

For office use only



New York State Department of Taxation and Finance

Generation-Skipping Transfer Tax Return for Distributions

ET-500

(3/14)

For distributions made after December 31, 2010, and on or before March 31, 2014

| | | |
|---|-------|-------------------------------|
| | | Calendar year |
| Name of skip person distributee (see instructions) | | SSN of individual distributee |
| Name and title of person filing return (if different from above) | | EIN of trust distributee |
| Address of distributee or person filing return (number and street or post office box) | | |
| City | State | ZIP code |

Did the distribution occur at the same time as, and as a result of, the death of an individual? Yes No
If No, **Stop**; you are not required to file this form.

Schedule A – Computation of tentative transfer amount and maximum credit

Part 1 – Computation of tentative transfer amount

| A | B | C | D | E | F | G |
|--|--|---|--|--|--|-----------------------------------|
| Description of property subject to distribution (see instructions) | Date property was transferred to trust | NYS GST tax exemption allocated to trust (see instructions) | Fair market value of property at time of transfer to trust | NYS inclusion ratio (1 - C/D); (round to 3 decimal places) | Value of distribution from federal Form 706-GS(D-1), Part II, column e | Tentative transfer amount (E x F) |
| | | | | | | |
| | | | | | | |
| | | | | | | |
| Total tentative transfer amount (total of column G) | | | | | | |

Part 2 – Computation of maximum state generation-skipping transfer tax credit

| | | |
|----------|--|---------------|
| A | Total tentative transfer amount (from Part 1, column G) | |
| B | Adjusted allowable expenses (see instructions) | |
| C | Taxable amount (subtract line B from line A) | |
| D | NYS generation-skipping transfer tax rate | 0.0275 |
| E | Maximum state GST tax credit (multiply line C by line D; enter here and on Schedule B, line 1) | |

Schedule B – Computation of tax due

| | | | |
|--|--|-----------|--|
| 1 | Maximum state generation-skipping transfer tax credit allowable (from Schedule A, Part 2, line E) | 1. | |
| Proration of the credit for state generation-skipping transfer tax (if the taxable distribution included non-New York property, complete lines 2, 3, and 4; otherwise enter the amount from line 1 on line 5) | | | |
| 2 | Gross value of New York property included in the taxable distribution for federal generation-skipping transfer tax purposes (see instr.) .. | 2. | |
| 3 | Gross value of all property in the taxable distribution for federal generation-skipping transfer tax purposes (see instructions) | 3. | |
| 4 | Divide line 2 by line 3 (round the result to the fourth decimal place) | 4. | |
| 5 | New York State generation-skipping transfer tax (multiply line 1 by line 4; if no entries are made on lines 2, 3, and 4, enter the amount from line 1) | 5. | |
| 6 | Estimated payment (see instructions) | 6. | |
| 7 | If line 6 is less than line 5, subtract line 6 from line 5. This is the amount you owe | 7. | |
| 8 | If line 6 is greater than line 5, subtract line 5 from line 6. This is the amount to be refunded to you | 8. | |

Attach a copy of your federal generation-skipping transfer tax return, Form 706-GS(D), along with all supporting schedules and documents.

| | | | | |
|--|---|-------|---|----------------------------|
| Signature of taxpayer or person filing on behalf of taxpayer | | Date | E-mail address of taxpayer or person filing on behalf of taxpayer | |
| Print name of preparer other than taxpayer | Signature of preparer other than taxpayer | | Date | E-mail address of preparer |
| Address of preparer | City | State | ZIP code | Preparer's PTIN or SSN |
| | | | Preparer's NYTPRN | |

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Instructions

General information

The New York State generation-skipping transfer (GST) tax is based on the credit for state GST taxes allowed against the federal GST tax prior to the changes made by the federal *Economic Growth and Tax Relief Reconciliation Act of 2001* (EGTRRA).

