NYC Department of Finance **-399Z**

DEPRECIATION ADJUSTMENTS FOR CERTAIN POST 9/10/01 PROPERTY

For CALENDAR YEAR _______ or FISCAL YEAR beginning ______________________ and ending ______________________

Name (Print or Type)

EMPLOYER IDENTIFICATION NUMBER

OR

SOCIAL SECURITY NUMBER

- ▲ Federal Form 4562 must accompany this form.
- ▲ This schedule must be attached to your applicable New York City tax return. See instructions.
- ▲ Use Schedule A2 to report modifications to the deductions for certain sport utility vehicles, not Schedule A1. See instructions.

SCHEDULE A1 Computation of allowable New York City depreciation for current year

Attach rider if necessary

A Description of Property	B Class of Property	C Date Placed in Service: mm-dd-yy	D Cost or Other Basis	E Accumulated NYC Depreciation Taken in Prior Years	F Federal Depreciation	G Method of Figuring NYC Depreciation	H Life or Rate	I Allowable New York City Depreciation
1a. Total columns D, E, F, and I								

Enter total of columns F and I on line 4 and line 5 of Schedule C below. (*See instructions on back.)*

SCHEDULE A2 Computation of NYC deductions for current year for sport utility vehicles

Attach rider if necessary

A Description of Property	B Class of Property	C Date Placed in Service: mm-dd-yy	D Cost or Other Basis	E Accumulated NYC Deductions Taken in Prior Years	F Federal Depreciation and Section 179 Deductions	G Method of Figuring NYC Depreciation	H Life or Rate	I Total Allowable New York City Deductions
1b. Total columns D, E, F, and I								

SCHEDULE B **Disposition adjustment** **Attach rider if necessary**

For each item of property listed below, determine the difference between federal and New York City deductions used in the computation of federal and New York City taxable income in prior years.

- ▲ If federal deduction exceeds New York City deduction, subtract column E from column D and enter in column F.
- ▲ If New York City deduction exceeds federal, subtract column D from column E and enter in column G.

A Description of Property	B Class of Property (ACRS)	C Date Placed in Service: mm-dd-yy	D Total Federal Depreciation Taken	E Total NYC Depreciation Taken	F Adjustment (D *minus* E)	G Adjustment (E *minus* D)

	F	G
2. Total excess federal deductions over NYC deductions *(see instructions)*		
3. Total excess NYC deductions over federal deductions *(see instructions)*		

SCHEDULE C **Computation of adjustments to New York City income**

	A. Federal	**B.** New York City
4. Enter amount from Schedule A1, line 1a, column F ....**4.**		
5. Enter amount from Schedule A1, line 1a, column I ....**5.**		
6a. Enter amount from Schedule A2, line 1b, Column F ....**6a.**		
6b. Enter amount from Schedule A2, line 1b, Column I ....**6b.**		
7a. Enter amount from Schedule B, line 2...................................**7a.**		
7b. Enter amount from Schedule B, line 3...................................**7b.**		
8. Totals: column A, lines 4, 6a and 7b; column B, lines 5, 6b and 7a .**8.**		

Enter the amount on line 8, column A, as an addition and the amount on line 8, column B, as a deduction on the applicable New York City return. (See instr.)

GENERAL INFORMATION

NOTE

At the time of the drafting of these instructions, bonus depreciation provisions under section 168(k) of the Internal Revenue Code had expired for all property except for those provisions applicable to certain long-lived and transportation property. Check the Department of Finance website for any updates on federal legislation affecting depreciation.

The Job Creation and Worker Assistance Act of 2002, P.L. 107-147, (the "Act") allows taxpayers an additional 30 percent depreciation deduction in the first year "qualified property" is placed in service. The Act allows a similar additional 30 percent first-year depreciation deduction for "qualified New York Liberty Zone property" and allows "qualified New York Liberty Zone leasehold improvements" to be depreciated over a five-year period using a straight-line method. The Act also allows an additional first-year expense deduction of up to $35,000 for "qualified New York Liberty Zone property" under IRC §179 in addition to the otherwise allowable deduction. The Jobs and Growth Tax Relief Reconciliation Act of 2003, P.L. 108-27, (the “2003 Act”) increased the first year federal depreciation deduction for certain qualified property to 50%.

