New York State Department of Taxation and Finance

# Claim for QEZE Tax Reduction Credit

Tax Law - Section 16

**IT-604**

2012

**Note:** You must **file all pages** (1 through 8) with your return. **All taxpayers must complete the information below** and then complete **either** Section 1 (pages 1 through 4) **or** Section 2 (pages 5 through 8). Do not complete both sections.

**All filers enter tax period:** beginning [          ] ending [          ]

**File this claim with your Form IT-201, IT-203, IT-204, or IT-205.** See Form IT-604-I, *Instructions for Form IT-604,* for assistance.

| Name(s) as shown on your return | Taxpayer identification number |
|---|---|

| Name of empire zone (EZ) | |
|---|---|

| Name of qualified empire zone enterprise (QEZE) business | EIN of QEZE |
|---|---|

Mark an **X** in the box if you are a Clean Energy Enterprise (CEE) *(see instructions)* ................................................................ ☐

Mark an **X** in the box if you are a QEZE first certified between August 1, 2002, and March 31, 2005, that conducts its operations on real property it owns or leases, that is located in an empire zone (EZ) and that is subject to a brownfield site cleanup agreement executed prior to January 1, 2006. ................................................................................................................ ☐

Mark an **X** in the box if you are claiming this credit as a partner in a partnership, shareholder of a New York S corporation, or beneficiary of an estate or trust. ................................................................................................................ ☐

## Section 1 – For QEZEs first certified prior to April 1, 2005 *(see* Important information *in the instructions)*

Date *(mm-dd-yyyy)* of first certification by Empire State Development *(submit copies of all certificates of eligibility and EZ retention certificates)* ......................................................................................................... [          ]

## Schedule A – Employment test for QEZEs first certified prior to April 1, 2005

**Part 1 – Empire zone (EZ) employment** – Computation of the employment number within all EZs for the current tax year and the five-year base period. Include employees within all EZs, even if you are not certified in all of those zones *(see instructions)*.

| Current tax year employment number | March 31 | June 30 | September 30 | December 31 | Total |
|---|---|---|---|---|---|
| Number of full-time employees within all EZs | | | | | |

**1** Current tax year employment number within all EZs *(do not round; see instructions)* ............................................. **1** [          ]

| Base period employment number | Tax year ending *(mm-yyyy)* | March 31 | June 30 | September 30 | December 31 | Total |
|---|---|---|---|---|---|---|
| Number in base year one | | | | | | |
| Number in base year two | | | | | | |
| Number in base year three | | | | | | |
| Number in base year four | | | | | | |
| Number in base year five | | | | | | |
| Total number of full-time employees within all EZs in the base period ................................ | | | | | | |

**2** Base period employment number within all EZs *(do not round; see instructions)* ...................................... **2** [          ]

**3** Does the amount on line 1 **equal** or **exceed** line 2? *(see instr.)* Yes ☐ No ☐

If *No,* **stop;** you are not eligible for the QEZE tax reduction credit.

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**Part 2 – New York State employment outside all EZs –** Computation of the employment number inside New York State and outside all EZs (whether or not you are certified in all of those EZs) for the current tax year and the five-year base period *(see instructions)*.

| Current tax year employment number | March 31 | June 30 | September 30 | December 31 | Total |
|---|---|---|---|---|---|
| Number of full-time employees inside NYS and outside all EZs | | | | | |

**4** Current tax year employment number inside NYS and outside all EZs *(do not round)* ......................................... **4** | |

| Base period employment number | Tax year ending *(mm-yyyy)* | March 31 | June 30 | September 30 | December 31 | Total |
|---|---|---|---|---|---|---|
| Number in base year one | | | | | | |
| Number in base year two | | | | | | |
| Number in base year three | | | | | | |
| Number in base year four | | | | | | |
| Number in base year five | | | | | | |
| Total number of full-time employees inside NYS and outside EZs in the base period ........... | | | | | | |

**5** Base period employment number inside NYS and outside all EZs *(do not round)* .................................... **5** | |

**6** Does the amount on line 4 **equal** or **exceed** the amount on line 5? *(see instructions)* .............. Yes ☐   No ☐

If *No,* **stop;** you are not eligible for the QEZE tax reduction credit.