The New York State GST tax applies **only** to taxable distributions and taxable terminations from a trust to a skip person **on or before March 31, 2014**, if the trust includes New York property. The distribution or termination has to occur at the same time as, and as a result of, the death of an individual. The New York State GST tax rate is 2.75% (5% of the federal GST tax rate of 55%, that was in effect in 2001). Use Form ET-500 for distributions and Form ET-501 for terminations. The New York State GST tax does not apply to direct skips.

The New York State GST tax has been repealed and does not apply to distributions and transfers that take place **on or after April 1, 2014**.

Purpose of form

A skip person distributee uses Form ET-500 to calculate and report the New York State GST tax due on taxable distributions from a trust to him or her. For New York State GST tax purposes, *taxable distributions* are distributions:

- from a trust to a skip person (other than direct skips);
- subject to the federal GST tax (or that would be except for the changes made by EGTRRA); and
- that occur at the same time as, and as a result of, the death of an individual.

If you received distributions from more than one trust, you must file a separate return for each trust.

Payment of tax

New York State GST tax becomes due and payable April 15 of the year following the calendar year in which the distributions were made.

Make the check or money order payable in U.S. funds to **Commissioner of Taxation and Finance**. Write the distributee's name, the individual distributee's social security number (SSN) or the trust distributee's employer identification number (EIN), and **Generation-skipping transfer tax** on the check or money order to help us process the payment.

Who must file

In general, anyone who received a taxable distribution from a trust **on or before March 31, 2014**, must file Form ET-500.

When to file

You must file Form ET-500 on or after January 1, but not later than April 15, of the year following the calendar year in which the distribution occurred.

Extensions of time to file

If you know that you cannot meet the filing deadline, request an extension of time to file by writing to the following address:

**NYS TAX DEPARTMENT
ESTATE TAX PROCESSING
W A HARRIMAN CAMPUS
ALBANY NY 12227-0862**

The time to file will be automatically extended six months if the letter is sent by April 15. **Note:** Filing a request for an extension of time to file does not extend the time for payment of tax. See *Payment of tax* above.

Where to file

Mail this form and payment to:

**NYS TAX DEPARTMENT
RPC-GSTT
W A HARRIMAN CAMPUS
ALBANY NY 12227-8451**

Private delivery services

If you are not using U.S. Mail, be sure to consult Publication 55, *Designated Private Delivery Services*.

Specific instructions

Name of the skip person distributee

- **Individual:** Enter last name, first name, middle initial, and SSN.
- **Trust:** Enter the name and EIN of the trust.

You must submit a completed federal Form 706-GS(D), including all schedules and documents, with your Form ET-500.

When calculating the inclusion ratio, it is necessary to do a separate calculation for the New York State GST tax because it does not conform to the federal GST exemption amounts for transfers made to a trust after 2003. The trustee must supply the distributee with the calculation of the inclusion ratio that was used to determine the taxable amount for each distribution from the trust to the skip person distributee.

Schedule A – Computation of tentative transfer amount and maximum credit

Part 1 – Computation of tentative transfer amount

Column A – Describe the property subject to the distribution. Use multiple lines for more than one property. If you were required to report more than one distribution on federal Form 706-GS(D-1), Part II, you may identify each property by its column a item number.

Column B – Enter the date the property was transferred to the trust.

Column C – If the property was transferred to the trust prior to 2004, use the federal GST tax exemption amount. For transfers after 2003, use the following table for calculating the inclusion ratio for the New York State GST tax in place of the federal exemption amount. If less than the full federal GST exemption was allocated to the trust, attach an explanation showing the allocation and how you recalculated the NYS GST exemption (applicable fraction numerator limit).

| Year of transfer | NYS GST exemption (applicable fraction numerator limit) |
|------------------|--|
| 2004 | \$1,140,000 |
| 2005 | \$1,170,000 |
| 2006 | \$1,200,000 |
| 2007 | \$1,250,000 |
| 2008 | \$1,280,000 |
| 2009 | \$1,330,000 |
| 2010 | \$1,340,000 |
| 2011 | \$1,360,000 |
| 2012 | \$1,390,000 |
| 2013 | \$1,430,000 |
| 2014 | \$1,450,000 |

Column D – Enter the fair market value of the property at the time the property was transferred to the trust.

