

**WATCH OUT FOR  
SPEARPHISHING SCAMS!!**

Check out Page 2 for more  
information!

## **Chapter Office Hours**

**EMAIL is the best way to  
reach us**

[NewYorkNATP@gmail.com](mailto:NewYorkNATP@gmail.com)

**We are in the office for  
phone calls:  
Monday, Tuesday and  
Thursday from 10AM to 7 PM**

## **E-News**

**New York Chapter of NATP  
Monthly Newsletter**

**February 2022**

**Having issues with your NYS Tax Preparer registration? Call NYS DTF's SMS Help Line at (518) 457-1929.** Only NYS DTF can help you with these courses, we at NY NATP have no access or troubleshooting capability. We are NOT able to give you credits for this requirement.



**New York State  
Chapter of NATP**

PO Box 3140  
Binghamton, NY 13902



Phone 800-822-3260  
Fax: 888-906-5868



[NewYorkNATP.com](http://NewYorkNATP.com)

### **This Month's Issue**

- Form IT-229 Real Property Tax Relief Credit
- Watch out for spearphishing scams
- ERC Refunds and NY 205 Subtraction Adjustments
- NYC Signage requirements
- Continuing Education requirements
- Quickfinder Discount

### **Contributors:**

Kathryn M. Keane, EA  
Christina Parisi  
Tricia Santana  
Dan Paoletti, EA  
Michael Novick, EA

## NY ALERT: Form IT-229 Real Property Tax Relief Credit

This past fall, with little fanfare, the NYS Department of Taxation & Finance rolled out a new real property tax relief credit for taxpayers with qualified real properties. Forms and instructions were not available to taxpayers and practitioners until very late December, and as tax season kicks in at full steam, we are just now starting to understand the dynamics of this new benefit. We will spend the rest of this article outlining the basics in order to properly calculate this credit for our clients, and maybe even ourselves!

To start, it is recommended that you access the tax department website at [www.tax.ny.gov](http://www.tax.ny.gov) and download a copy of Form IT-229 and Instructions for Form IT-229 as a reference. Use the search box on the top right of the tax department home page to locate these documents.

Part 1 of the form qualifies the eligibility of the taxpayer. There are five questions that a taxpayer must be able to answer “yes” in order to qualify for the credit. Questions #1 - 4 are straightforward. Pay attention particularly to question #5. Per the instructions, this question is answered “yes” as long as no rent was collected on the property.

Part 2 determines the taxpayers qualified gross income. Again, pretty much straightforward and your professional tax software should handle this calculation nicely.

Part 3A lists the physical address of the property and the number of days the taxpayer resided there. Column C calculates a proration percentage if property was used less than 365 days during the year.

Use Part 3B to report the amount of real property taxes paid during the tax year including city, town, county, municipality & school.

Use Part 3D to report the amount of amount of any Star Credit (or rebate) payment received from Albany during the year, if any.

Finally, Part 4 computes the credit starting as 6% of qualified gross income then a percentage of that result based on three separate income brackets. On line 14 you will notice that the maximum credit received can be no more than \$350, even if a higher amount is calculated. Line 15 says that if the credit is less than \$250, then no credit is allowed. The credit result is carried to Form-201-ATT, and is a refundable credit.

In conclusion, taxpayers with property taxes greater than 6% of Qualified Gross Income are the target clients to consider when calculating this credit. As tax professionals, we will need to go the extra mile and obtain the information necessary to properly calculate this credit so as not to leave taxpayer dollars on the table!

Stay tuned as your NATP NY Chapter will continue to monitor developments on this, and other, NY tax updates. Look for our live and web-based seminar offerings this summer and fall for a more comprehensive coverage of this issue and all things affecting NY taxpayers and tax professionals alike!

NY NATP Education Committee

## ***WATCH OUT FOR SPEARPHISHING SCAMS by Michael Novick, EA***

Last Wednesday, the Service’s Senior Stakeholder Liaison issued Notice IR-2022-36 to warn tax professionals of new e-mail scams that attempt to steal their tax software preparation credentials. The thieves’ objective is to steal client data and tax preparers’ identities in attempt to file fraudulent refund claims.

At first glance, the latest e-mail looks legitimate because it shows the actual IRS logo. They use multiple subject lines such as “Action Required: Your account has been placed on hold”

Some of the e-mails claim to be from tax software providers. The recipient is directed to a website that shows logos of several well-known providers where they are instructed to enter their tax preparer account credentials.

Similar e-mails include malicious links and/or attachments. These are designed to steal confidential data and personal information or to download malware onto the tax professional’s computer.

IRS Commissioner Rettig reminds all tax professionals to be vigilant in order to protect themselves and their clients.