The New York Liberty Zone generally encompasses an area of the borough of Manhattan below Canal Street. "Qualified property" (as defined in IRC §168(k)(2)) generally includes certain personal property acquired after September 10, 2001 and before January 1, 2005 and placed in service after September 10, 2001 and before January 1, 2005 or 2006 in certain circumstances. The 2003 Act modified the definition of “qualified property” to provide that to qualify for the 50% deduction, the property must be acquired after May 5, 2003 and before

January 1, 2005 and placed into service before January 1, 2005 or 2006 in certain circumstances. "Qualified New York Liberty Zone property" (as defined in IRC §1400L(b)(2)) generally includes the same types of personal property if used substantially in the New York Liberty Zone in connection with the active conduct of a trade or business in the New York Liberty Zone where the original use began with the taxpayer in the Liberty Zone after September 10, 2001. It also includes certain real property acquired to replace property damaged or destroyed in the attacks on the World Trade Center on September 11, 2001. For New York City tax purposes, property that qualifies as both "qualified property" and "qualified New York Liberty Zone property" will be eligible for enhanced depreciation and IRC §179 benefits as "qualified New York Liberty Zone property."

"Qualified Resurgence Zone property" is "qualified property" used substantially in the Resurgence Zone in connection with the active conduct of a trade or business where the original use began with the taxpayer in the Resurgence Zone after September 10, 2001. The Resurgence Zone (defined in sections 11-507(22), 11-602.8(m) and 11-641(p) of the Administrative Code) generally encompasses the area in Manhattan between Canal Street and Houston Street.

The New York City Administrative Code, as amended pursuant to the authority granted under Part G of Chapter 93 of the Laws of 2002, limits the depreciation deduction for "qualified property," other than "qualified Resurgence Zone property," to the deduction that would have been allowed for such property under IRC §167 had the property been acquired by the taxpayer on September 10, 2001, and therefore, not been eligible for the enhanced deductions allowed by the Act or the 2003 Act. The Administrative Code also requires appropriate adjustments to the amount of any gain or loss included in entire net income or unincorporated business entire net income upon the disposition of any property for which the federal and New York City depreciation deductions differ. NOTE: Deductions for "qualified Resurgence Zone property," "qualified New York Liberty Zone property" and "qualified New York Liberty Zone leasehold improvements" are not affected by the above decoupling provisions other than for certain sport utility vehicles. The additional first-year expense deductions under IRC §179 also are not affected other than for certain sport utility vehicles. See below.