Column E – Calculate the inclusion ratio. The inclusion ratio is the excess of one over the applicable fraction with the numerator as the amount in column C and the denominator as the amount in column D. Round the inclusion ratio to three decimal places.

Column F – Enter the value of the distribution from federal Form 706-GS(D-1), Part II, column e.

Column G – Multiply column E by column F to compute the tentative transfer amount for each distribution, and total the column. Enter the total here and on Part 2, line A.

Note: If there were transfers after 2003, New York State GST tax may be due even if no federal GST tax was due.

Part 2 – Computation of maximum state generation-skipping transfer tax credit

Line B – Enter the amount of adjusted allowable expenses. Adjusted allowable expenses are the total allowable expenses multiplied by the inclusion ratio from Schedule A, Part 1, column E.

If there is more than one inclusion ratio in Schedule A, Part 1, column E, prorate the total expenses among the inclusion ratio based on the relative value of each distribution made at the various ratios.

Example:

1. Value of distribution = \$10,000; inclusion ratio = .25
2. Value of distribution = \$20,000; inclusion ratio = .33
3. Value of distribution = \$30,000; inclusion ratio = .50

Preparer's fee = \$200

1. $\$10,000/\$60,000 \times \$200 = 33.33 \times .25 = \8
2. $\$20,000/\$60,000 \times \$200 = 66.67 \times .33 = \22
3. $\$30,000/\$60,000 \times \$200 = 100 \times .50 = \50

Adjusted allowable expense = $(8 + 22 + 50) = \$80$

Schedule B – Computation of tax due

Line 1 – Enter the maximum state GST tax credit from Schedule A, Part 2, line E. If the taxable distribution from the trust is wholly from New York property (see definition below), skip lines 2, 3, and 4 and enter the amount from line 1 on line 5.

Line 2 – If the taxable distribution from the trust included non-New York property, enter the value (on the date of distribution) of the New York property included in the distribution.

The term *New York property* includes real property and tangible personal property having a physical location in New York State and intangible personal property within the state employed in carrying on a trade, business, or occupation in New York State, that was transferred by the original transferor. *New York property* also includes all intangible personal property transferred by the original transferor, if the transferor was a resident of New York State at the time of the transfer of the property to the trust.

Line 3 – If an entry was made on line 2, enter the value (on the date of distribution) of all property included in the generation-skipping transfer from the trust to the skip person distributee, including the value of the New York property.

Line 6 – Enter the amount of any estimated payments.

Paid preparer's responsibilities

Under the law, all paid preparers must sign and complete the paid preparer section of the return. Paid preparers may be subject to civil and/or criminal sanctions if they fail to complete this section in full.

When completing this section, you must enter your New York tax preparer registration identification number (NYTPRIN) if you are required to have one. Also, you must enter your federal preparer tax identification number (PTIN) if you have one; if not, you must enter your social security number.

Privacy notification

New York State Law requires all government agencies that maintain a system of records to provide notification of the legal authority for any request, the principal purpose(s) for which the information is to be collected, and where it will be maintained. To view this information, visit our Web site, or, if you do not have Internet access, call and request Publication 54, *Privacy Notification*. See *Need help?* for the Web address and telephone number.

Need help?



Visit our Web site at www.tax.ny.gov

- get information and manage your taxes online
- check for new online services and features



Telephone assistance

Estate Tax Information Center: (518) 457-5387

To order forms and publications: (518) 457-5431

Text Telephone (TTY) Hotline (for persons with hearing and speech disabilities using a TTY): (518) 485-5082



Persons with disabilities: In compliance with the Americans with Disabilities Act, we will ensure that our lobbies, offices, meeting rooms, and other facilities are accessible to persons with disabilities. If you have questions about special accommodations for persons with disabilities, call the information center.