1986 Instructions for Form Y-203

City of Yonkers Nonresident Earnings Tax Return

If you and your spouse are both subject to the earnings tax, you each must file a separate Form Y-203.

Who Must File

You must file Form Y-203, *City of Yonkers Nonresident Earnings Tax Return*, if you file or have to file a New York State return and you are a nonresident of the City of Yonkers who earns **wages there or carries on a trade or business** there either as an individual or a partner.

If you do not have to file a New York State income tax return, you do not have to file a nonresident earnings tax return if you meet **all** of these conditions:

- ☐ You were a City of Yonkers nonresident for the entire year; and
- ☐ Your income from Yonkers sources consisted only of wages; and
- ☐ Your total wages subject to earnings tax for the year were not more than $3,000.

If you and your spouse each have taxable earnings, you each must file a separate City of Yonkers nonresident earnings tax return, Form Y-203, and **attach it to your New York State return.** If you filed a joint New York State return, combine your nonresident earnings tax from each Form Y-203 and enter the total on your New York State return.

You have to file a return to get a refund

For the definition of a City of Yonkers nonresident, refer to Form IT-201-I or Form IT-203-I under *Resident and Nonresident Defined* and substitute "city" for "state" in those instructions.

Definitions

Wages as defined under Section 3401(a) of the Internal Revenue Code include all payments and the cash value of all payments made in any form other than cash for services performed by an employee for his employer.

Wages do not include fees paid to a public officer or payment for active service as a member of the armed forces of the United States, or income of a nonresident individual or partner doing an insurance business as a member of the New York Insurance Exchange.

Other employee compensation includes but is not limited to salaries, fees, bonuses, tips, commissions on sales or on insurance premiums, pensions and retired pay that do **not** constitute an annuity (if paid as compensation for services performed), vacation allowances and severance pay.

Net earnings from self-employment consist of your gross income from any trade or business carried on by you (less trade or business deductions allowed under the Internal Revenue Code) plus your distributive share (whether or not distributed) of income or loss from a trade or business carried on by a partnership of which you are a member. Limited partners are not considered to receive net earnings from self-employment since they perform no services for the partnership. The deduction for wages and salaries paid or incurred for the taxable year which was disallowed according to Section 280C of the Internal Revenue Code regarding the federal targeted jobs credit is allowed in figuring your net earnings from self-employment.

Net earnings from self-employment **do not** include:

- ☐ Rental income from real estate and from personal property leased with the real estate, together with the deductions attributed to it, unless received in the course of a trade or business as a real estate dealer;
- ☐ Dividends and interest not received in the course of a trade or business as a dealer in stocks or securities;
- ☐ Gain or loss from the sale or exchange of capital assets, or from the sale, exchange or involuntary conversion of property other than stock in trade;
- ☐ Any deduction for net operating losses;
- ☐ Retirement payments received by a partner according to a written plan; or
- ☐ Income, gain, loss or deduction resulting from activities as a dealer or partner doing an insurance business as a member of the New York Insurance Exchange.

Limitations

As a City of Yonkers nonresident, you do not have to pay a higher tax than the tax you would have to pay if you were subject to the City of Yonkers resident tax surcharge. Use Form IT-201 and instructions to figure your tax liability as a City of Yonkers resident.

You are not subject to tax on payments you received for active service in the armed forces of the United States.

Which Form to File

Figure your nonresident earnings tax on Form Y-203. On this form you can allocate wages and net earnings from self-employment derived from services and sources both in and out of Yonkers. If you are married, you cannot file a joint nonresident earnings tax return. If you each have taxable earnings, you each must use a separate Form Y-203 to figure your tax. Transfer your total earnings tax to your New York State income tax return.

You can get forms by calling toll-free 1-800-462-8100 or by writing to: **New York State Tax Department, Taxpayer Assistance Bureau, W.A. Harriman Campus, Albany, NY 12227.**

Complete your return using the line-by-line instructions that begin on page 2.

When to File

Your Yonkers nonresident earnings tax return is due when your New York State income tax return is due. Attach Form Y-203 to your New York State return.

Payments of Estimated Tax

You must pay estimated earnings tax if you expect your withholding to be less than 80% of the tax shown on your 1987 return and less than 100% of the tax shown on your 1986 return (assuming the return covered 12 months) and you expect to owe, after withholding and credits; at least $100 of earnings tax for 1987. Pay this tax on the same form your New York State estimated tax is paid on (Form IT-2105).