Economic Stimulus Act of 2008 and Other Federal Legislation Effecting Depreciation. Section 102 of the Economic Stimulus Act of 2008, Pub.L. No. 110-185, 122 Stat. 613 (Feb. 13, 2008) amended IRC section 168(k). As amended, section 168(k)(1)(A) provides a 50-percent additional first year depreciation deduction for certain new property acquired by the taxpayer after December 31, 2007, and before January 1, 2009 (in the case of certain property, before January 1, 2010), so long as no written binding contract for the acquisition of the property existed prior to January 1, 2008. Section 1201 of Title I of Division B of the American Recovery and Reinvestment Act of 2009, Pub. L. No. 111-5, 123 Stat 115 (February 17, 2009) further amended IRC section 168(k) by extending the 50 percent additional first year depreciation deduction to new property acquired before January 1, 2010 (in the case of certain property, before January 1, 2011.) Section 2022 of the Small Business Jobs and Credit Act of 2010 Pub. L, No. 111-240, 124 Stat 2504 (September 27, 2010) (the “Small Business Jobs Act”) further amended IRC section 168(k) by extending the 50 percent additional first year depreciation deduction to new property acquired before January 1, 2011 (in the case of certain property, before January 1, 2012.) Section 401 of the Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010, Pub. L, No. 111-312, 124 Stat. 3296 (Dec. 17, 2010) (“2010 Tax Relief Act”) extended and expanded additional first- year depreciation to equal 100% of the cost of qualified property placed in service after Sept. 8, 2010 and before Jan. 1, 2012 (before Jan. 1, 2013 for certain longer-lived and transportation property): and 50% of the cost of qualified property placed in service after Dec. 31, 2011 and before Jan. 1, 2013 (after Dec. 31, 2012 and before Jan. 1, 2014 for certain longer-lived and transportation property). Section 331 of the American Taxpayer Relief Act of 2012, Pub. L. No. 112-240, 126 Stat. 2313 (January 2, 2013) (“2012 Taxpayer Relief Act”) extended the 50 percent additional first year depreciation to qualified property acquired after December 31, 2012 and before January 1, 2014 (after December 31, 2013 and before January 1, 2015 for certain longer-lived and transportation property). Section 125 of the Tax Increase Prevention Act of 2014, Pub. L. No.113-295, 128 Stat. 4010 (December 19, 2014) (”2014 Tax Act”) extended the 50 additional first year depreciation to qualified property acquired after December 31, 2013 and before January 1, 2015 (after December 31, 2014 and before January 1, 2016 for certain longer-lived and transportation property). **At the time of the drafting of these instructions, it was unclear if there will be any additional federal legislation extending the bonus depreciation beyond the dates indicated above. Check the Department of Finance website for any further updates on federal legislation affecting depreciation.** However, as discussed above the Administrative Code limits the depreciation for “qualified property” other than “Qualified Resurgence Zone property” and “New York Liberty Zone property” to the deduction that would have been allowed for such property had the property been acquired by the taxpayer on September 10, 2001, and therefore, except for Qualified Resurgence Zone property, as defined in the Administrative Code and “New York Liberty Zone property”, the City has decoupled from the federal bonus depreciation provision. The Administrative Code also requires appropriate adjustments to the amount of any gain or loss included in entire net income or unincorporated business entire net income upon the disposition of any property for which the federal and New York City depreciation deductions differ.

Special Provisions for Certain Sport Utility Vehicles for Tax Periods Beginning on or After January 1, 2004

Under Section 280F of the Internal Revenue Code, the federal depreciation deduction under sections 167 and 168 of the Internal Revenue Code and the expense in lieu of depreciation deduction under section 179 of the Internal Revenue Code for certain passenger automobiles are generally limited to the amounts provided in section 280F(a)(1) of the Internal Revenue Code. Congress passed legislation that limits the amount deductible for certain sport utility vehicles. That legislation does not affect the modifications required for City tax purposes described below.

For tax years beginning on or after January 1, 2004, in determining ENI of taxpayers, other than eligible farmers (for purposes of the New York State farmers' school tax credit), the amount allowed as a deduction for New York City purposes (for either depreciation or expense in lieu of depreciation) with respect to a sport utility vehicle (SUV) that is NOT a passenger automobile for purposes of section 280F(d)(5) of the Internal Revenue Code is limited to the amount that would be allowed under section 280F(a)(1) of the Internal Revenue Code if the vehicle were a passenger automobile as defined in section 280F(d)(5). For all SUVs subject to these special provisions, the amount allowed as a deduction is calculated as of the date the SUV was actually placed in service and not as of September 10, 2001. (The date that is applicable to qualified property, other than qualified Resurgence Zone property and New York Liberty Zone property, under the general post-9/11/01 decoupling provisions). On the disposition of an SUV subject to this limitation, the amount of any gain or loss included in ENI must be adjusted to reflect the limited deductions allowed for City purposes under this provision. See Finance Memorandum 14-1, "Application of IRC §280F Limits to Sport Utility Vehicles".

