

Column b: Enter the portion of the column a amounts that relates to the estate or trust's items of income, gain, loss, or deduction that are derived from or connected with New York State sources.

Schedule 5: Formula basis allocation of business income

Resident estates or trusts: Complete this schedule, if applicable, after you complete Schedule 3.

Nonresident estates or trusts: Complete this schedule, if applicable, after you complete Schedule 1.

Complete this schedule if the estate or trust carries on business both within and outside of New York State but does not maintain books and records from which the New York income of the business can be determined. Submit a schedule showing the exact location (street address, city, and state) of each place, whether within or outside of New York State, where the estate or trust conducts business. Describe each place (for example, branch office, agency, factory, etc.) and state whether the estate or trust rents it or owns it.

If this schedule does not fairly and equitably reflect the income from New York State, you may use an alternate allocation. However, you must complete Schedule 5 based on the statutory method and include a detailed explanation of the alternative method you used to determine New York income.

Lines 39 through 42: Property percentage

Calculate the average value of real and tangible personal property connected with the estate or trust by completing lines 39 through 41a.

Line 39: Real property owned

Column 1: Enter the average value of all real property owned by the business.

Column 2: Enter the average value of real property owned that is located in New York State.

To determine the average value of the property:

- 1) add its adjusted basis at the beginning of the tax year to its adjusted basis at the end of the tax year, then
- 2) divide by two.

Line 40: Real property rented from others

The value of real property rented to the business is generally eight times the gross rents payable for real property during the tax year for which you filed the return. For the definition of gross rents, see 20 NYCRR 132.15(d)(2).

Line 41: Tangible personal property owned

Column 1: Enter the average value (determined in accordance with the instruction for line 39) of all tangible personal property owned by the business.

Column 2: Enter the average value of tangible personal property owned that is in New York State.

Line 41a: Tangible personal property rented from others

Enter the value of tangible personal property rented to the business. The value of rented tangible personal property is generally eight times the gross rents payable for tangible personal property during the tax year for which you filed the return. For the definition of gross rents, see 20 NYCRR 132.15(d)(2).

Line 42: Property percentage

Columns 1 and 2: Add lines 39 through 41a, columns 1 and 2, and enter the totals on this line.

Column 3: Divide the column 2 total by the column 1 total. Round the result to the fourth decimal place and enter it as a percentage in column 3.

Example: If the total in column 1 is \$15,000 and the total in column 2 is \$10,000, divide \$10,000 by \$15,000 and enter the result (.6667) as a percentage (66.67%) in column 3.

Line 43: Payroll percentage

Enter wages, salaries, and other personal service compensation paid only to employees of the business. Do **not** include payments to independent contractors, independent sales agents, and so on.

Column 1: Enter the total of the compensation paid to employees during the tax year in connection with business operations carried on both within and outside of New York State.

Column 2: Enter the part that represents the amount paid in connection with New York operations. If the employee works in or travels out of an office or other place of business located in New York State, payments for services in connection with New York operations are considered compensation.

Column 3: Divide the column 2 total by the column 1 total. Round the result to the fourth decimal place and enter it as a percentage in column 3.

Line 44: Gross income percentage

Column 1: Enter total gross sales made, or charges for services performed, by employees, agents, agencies, or independent contractors of the business within and outside of New York State.

Column 2: Enter the part that represents gross sales made, or charges for services performed, by employees, agents, agencies, or independent contractors situated at, attached to, or sent out from offices of the business (or its agencies) located in New York State.

Example: *If a salesperson working out of the New York office covers the states of New York and New Jersey, you must allocate to New York all sales that salesperson makes and include them in column 2.*

Column 3: Divide the column 2 total by the column 1 total. Round the result to the fourth decimal place and enter it as a percentage in column 3.

Line 46: Business allocation percentage

Apply the business allocation percentage to each item of business income, gain, loss, or deduction reported in Schedule 4, column a, to determine the amount you must enter in Schedule 4, column b. Make the appropriate entries in the spaces below line 46; submit an additional schedule if needed.

Apply the business allocation percentage to the modification of amounts from New York State sources (IT-205, Schedule B) with respect to modifications affecting items of business income, gain, loss, or deduction (except those attributable to real property) if business is carried on both within and outside of New York State.