Refund or Tax Due

Your New York State, City of New York, and City of Yonkers taxes are combined into a single amount of tax due or overpayment on your New York State return. The New York State Department of Taxation and Finance will issue one check for the amount of refund due or you can credit the overpayment (or part of it) to your 1987 estimated tax. If you decide to credit your overpayment to your 1987 estimated tax, you cannot change this decision after April 15, 1987.

If your combined City of Yonkers, City of New York and New York State tax results in a balance due, send one check or money order payable to **"NY State Income Tax"** with your return.

Changes in Your Federal Income Tax

If the federal government changes your taxable income or net earnings from self-employment or if you file an amended federal return, you must notify the New York State Department of Taxation and Finance of the change within the next 90 days. Report any changes, for nonresident earnings tax purposes, on New York State Form IT-115 or on an amended state return with Form Y-203 attached. Include a check or money order for the full amount of any tax and interest due.

Privacy Notification

The authority to request personal information from you or your employer, including identifying numbers (social security numbers, etc.), is found in Sections 651, 652, 658, 697, 1306, 1332 and 1342, Articles 22, 30, 30-A and 30-B in general of the Tax Law, Article 2-E of the General City Law and Part 152 of the Personal Income Tax Regulations. The principal purpose for which the information is collected is to assist the Department of Taxation and Finance in determining New York State personal income tax liabilities under Article 22 of the Tax Law, New York City personal income tax liabilities under Article 30 of the Tax Law and Article 2-E of the General City Law, and City of Yonkers income tax

surcharge on residents and earnings tax on nonresidents under Articles 30-A and 30-B of the Tax Law. The authority to maintain this information is found in Section 697(e) of the Tax Law and Section 152.8 of the Personal Income Tax Regulations.

The information will be used for tax administration purposes and as necessary under Education Law Section 663, Social Services Law Sections 23, 111-b and 136-a, Executive Law Section 49, Labor Law Section 537, Tax Law Sections 171-a, 171-b, 171-c, 171-d, 171-e and 697 and for any other purpose authorized by law, and when the taxpayer gives written authorization to this department for another department, person, agency or entity to have access, limited or otherwise, to information contained in their return.

Failure to provide the requested information may result in civil penalties under Sections 685, 1312, 1332 and 1342 of the Tax Law and/or criminal penalties under Article 37 of the Tax Law.

This information will be maintained by the Director, Accounting and Records Management Bureau, Processing Division, Department of Taxation and Finance, W.A. Harriman Campus, Building 8, Room 905, Albany, NY 12227, 1-800-342-3536.

Line-by-Line Instructions — Page 1

Print or type your name(s) at the top of page 1. Enter your social security number in the space provided. Complete items **A, B** and **C.** If you were a City of Yonkers resident during any part of the year, enter the beginning and ending dates of your period of residence (month, day and year) and see "Part-Year Residents" on page 3 of these instructions.

Line 1 Gross Wages

Enter the amount of your wages (see "Definitions" on page 1) earned in the City of Yonkers.

If your wages were earned only partly in the City of Yonkers, figure the amount earned in the city by completing Schedule A on page 2.

Line 2

Net Earnings from Self-Employment

Enter the amount of your net earnings from self-employment (see "Definitions" on page 1) in the City of Yonkers for the entire taxable year.

This is the amount reported on federal Form 1040, Schedule SE *(Computation of Social Security Self-Employment Tax),* Part III, minus the deduction for wages and salaries paid or incurred for the taxable year which was disallowed according to Section 280C of the Internal Revenue Code regarding the federal targeted jobs credit. If the amount in Part III of Schedule SE includes profit or loss from a trade or business carried on by you wholly outside the City of Yonkers, or your distributive share of profit or loss of a partnership which does not engage in business in the City of Yonkers, deduct these amounts from (or add them to, if they are losses) the amount shown in Part III, Schedule SE, to figure the amount of net earnings from self-employment which are subject to the earnings tax. Attach a schedule showing the amount of each deduction (or addition).

If you do not have to file federal Schedule SE **because you had more than $42,000 in wages,** figure your net earnings from self-employment by following the instructions for federal Schedule SE and subtract the deduction for wages and salaries paid or incurred for the taxable year which was disallowed under Section 280C of the Internal Revenue Code. Attach a schedule to your return showing how you figured your net earnings. If your net earnings from federal Schedule SE, Part III (modified as provided above), is a loss, write "LOSS" on line 2. You cannot offset a loss against any wages shown on line 1.