Economic Stimulus Act of 2008 and Subsequent Legislation. As discussed above, the Economic Stimulus Act of 2008 amended IRC section 168(k) to provide bonus depreciation for certain property acquired in 2008. The Act also amended §168(k)(2)(F)(i) to increase the first year depreciation allowed under §280F(a)(1)(A) by $8,000 for passenger automobiles to which the 50-percent additional first year depreciation deduction applies. The American Recovery and Reinvestment Act extended the bonus depreciation and the increased first year depreciation allowed under §280(F)(a)(1)(A) to property acquired in 2009. NOTE: the Small Business Jobs Act, the 2010 and 2012 Tax Relief Acts and the 2014 Tax Act extended and expanded the first-year bonus depreciation as described above. Similarly, the years in which the first year depreciation for passenger automobiles under §280F(a)(1)(A) is increased by $8,000 have also been extended. However, the Economic Stimulus Act and the subsequent federal legislation described above will only affect the applicable City SUV limits with respect to the recovery of costs of Qualified Resurgence Zone property under the Unincorporated Business Tax (UBT) and the Bank Tax.

Pursuant to the generally applicable decoupling provisions discussed on pages 2 and 3 of this form, bonus depreciation under IRC 168(k) is only available for qualified New York Liberty Zone property and Qualified Resurgence Zone property. For GCT purposes, SUVs cannot qualify as either Qualified New York Liberty Zone property or Qualified Resurgence Zone property. See Administrative Code §§ 11-602(8)(k) and 11-602(8)(o). Therefore, under the GCT no bonus depreciation is permitted.

For UBT and Bank Tax purposes, with respect to SUV's placed into service after December 31, 2007 and before January 1, 2015, bonus depreciation is available only for SUVs that are "Qualified Resurgence Zone property." (In order to be "Liberty Zone property," an SUV had to be placed in service before January 1, 2006.) See Finance Memorandum 15-1 for more information.

WHO MUST USE THIS FORM

A corporation or unincorporated business that files or is included in a

- NYC-3A, NYC-3L or NYC-4S
  General Business Corporations
- NYC-202, NYC-202EIN or NYC-204
  Unincorporated Businesses
- NYC-1
  Banking Corporations
- NYC-2, NYC-2A
  Business Corporations

must use Form NYC-399Z if:

1) it claims for federal purposes a depreciation deduction for "qualified property" pursuant to the Economic Stimulus Act of 2008, the American Recovery and Reinvestment Act, the Small Business Jobs Act, the 2010 Tax Relief Act or the 2012 Taxpayer Relief Act other than "Qualified Resurgence Zone property."

2) it is not an eligible farmer (for purposes of the New York State farmers' school tax credit) and it claims for federal purposes a depreciation deduction or an expense deduction in lieu of depreciation deduction under section 179 of the Internal Revenue Code for an SUV that is NOT a passenger automobile for purposes of section 280F(d)(5) of the Internal Revenue Code (regardless of whether the SUV is "qualified property" under IRC §168(k).

NOTE
Corporations and unincorporated businesses meeting the criteria set forth in #1 or #2 above are not permitted to file on Form NYC-4S EZ (General Corporation Tax) or Form NYC-202S (Unincorporated Business Tax).

SPECIFIC INSTRUCTIONS

SCHEDULE A1

The purpose of this schedule is to compute the allowable New York City depreciation deduction. This form has been designed to be used with the federal depreciation schedule, Form 4562 (Rev. March 2002 or later). A copy of the federal form must accompany this Form NYC-399Z. Taxpayers with SUVs subject to the special provisions use Schedule A2 and not Schedule A1. Do not complete Schedule A1 unless you have property other than an SUV subject to the general post-9/11/01 decoupling provisions.

Column A
Enter a brief description of each item of "qualified property," other than "qualified Resurgence Zone property," qualified New York Liberty Zone property" and "Qualified New York Liberty Zone Leasehold improvements," included in part II or III of federal Form 4562.

Column B
For each item of property listed in column A, indicate the property class type used in computing the federal deduction. Use "UPM" for property which is depreciated under the unit of production method provided in IRC §168(f)(1).

Column D
The cost or other basis entered in this column must be the same amount used for federal purposes prior to any reduction for the special depreciation allowance for qualified property.

