



# Computation of Family-owned Business Exclusion

For estates of decedents dying on or after January 1, 1998, and before February 1, 2000

Attach this completed form to the original or amended Form ET-90.

Decedent's last name	First	Middle initial	Social security number	Date of death
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## Part I - Adjusted Value of Qualified Family-owned Business Interests

1 Family-owned business interests reported on Form ET-90. All property reported here must be included in one of the schedules for Form ET-90 .....		1		
Schedule and Item	Description of business interest	Reported Value		
2 Total of family-owned business interests listed above .....		2		
3 Total from Schedule K, <i>Debts of the Decedent, Mortgages and Liens</i> (enter here and on line 15 below) ..		3		
4	Mortgages and other indebtedness on the qualified residence of the decedent .....	4		
5	Amount of any indebtedness for educational or medical expenses ..	5		
6	Amount of any other debts listed on Schedule K. Do not exceed \$10,000 in total .....	6		
7 Total allowable indebtedness (add lines 4, 5, and 6) .....		7		
8 Subtract line 7 from line 3 .....		8		
9 Adjusted value of qualified family-owned business interests (subtract line 8 from line 2) .....		9		

## Part II - Qualifying Estate

### Gifts of qualified family-owned business interests

10 All gifts of qualified family-owned business interests made by the decedent to a qualified heir, and retained by the heir .....	10			
11 Gifts of qualified family-owned business interests included in the decedent's gross estate .....	11			
12 Subtract line 11 from line 10 (enter here and on line 17 below) .....	12			
13 Add lines 9 and 12 .....	13			

### Adjusted gross estate

14 Federal gross estate, including qualified family-owned business interests .....	14			
15 Total of Schedule K (from line 3 above) .....	15			
16 Subtract line 15 from line 14 .....	16			
17 Amount from line 12 above .....	17			
18 Total amount of any transfers to the decedent's spouse, if made by the decedent within ten years of his or her death .....	18			
19 Amount of all other gifts made by the decedent within three years of his or her death, including gifts of a present interest to family members, reduced by the amount of the applicable annual exclusion .....	19			
20 Add lines 17, 18, and 19 .....	20			
21 Enter the total of any amounts included on line 20 that are includable in the federal gross estate .....	21			
22 Subtract line 21 from line 20 .....	22			
23 Adjusted gross estate (add lines 16 and 22) .....	23			
24 Enter one-half of the amount from line 23 .....	24			
25 If line 13 exceeds line 24, enter here and on line 33a of Form ET-90 the amount from line 9 above, not exceeding \$675,000 for 1998 (\$650,000 for 1999; \$625,000 for 2000). If line 13 does not exceed line 24, the estate does not qualify .....	25			

## Instructions

Use this form to claim the family-owned business exclusion on the New York State estate tax return.

To qualify:

1. The decedent must have been a citizen or resident of the United States.
2. The qualified family-owned business must be an interest in a trade or business, regardless of form, with a principal place of business in the United States. The interest must be included in the decedent's New York gross estate.
3. The aggregate value of the decedent's qualified family-owned business interests that are passed to qualified heirs must exceed 50% of the decedent's adjusted federal gross estate.
4. If a qualified heir is not a citizen of the United States, any qualified family-owned business interests acquired by that heir must be held in a trust meeting the requirements similar to those imposed on Qualified Domestic Trusts (Q-DOTs) under section 2056A(a), of the federal Internal Revenue Code.
5. The decedent and/or a member of his or her family must have owned the business interests at least 5 out of the 8 years immediately preceding the date of the decedent's death, and must have materially participated in the operation of the business during the same period.
6. Qualified family-owned business interests include:
  - a. A sole proprietorship in a trade or business.
  - b. An interest in an entity, at least 50% of which is owned (directly or indirectly) by the decedent and members of the decedent's family.
  - c. An interest in an entity, at least 70% of which is owned (directly or indirectly) by members of two families and at least 30% of which is owned by the decedent and members of the decedent's family.
  - d. An interest in an entity, at least 90% of which is owned (directly or indirectly) by members of three families and at least 30% of which is owned by the decedent and members of the decedent's family.

Qualified heirs include any individual who has been actively employed by a trade or business for at least 10 years prior to the date of the decedent's death, and members of the decedent's family.

**Caution:** If the estate is required to file a federal estate tax return, Form 706, it may still claim the family-owned business exclusion on its New York State estate tax return.

If an estate claims the family-owned business exclusion on a New York State estate tax return, it may not claim the agricultural credit or the credit for a closely-held business on its New York State estate tax return.

The election to claim the exclusion must be made no later than the due date of the return, including extensions, and once made the election is irrevocable.

### Need Help?

**Telephone Assistance** is available from 8:30 a.m. to 4:25 p.m. (eastern time), Monday through Friday. **For tax information**, call toll free 1 800 641-0004. If busy, call 1 800 225-5829. **To order forms and publications**, call toll free 1 800 462-8100. **From areas outside the U.S. and outside Canada**, call (518) 485-6800.

**Fax-on-Demand Forms Ordering System** - Most forms are available by fax 24 hours a day, 7 days a week. Call toll free from the U.S. and Canada 1 800 748-3676. You must use a Touch Tone phone to order by fax. A fax code is used to identify each form.

**Internet Access** - <http://www.tax.state.ny.us>  
Access our website for forms, publications, and information.

**Hotline for the Hearing and Speech Impaired** - If you have access to a telecommunications device for the deaf (TDD), you can get answers to your New York State tax questions by calling toll free from the U.S. and Canada 1 800 634-2110. Assistance is available from 8:30 a.m. to 4:15 p.m. (eastern time), Monday through Friday. If you do not own a TDD, check with independent living centers or community action programs to find out where machines are available for public use.

**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, please call the information numbers listed above.

**Mailing Address** - If you need to write, address your letter to: NYS Tax Department, Taxpayer Assistance Bureau, W A Harriman Campus, Albany, NY 12227.

### Privacy Notification

The right of the Commissioner of Taxation and Finance and the Department of Taxation and Finance to collect and maintain personal information, including mandatory disclosure of social security numbers in the manner required by tax regulations, instructions, and forms, is found in Articles 22, 26, 26-A, 26-B, 30, 30-A, and 30-B of the Tax Law; Article 2-E of the General City Law; and 42 USC 405(c)(2)(C)(i).

The Tax Department will use this information primarily to determine and administer tax liabilities due the state and city of New York and the city of Yonkers. We will also use this information for certain tax offset and exchange of tax information programs authorized by law, and for any other purpose authorized by law.

Information concerning quarterly wages paid to employees and identified by unique random identifying code numbers to preserve the privacy of the employees' names and social security numbers will be provided to certain state agencies for research purposes to evaluate the effectiveness of certain employment and training programs.

Failure to provide the required information may result in civil or criminal penalties, or both, under the Tax Law.

This information will be maintained by the Director of the Registration and Data Services Bureau, NYS Tax Department, Building 8 Room 924, W A Harriman Campus, Albany NY 12227; telephone 1 800 225-5829. From areas outside the U.S. and outside Canada, call (518) 485-6800.