The net earnings from self-employment of ordained, commissioned, or licensed ministers of churches, members of religious orders, and Christian Science practitioners are subject to the tax even if they have elected exemption from social security coverage.

If your net earnings from self-employment were both from sources in and out of the City of Yonkers, figure the amount to be allocated to the City of Yonkers first.

If you have no regular place of business out of the city, allocate all net earnings from self-employment to the city.

If you kept books and records that fairly and equitably reflect net earnings from self-employment in the city, you can figure the part to be allocated to the city from these books and records. If not, use the formula on page 2, Schedule C.

Line 4 Exclusion

Enter your allowable exclusion.

You are allowed an exclusion against the total amount of wages and net earnings from self-employment allocated to the City of Yonkers (line 3 amount) as follows:

If line 3 is: over	but not over	Exclusion
$ 0	$10,000	$3,000
10,000	20,000	2,000
20,000	30,000	1,000
30,000		None

If you changed your residence to or from the City of Yonkers during your taxable year or have a taxable period of less than one year, **prorate the exclusion by months for the period covered by the return.**

For this purpose, count any period of more than one-half month as a full month; do not count any period of one-half month or less.

Line 6 Total Earnings Tax

Enter the total earnings tax. Figure the tax by multiplying the amount on line 5 by the rate of .5% (.005). Follow the instructions on Form Y-203, page 1, line 6, and transfer your total earnings tax to your New York State return. Attach Form Y-203 to your New York State return.

Sign Your Return

Sign and date your return at the bottom of Form Y-203. **Form Y-203 cannot be processed if you do not sign it.**

Paid Preparers

Anyone you pay to prepare your return must sign it and fill in the other blanks in the paid preparer's area of your return. The preparer required to sign your return must sign it by hand; signature stamps or labels are not acceptable. If someone prepares your return and does not charge you, the paid preparer's area should not be filled in.

Paid tax return preparers should be familiar with their responsibilities. They should get Publication 50, *Information for Paid Preparers of New York Income Tax Returns*, for more details.

Line-by-Line Instructions — Page 2

Schedule A Allocation of Wage and Salary Income

Use Schedule A on page 2 if your salary or wage income subject to allocation does not depend directly on the volume of business transacted. The amount allocable to Yonkers is that part of the income which the number of days worked in the city bears to the total number of days worked both in and out of the city. Working days are days on which you have to perform the usual duties of your job. This does not ordinarily include duties performed at your home. Nonworking days are holidays, sick leave, vacation, Saturdays, Sundays, etc.

Lines 7 through 13

Complete lines 7 through 12 and use the allocation formula on line 13 to arrive at the amount of wage or salary income earned in the City of Yonkers. Enter this amount on page 1, line 1.

If you have to allocate salary or wage income received from more than one employer in Schedule A, a separate schedule is required for each employer. Attach to your return a separate statement (similar to Schedule A) showing the working days and the income earned in the City of Yonkers from each such employment.

If your income subject to allocation depends entirely on the volume of business transacted, as in the case of a salesperson working on commission, do not use Schedule A. The amount of your income to be allocated to Yonkers is that part of your income which the volume of business transacted in the city bears to the total volume of business transacted both in and out of the city. The location where the services or sales activities were actually performed determines where business is transacted. Attach a schedule to your return showing how you figured the allocation to the City of Yonkers of income based on volume of business transacted.

If your period of employment is less than a full year, base the figures you enter in Schedule A on the actual period of employment. For example, if you were employed in and out of the City of Yonkers for separate periods of 170 days by one employer and 195 days by another employer, enter 170 days and 195 days on line 8 of your separate allocation schedules.

If your personal service income is allocated on a basis other than those explained in the preceding paragraphs, attach a separate schedule showing complete details.

Schedule B
List All Places, Both in and out of the City of Yonkers, Where You Carry On Business

List in Columns (1) and (2) the exact locations where you carry on business both in and out of the City of Yonkers. Describe in Column (3) the places listed in Columns (1) and (2) (i.e., branch office, agency, factory, warehouse, etc.) and state whether you rent or own these places.

Schedule C
Allocation of Net Earnings from Self-Employment to the City of Yonkers

The amount to be allocated to Yonkers is that part of your total net earnings from self-employment (Schedule C, line 19) which results from multiplying these earnings by an average of three percentages of property, payroll and gross income (Schedule C, line 18).

The average value of property is figured by adding its value at the beginning and at the end of the taxable year and dividing by two.

If you receive net earnings from self-employment from separate business activities carried on both in and out of the City of Yonkers, complete an additional Schedule C and attach it to your return for each separate activity.