Column G
Indicate the depreciation method selected for the computation of the New York City allowable depreciation deduction. Any method used to compute depreciation that would have been allowed under IRC §167, had the property been acquired on September 10, 2001, will be acceptable. This includes such methods as straight-line depreciation, declining balance depreciation, sum-of-the-years-digits method or any other consistent method.

Column I
Enter depreciation computed by the method indicated in column G computed as IRC §167 would have applied had the property been acquired on September 10, 2001. Total of this column will be the amount allowable as a deduction for New York City.

LINE 1a
Enter total of columns F and I on lines 4 and 5 of Schedule C, as indicated.

If you have disposed of "qualified property" other than "qualified Resurgence Zone property," "qualified New York Liberty Zone property" or "qualified New

York Liberty Zone leasehold improvements," in any year after the year of acquisition, you must complete Schedule B.

SCHEDULE A2

Column A
Enter the year, make and model for each SUV.

Column B
Indicate the property class type used or that would be used in computing federal depreciation for each SUV.

Column D
The amount entered in this column must be equal to the cost or other basis used for federal purposes prior to any special depreciation allowances for qualified property and prior to the expense in lieu of depreciation deduction allowed under section 179 of the Internal Revenue Code.

Column E
Enter the total New York City depreciation taken in prior years including, for years prior to 2015, the amount of any deduction taken under section 179 of the Internal Revenue Code for New York City purposes.

Column F
For each SUV, enter the sum of the amount of the federal depreciation deduction taken and amount of any federal expense in lieu of depreciation deduction taken under section 179 of the Internal Revenue Code for the current tax period.

Column I
The amount entered in column I should be the total amount that may be deducted for New York City purposes in the current tax year for an SUV subject to the special provisions. See Finance Memorandum 15-1, "Application of IRC §280F Limits to Sport Utility Vehicles".

SCHEDULE B

Column A
Enter each item of property disposed of during the taxable year separately. Attach a rider if additional room is needed.

Column D
Enter for each item of property the total amount of federal deductions used in the computation of prior years' federal taxable income. For an SUV subject to the special provisions, the amount entered in Column D should include any amount deducted under section 179 of the Internal Revenue Code.

Column E
Enter for each item of property the total amount of New York City deductions used in the computation of prior years' New York City entire net income.

Column F
For any item of property, if column D exceeds column E, subtract column E from column D and enter the excess in this column.

Column G
For any item of property, if column E exceeds column D, subtract column D from column E and enter the excess in this column.

LINE 2
Add the amounts in column F and enter the total on line 2 and on Schedule C, line 7a.

LINE 3
Add the amounts in column G and enter the total on line 3 and on Schedule C, line 7b.

SCHEDULE C

LINE 8
Enter the amount on line 8A as an addition on the applicable New York City tax return. Use the following lines. Attach an explanation.

NYC-3A - Schedule B, line 6c*
NYC-3L - Schedule B, line 6c
NYC-4S - Schedule B, line 4
NYC-202 - Schedule B, line10c
NYC-202EIN - Schedule B, line10c
NYC-204 - Schedule B, line14c
NYC-1 - Schedule B, line 8
NYC-2 - Schedule B, line 11
NYC-2A - Schedule B, Line 11

Enter the amount on line 8B as a deduction on the applicable New York City tax return. Use the following lines. Attach an explanation.

NYC-3A - Schedule B, line 15*
NYC-3L - Schedule B, line 15
NYC-4S - Schedule B, line 6b
NYC-202 - Schedule B, line 15
NYC-202EIN - Schedule B, line 15
NYC-204 - Schedule B, line 19
NYC-1 - Schedule B, line 15
NYC-2 - Schedule B, line 19
NYC-2A - Schedule B, Line 19

*If this form is for the reporting corporation, enter amounts on the appropriate lines in Column A. For any other member of the combined group , enter amounts on the appropriate lines on Form NYC-3A/B in the column for the corporation. If there is only one member of the combined group, enter amounts on the appropriate lines on Form NYC-3A, column B.