Do not apply the business allocation percentage to income from:

- tangible property not used in a business, or
- income from the rental of (or gains or losses from the sale of) real property.

The entire income or gain from the sale of the property located in New York State is taxable, and the entire loss in connection with that property is deductible to the extent it would be deductible for federal purposes. Conversely, no portion of the income or gain from the sale of property of this type located out of New York State is taxable, nor is any portion of any loss sustained in connection with out-of-state property deductible.

Schedule 6: Computation of New York charitable deduction

Determine the charitable deduction by completing this schedule in the same manner as Schedule A of federal Form 1041, but for New York items only.

Line 47

Enter the portion of the amount reported on the corresponding line of Schedule A, federal Form 1041, if that portion constitutes contributions to:

- New York State, or any of its political subdivisions (cities, towns, counties, and so on), or
- any corporation, trust, community chest, fund, foundation, or other entity organized or operated under the laws of New York State.

Line 48

Enter that portion of the amount reported on the corresponding line of Schedule A, federal Form 1041, that reflects the New York charitable contributions included on line 47 attributable to income exempt from New York income tax or to income derived from sources out of New York State.

Schedule 7: Capital gains and losses from sales or exchanges of New York capital assets

If the estate or trust had any capital gains or losses from sales or exchanges of New York property, complete this schedule in the same manner as federal Form 1041, Schedule D, but with respect to gains and losses from New York property **only**. Calculate the short-term capital loss carryovers from preceding tax years on line 63 and the long-term capital loss carryovers on line 71 for gains and losses from New York property **only**.

Capital transactions from New York State sources include capital gains or losses from **stocks, bonds, and other intangible personal property** used in or connected with a business, trade, profession, or occupation carried on in New York State, and capital gains or losses derived from **real or tangible personal property** having an actual situs in New York State, whether connected with a trade or business. This includes all or a portion of the gain or loss from the sale or exchange of an interest in an entity if:

- the entity owns real property in New York State, or
- owns shares of stock in a cooperative housing corporation where:
 - the cooperative units relating to the shares are in New York, and
 - the sum of the fair market values of such real property, cooperative shares, and related cooperative units equals or exceeds 50% of the fair market value of the assets the entity has owned for at least two years as of the date of the sale or exchange. For additional information, see TSB-M-18(1)l.

You must also include the estate or trust's share of any capital gain or loss derived from New York sources of a partnership or another estate or trust. If business is being carried on both within and outside of New York State, gain or loss on the sale or disposition of property (other than real property) used in the trade or business or carried as business assets is subject to the business allocation percentage (line 46). Gains and losses from the sale or disposition of real property are not subject to allocation.

Determine the amounts you must report as capital gains and losses from New York State sources in Schedule 7; follow the applicable federal provisions for determining capital gains and losses.

Line 75

If you report a total net capital loss in column 3, from sales or exchanges of New York property, calculate the amount of loss allowed as a deduction on line 17, column b, according to federal provisions for capital loss limitations. Using the New York amounts shown in Schedule 7, use a copy of federal Form 1041, Schedule D—dealing with calculation of fiduciary's capital loss limitation—as a worksheet to determine the New York net capital loss allowable as a deduction.

Schedule 8: Supplemental schedule of gains and losses from New York property

If the estate or trust had any gains or losses from the sale, exchange, or involuntary conversion of New York property reported on federal Form 4797, complete Schedule 8 in the same manner as federal Form 4797, but only with respect to gains and losses from New York property. If any transactions involve property (other than real property) of a business carried on both within and outside of New York State, apply the business allocation percentage (line 46).

Calculate the gains and losses from New York property you must include in Schedule 8 by applying the appropriate federal provisions for determining gains and losses reportable on federal Form 4797.

If the estate or trust had any gains or losses from involuntary conversion of New York property from casualty or theft, submit a copy of federal Form 4684 and a schedule showing the gain or loss from New York property.

If the estate or trust realized gain from the disposition of New York property under the provisions of federal IRC §§ 1245, 1250, 1252, 1254, or 1255, use a copy of federal Form 4797, page 2, as a worksheet in determining the gain from New York property reportable in Schedule 8, Part 1 or Part 2.
