



Changes to New York State Income Tax Forms for Partnerships and Partners for Tax Year 2007 and After

The Tax Department is revising Form IT-204, *Partnership Return*, for tax years beginning on or after January 1, 2007. The department is also issuing new forms that partnerships (including limited liability companies (LLCs) that are treated as partnerships for federal income tax purposes) will use to provide each partner with the information the partner will need to complete the partner's New York State tax return.

Below is a general description of the revised Form IT-204 and the new forms that will be issued for tax years beginning on or after January 1, 2007.

- Form IT-204 will be revised to require partnerships to enter on Form IT-204 substantially the same information required to be reported on federal Form 1065, *U.S. Return of Partnership Income*, including the information reported on federal Schedules A, B, K, L, M-1, and M-2. Form IT-204 will continue to require a partnership to report its New York Article 22 modifications and credit information. The revised Form IT-204 will eliminate the need for a partnership to attach a copy of its federal partnership return to its New York State partnership return.
- Two new forms will be issued that will be New York equivalents to the federal Schedule K-1, *Partner's Share of Income, Deductions, Credits, etc.* One form will be completed for each partner who is an individual, estate, or trust taxable under Article 22 of the Tax Law (personal income tax). The other form will be completed for each corporate partner that is taxable under Article 9-A of the Tax Law (business corporation franchise tax). These forms will provide partnerships the means to give each partner the partner's distributive share of income, deductions, New York modifications, credits, and other information the partner will need to compute the partner's New York State personal income tax or corporation franchise tax return. The partnership will be required to attach these new forms to Form IT-204. Partnerships will no longer be required to attach copies of federal Schedule K-1s to Form IT-204. (Also see, *Additional information for partnerships with corporate partners* on page 2.)
- A new form for partnerships that have any corporate partners that are taxable under Article 9-A will be issued. The form will contain a summary of the partnership items reported to the partnership's corporate partners on the New York State Schedule K-1 form. (See *Additional information for partnerships with corporate partners* on page 2.)

Additional information for partnerships with corporate partners. The department has recently adopted regulations relating to the computation of tax under Article 9-A for corporations that are partners in partnerships or that are members of LLCs that are treated as partnerships for federal income tax purposes. For more information on the recently adopted regulations, see TSB-M-07(2)C, (1)I, *Amendments to the Business Corporation Franchise Tax Regulations Relating to the Taxation of Corporate Partners*.

Additional details will be announced as they become available and will be posted on the Tax Department Web site (www.nystax.gov).