## Schedule B – Computation of test year employment number within the EZs in which you are certified

| Test year *(mm-yyyy)* _____ to _____ | March 31 | June 30 | September 30 | December 31 | Total |
|---|---|---|---|---|---|
| Number of full-time employees within the EZs ........................ | | | | | |

**7** Test year employment number within the EZs in which you are certified *(see instructions)* ................................... **7** | |

## Schedule C – Employment increase factor *(see instructions)*

**8** Current tax year employment number within the EZs in which you are certified *(see instructions)* .............. **8** | |
**9** Test year employment number within the EZs in which you are certified *(from line 7)* ............................... **9** | |
**10** Subtract line 9 from line 8 ...................................................................................................... **10** | |
**11** Divide line 10 by line 9 *(round the result to the fourth decimal place; if line 9 is zero and line 8 is greater than zero, enter 1 here)* .................................................. **11** | |
**12** Divide line 10 by 100 *(round the result to the fourth decimal place)* ...................... **12** | |
**13** Employment increase factor *(enter the greater of line 11 or 12, but not more than 1.0)* .................................... **13** | |

 **Partnerships –** Enter the line 13 amount on Form IT-204, line 133.

 **All others –** Enter the line 13 amount on line 26.

## Schedule D – Zone allocation factor *(see instructions)*

|    |    | **A –** EZ | **B –** New York State |
|----|----|-----------|------------------------|
| **14** | Average value of property *(see instructions)* ...................... | **14** .00 | **14** .00 |
| **15** | EZ property factor *(divide line 14, column A, by line 14, column B; round the result to the fourth decimal place)* | | **15** |
| **16** | Wages and other compensation of employees *(see instr.)* | **16** .00 | **16** .00 |
| **17** | EZ payroll factor *(divide line 16, column A, by line 16, column B; round the result to the fourth decimal place)* | | **17** |
| **18** | Total EZ factors *(add lines 15 and 17)* ................................................................ | | **18** |
| **19** | Zone allocation factor *(divide line 18 by two; round the result to the fourth decimal place)* ................... | | **19** |

> **Partnerships –** Enter the line 19 amount on Form IT-204, line 134 and enter the benefit period factor from the *Benefit period factor table* below on Form IT-204, line 135.
>
> **All others –** Enter the line 19 amount on line 27.

## Schedule E – Tax factor

| | | |
|----|----|----|
| **20** | Enter your tax from Form IT-201, line 39; Form IT-203, line 38; Form IT-205, line 6 (full-year resident estate or trust); or Form IT-205-A, line 11 (nonresident estate or trust or part-year resident trust) | **20** .00 |
| **21** | Enter the amount of your income from the QEZE allocated within NYS *(see instructions)* ........... | **21** .00 |
| **22** | New York adjusted gross income *(see instructions)* ....................................................... | **22** .00 |
| **23** | Divide line 21 by line 22 *(the result cannot exceed one; round the result to the fourth decimal place)* .... | **23** |
| **24** | Multiply line 20 by line 23; this is your tax factor *(enter here and on line 28)* ................................. | **24** .00 |

## Schedule F – QEZE tax reduction credit

| | | |
|----|----|----|
| **25** | Tax year of the business benefit period ⬚ ; benefit period factor *(from table below)* ........ | **25** |
| **26** | Employment increase factor *(from line 13)* ................................................................ | **26** |
| **27** | Zone allocation factor *(from line 19)* ....................................................................... | **27** |
| **28** | Tax factor *(from line 24)* ....................................................................................... | **28** .00 |
| **29** | QEZE tax reduction credit available for use *(multiply line 25 × line 26 × line 27 × line 28)* ............... | **29** .00 |
| **30** | Tax due before credits *(see instructions)* ................................................................. | **30** .00 |
| **31** | Credits applied against the tax before this credit *(see instructions)* ................................ | **31** .00 |
| **32** | Net tax due *(subtract line 31 from line 30)* ................................................................. | **32** .00 |
| **33** | QEZE tax reduction credit used for the current tax year *(see instructions)* ................................. | **33** .00 |

| **Benefit period factor table*** | |
|--------------------------------|-----|
| Tax year of the benefit period | Benefit period factor |
| 1 - 10 | 1.0 |
| 11 | .8 |
| 12 | .6 |
| 13 | .4 |
| 14 | .2 |
| 15 | 0 |

**Sole proprietors and fiduciaries –** Find the tax year of your benefit period. Enter the benefit period factor for that tax year on line 25.

