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## Important Notice

April 2006

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### **Additional Instructions for 2005 Form CT-606 and Form IT-606, *Claim for QEZE Credit for Real Property Taxes***

Additional instructions for 2005 Form CT-606 and Form IT-606 are being provided for QEZEs using PILOT payments (payments in lieu of taxes) to compute the QEZE credit for real property taxes.

Chapter 63 of the Laws of 2005 added a limitation on the amount of PILOT payments that are allowed as **eligible real property taxes** in the computation of the QEZE credit for real property taxes. The formula for the limitation uses full-value tax rates by county, as provided to the Tax Department by the New York State Office of Real Property Services.

The rates are shown in the *Full-value tax rates by county* table on page 2 of the instructions. The rates listed in the table are based on each thousand dollars of full-assessed value of the property; therefore, an additional instruction is necessary to properly compute the limitation.

Use the following revised instruction to compute the limitation:

For tax years beginning on or after January 1, 2005, PILOT payments are not eligible real property taxes in any tax year to the extent that the payment exceeds the greater of the basis for federal income tax purposes on the certification date of real property (including buildings and structural components of buildings) owned by the QEZE and located in EZs for which it is certified **or** the basis on the last day of the tax year multiplied by

- the county's full-value tax rate\*, and
- divided by 1,000.

\*Use the full-value tax rates provided in the table on page 2 of Form CT-606-I, *Instructions for Form CT-606*, or Form IT-606-I, *Instructions for Form IT-606*.