# NY ALERT: Employee Retention Credit (ERC) Refunds and NY 205 Subtraction Adjustments

Is the ERC taxable?

It depends on how you look at it. On one hand the credit received does not add to gross income but on the other, it does reduce wage expense. See IRS Notice 2020-21, Q 60 & 61 for more information.

When does the expense disallowance occur?

Under section III.L. of Notice 2021-20, a reduction in the amount of the deduction allowed for qualified wages, including qualified health plan expenses, caused by receipt of the employee retention credit occurs for the tax year in which the qualified wages were paid or incurred. So that means the credit should be reported in the year the credit is calculate for, even if it is not received. As a note, this goes for a cash-basis taxpayers too.

What is the issue at hand?

To include ERC refunds not yet received as a wage reduction to the 2021 returns we are currently processing or wait until received and then amend? Amending later will most certainly include 1040 returns for pass through entities

But wait, there is a second part to this discussion! What about NY - there is a provision in NY that allows a subtraction for federal wage credits. This is done on IT/CT-225 S-205 "Wage and salary expenses allowed as federal credits but not as federal expenses - Include the amount of wages disallowed under IRC section 280C in the computation of your applicable federal income because you claimed a federal credit."

Form 1040 (Sch C & F)	IT-225 > ES-205
Form 1065	IT-225 > S-205 > NY K1 > IT-225 > IT-201
Form 1120S	CT-225 > S-205 < NY K1 > IT-225 > IT-201
Form 1120	CT-225 > S-205

In conclusion, conscious thought needs to take place now, before filing 2021 returns, on whether to include the wage reduction on business returns and the related subtraction adjustment on NY returns for ERC not received but anticipated. What if the credit is rejected or reduced? If the amended 900 series return were prepared correctly, then most likely it will not be rejected and paid in full. Then go ahead and include. Returns can also be put on extension if the ERC refund is expected before the extended due date. How about 2020 returns already filed and ERC refunds are still pending? In the purest sense, those returns and related 1040 will need to be amended.

We hope this information brings insight to yet another lightly publicized current issue! And beware not all tax software is doing this automatically or fully correct.

NY NATP Education Committee

# Continuing education requirements for tax return preparers

Now open for 2022 Registration!

Who must complete requirements?

If you meet New York State's definition of a *commercial tax return preparer*, you have New York State continuing education requirements. These requirements may not be satisfied with either CPE or CLE credits. You can see [Who is a tax return preparer or facilitator](#) to determine whether you meet the state's definition.

What your requirements are

You must complete free online continuing education courses.

## Course requirements

If you	and you	you must complete the curriculum titled:
did not register in a prior year	are registering for the first time with New York State,	<i>2021 Registration Education Requirements - 16 Qual.</i>
registered in 2019	completed the <i>2019 Registration Education Requirements - 16 Qual,</i>	<i>2020 Registration Education Requirements - 4 CPEs.</i>
registered in 2019	completed the <i>2019 Registration Education Requirements - 4 CPEs,</i>	<i>2020 Registration Education Requirements - 4 CPEs.</i>

Note: The IRS course for tax preparers (*Tax Return Preparer Certification*) **does not count** toward your required New York State hours of coursework.

## NYC Signage requirements!

All NYC Tax Preparers are required to post their qualifications and price listing visible to all that enter their office. This includes the entryway, individual offices and anywhere payments can be processed (counters/waiting rooms etc). Please see the below link for examples of acceptable signage and more information.

<https://www1.nyc.gov/assets/dca/downloads/pdf/businesses/Tax-Preparer-Sign-Requirements.pdf>

## Purchasing a Quickfinder?

It's always the right time to save! So, we've made it easy to save time finding the right answers to your clients' tax questions and take advantage of special pricing exclusively available to our premier customers.

The more you buy. The more you save. With our quantity discounts, you can choose the products you want in the quantities you need to build your perfect tax quick reference library.

<http://newyorknatp.com/quickfinder-purchase/>

Quickfinder Association Code Q680

You also receive a discount when you mention our codes!

The NY Chapter THANKS YOU FOR YOUR SUPPORT!!

## *NY Chapter Founders Award*

Ralph Sommers  
*2013*

Wendy C. Loomis  
*2014*

Karl Herba  
*2015*

Dwayne "Rocky" Rhodes  
*2016*

Kathryn M. Keane  
*2017*

Richard Rottkamp  
*2019*



### Newsletter Committee:

Kathryn M. Keane, EA  
Christina Parisi &  
Tricia Santana

**Wishing you all a wonderful Tax season!**

**For Tax Season:**

**We are available by phone**

**Monday, Tuesday and Thursday**

**From 10 AM to 7 PM**

We will be available by email at [NewYorkNATP@gmail.com](mailto:NewYorkNATP@gmail.com) for questions at any time.