**All others –** See instructions.

\* For taxpayers first certified prior to April 1, 2005, the QEZE tax reduction credit is generally available for up to 14 years for taxpayers that continue to qualify.

## Schedule G – Beneficiary's and fiduciary's share of QEZE income

| A<br>Beneficiary's name<br>*(same as on Form IT-205, Schedule C)* | B<br>Identifying number | C<br>Share of QEZE<br>income |
|---|---|---|
| **Total** | | .00 |
| | | .00 |
| | | .00 |
| **Fiduciary** | | .00 |

## Schedule H – Related entities

List the names and employer identification numbers of any related business entities. Use additional sheets if necessary. Use the definition of *related persons* in the instructions to determine if an entity is related.

| Name | Employer identification number |
|---|---|
| | |
| | |
| | |
| | |
| | |
| | |

## Schedule I – Valid business purpose for QEZEs first certified prior to August 1, 2002 *(see instructions)*

If you are claiming that the QEZE was formed for a valid business purpose, mark an **X** in the box and submit a
notarized statement describing in detail how your QEZE meets the valid business purpose test ..................................................... ☐

# Claim for QEZE Tax Reduction Credit

## Section 2 – For QEZEs first certified on or after April 1, 2005 *(see* Important information *in the instructions)*

**All filers enter tax period:** beginning ⬚ ending ⬚

**Note:** You must **file all pages** (1 through 8) with your return. **All taxpayers must complete the information above Section 1 on page 1** and then complete **either** Section 1 (pages 1 through 4) **or** Section 2 (pages 5 through 8). Do not complete both sections.

| Name(s) as shown on your return | Taxpayer identification number |
|---|---|
| Name of empire zone (EZ) | |
| Name of qualified empire zone enterprise (QEZE) business | EIN of QEZE |

Date *(mm-dd-yyyy)* of first certification by Empire State Development *(submit copies of all certificates of eligibility and EZ retention certificates)* ................................................................................................................................

## Schedule J – Employment test for QEZEs first certified on or after April 1, 2005

**Part 1 – Empire zone (EZ) employment –** Computation of the employment number within all EZs for the current tax year and the four-year base period. Include employees within all EZs, even if you are not certified in all of those zones *(see instructions)*.

| Current tax year employment number | March 31 | June 30 | September 30 | December 31 | Total |
|---|---|---|---|---|---|
| Number of full-time employees within all EZs | | | | | |

**34** Current tax year employment number within all EZs *(do not round; see instructions)* ............................................. **34**

| Base period employment number | Tax year ending *(mm-yyyy)* | March 31 | June 30 | September 30 | December 31 | Total |
|---|---|---|---|---|---|---|
| Number in base year one | | | | | | |
| Number in base year two | | | | | | |
| Number in base year three | | | | | | |
| Number in base year four | | | | | | |
| Total number of full-time employees within all EZs in the base period ................................. | | | | | | |

**35** Base period employment number within all EZs *(do not round; see instructions)* ..................................................... **35**

**36** Does the amount on line 34 **exceed** line 35? *(see instructions)* ............................... Yes ⬚ No ⬚

If **No, stop;** you are not eligible for the QEZE tax reduction credit.

*(continued)*

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**Part 2 – New York State employment –** Computation of the employment number in New York State for the current tax year and the four-year base period *(see instructions)*.

| Current tax year employment number | March 31 | June 30 | September 30 | December 31 | Total | |
|---|---|---|---|---|---|---|
| Number of full-time employees inside New York State | | | | | | |

**37** Current tax year employment number in New York State *(do not round)* ............................................. **37**

| Base period employment number | Tax year ending *(mm-yyyy)* | March 31 | June 30 | September 30 | December 31 | Total |
|---|---|---|---|---|---|---|
| Number in base year one | | | | | | |
| Number in base year two | | | | | | |
| Number in base year three | | | | | | |
| Number in base year four | | | | | | |
| Total number of full-time employees in New York State for the base period ........................ | | | | | | |

**38** Base period employment number in New York State *(do not round)*........................................................ **38**

**39** Does the amount on line 37 **exceed** the amount on line 38? *(see instructions)* ............................ Yes ☐  No ☐

   If *No*, **stop;** you are not eligible for the QEZE tax reduction credit.

## Schedule K – Computation of test year employment number within the EZs in which you are certified

| Test year *(mm-yyyy)* _____ to _____ | March 31 | June 30 | September 30 | December 31 | Total | |
|---|---|---|---|---|---|---|
| Number of full-time employees within the EZs.......................... | | | | | | |

**40** Test year employment number within the EZs in which you are certified *(see instructions)* ................................... **40**

## Schedule L – Employment increase factor *(see instructions)*

**41** Current year employment number within the EZs in which you are certified *(see instructions)*................... **41**
**42** Test year employment number within the EZs in which you are certified *(from line 40)* ............................. **42**
**43** Subtract line 42 from line 41 ............................................................................................................... **43**
**44** Divide line 43 by line 42 *(round the result to the fourth decimal place;*
   *if line 42 is zero and line 41 is greater than zero, enter* **1** *here)* ............................ **44**
**45** Divide line 43 by 100 *(round the result to the fourth decimal place)*....................... **45**
**46** Employment increase factor *(enter the greater of line 44 or 45, but not more than 1.0)*..................................... **46**
   **Partnerships:** Enter the line 46 amount on Form IT-204, line 133.
   **All others:** Enter the line 46 amount on line 59.

## Schedule M – Zone allocation factor *(see instructions)*

| | | A – EZ | B – New York State |
|---|---|---|---|
| **47** | Average value of property *(see instructions)* ...................... | **47** .00 | **47** .00 |
| **48** | EZ property factor *(divide line 47, column A, by line 47, column B; round the result to the fourth decimal place)* | | **48** |
| **49** | Wages and other compensation of employees *(see instr.)* | **49** .00 | **49** .00 |
| **50** | EZ payroll factor *(divide line 49, column A, by line 49, column B; round the result to the fourth decimal place)* | | **50** |
| **51** | Total EZ factors *(add lines 48 and 50)* ............................... | | **51** |
| **52** | Zone allocation factor *(divide line 51 by two; round the result to the fourth decimal place)* ................... | | **52** |

**Partnerships:** Enter the line 52 amount on Form IT-204, line 134 and enter the benefit period factor on Form IT-204, line 135 *(see instructions)*.
**All others:** Enter the line 52 amount on line 60.

## Schedule N – Tax factor

| | | |
|---|---|---|
| **53** | Enter your tax from Form IT-201, line 39; Form IT-203, line 38; Form IT-205, line 6 (full-year resident estate or trust); or Form IT-205-A, line 11 (nonresident estate or trust or part-year resident trust) | **53** .00 |
| **54** | Enter the amount of your income from the QEZE allocated within NYS *(see instructions)* ........... | **54** .00 |
| **55** | New York adjusted gross income *(see instructions)* ....................................................... | **55** .00 |
| **56** | Divide line 54 by line 55 *(the result cannot exceed one; round the result to the fourth decimal place)* .... | **56** |
| **57** | Multiply line 53 by line 56; this is your tax factor *(enter here and on line 61)* ................................ | **57** .00 |

## Schedule O – QEZE tax reduction credit

| | | |
|---|---|---|
| **58** | Tax year of the business benefit period [      ] ; benefit period factor ................................ | **58** |
| **59** | Employment increase factor *(from line 46)* .................................................................. | **59** |
| **60** | Zone allocation factor *(from line 52)* ........................................................................ | **60** |
| **61** | Tax factor *(from line 57)* ....................................................................................... | **61** .00 |
| **62** | QEZE tax reduction credit *(multiply line 58 × line 59 × line 60 × line 61)* ........................................ | **62** .00 |
| **63** | Tax due before credits *(see instructions)* ........................................................... | **63** .00 |
| **64** | Credits applied against the tax before this credit *(see instructions)* ............................... | **64** .00 |
| **65** | Net tax due *(subtract line 64 from line 63)* ................................................................ | **65** .00 |
| **66** | QEZE tax reduction credit used for the current tax year *(see instructions)* ................................... | **66** .00 |

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## Schedule P – Beneficiary's and fiduciary's share of QEZE income

| A<br>Beneficiary's name<br>*(same as on Form IT-205, Schedule C)* | B<br>Identifying number | C<br>Share of QEZE<br>income |
|---|---|---|
| **Total** | | .00 |
| | | .00 |
| | | .00 |
| **Fiduciary** | | .00 |

## Schedule Q – Related entities

List the names and employer identification numbers of any related business entities. Use additional sheets if necessary. Use the definition of related persons in the instructions to determine if an entity is related.

| Name | Employer identification number |
|---|---|
| | |
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