If your net earnings from self-employment are derived from a partnership that is doing business both in and out of the City of Yonkers, you may, instead of completing Schedule C, enter on line 18 the business allocation percentage as computed on the *City of Yonkers Nonresident Partner Allocation*, Form Y-204. If Schedule C is used, you must also enter directly below line 18 the name and employer identification number of the partnership.

Lines 14a, b and c

Property Percentage

Complete lines 14a, b and c of Schedule C to figure the average value of real and tangible personal property connected with your net earnings from self-employment. Enter in Column (1), line 14a, the average value of all real property owned by you and connected with net earnings from self-employment. Enter in Column (2), line 14a, the average value of this real property located in Yonkers.

The value of rented real property included on line 14b is generally eight times the gross rent payable during the taxable year for which the return is filed. Gross rent includes:

- ☐ Any amount payable for the use or possession of real property, or any part of it, whether designated as a fixed sum of money or as a percentage of sales, profits or otherwise;
- ☐ Any amount payable as additional rent or in lieu of rent, such as interest, taxes, insurance, repairs or any other amount required to be paid by the terms of a lease or other agreement; and
- ☐ A proportion of the cost of any improvement to real property made by you or on your behalf which reverts to the owner or lessor upon termination of a lease or other arrangement. However, if a building is erected on leased land by you or on your behalf, the value of the building is figured the same way as if you owned it.

Enter the value of all real property rented in Column (1), line 14b, and the value of real property rented and located in Yonkers in Column (2), line 14b.

Enter in Column (1), line 14c, the average value of all tangible personal property you own that is connected with net earnings from self-employment. Enter in Column (2), line 14c, the average value of this tangible personal property located in Yonkers.

Enter on line 14, Columns (1) and (2), the total of lines 14a, b and c.

Divide the Column (2) total by the Column (1) total and enter the result as a percentage in Column (3).

Line 15 **Payroll Percentage**

Enter the total of the wages, salaries and other personal service compensation paid to your employees in connection with your net earnings from self-employment derived from a trade, business or profession carried on in the city. Do not include payments to independent contractors or independent sales agents. Enter in Column (1), line 15, the total of the compensation paid to your employees during the taxable year in connection with your net earnings from self-employment carried on both in and out of the city.

Enter in Column (2), line 15, the part which represents the amount paid in connection with operations carried on in the city.

Divide the Column (2) total by the Column (1) total and enter the result as a percentage in Column (3).

Line 16

Gross Income Percentage

Enter in Column (1) the total gross sales made or charges for services performed by you or your employees, agents, agencies or independent contractors of the business in and out of the city.

Enter in Column (2) the part of the total gross sales or charges which represents sales made, or services performed, by or through an agency in the city. This includes sales made or services performed by employees, agents, agencies or independent contractors situated at, connected with or sent out from offices of the business (or its agencies) located in the city. For example, if a salesman working out of the Yonkers office of the business covers New York State, New Jersey and Pennsylvania, all sales he made are allocated to Yonkers and included in Column (2) on line 16.

Special rule for real estate: Income and deductions from the rental of real property and gain or loss from the sale, exchange or other disposition of real property are not subject to allocation but are considered to be entirely derived from or connected with the place in which the property is located.

Divide the Column (2) total by the Column (1) total and enter the result as a percentage in Column (3).

Line 17

Total of Percentages

Add lines 14, 15 and 16 and enter the total on line 17.

Line 18

Business Allocation Percentage

Divide the amount on line 17 by 3 (or by the actual number of percentages if less than 3) and enter the result on line 18.

Line 19

Net Earnings from Self-Employment to be Allocated

Enter your net earnings from self-employment on line 19 as defined on page 1 of these instructions.

Line 20

Allocated Net Earnings from Self-Employment

Multiply the amount on line 19 by the percentage on line 18 and enter the result on line 20 and on page 1, line 2.

Part-Year Residents

If you changed your residence to or from the City of Yonkers during the year, you may have to pay a part-year City of Yonkers resident income tax surcharge for the part of the year you were a resident. If you earned wages in the city or carried on a trade or business there (either as an individual or a member of a partnership) during the part of the year that you were not a Yonkers resident, you may have to pay the Yonkers nonresident earnings tax.

Returns to be Filed

If you are required to file returns, you must file a City of Yonkers return for the part of the year you were a resident (on New York State Form IT-201) and a City of Yonkers nonresident return for the part of the year you were a nonresident. For the nonresident period, use Form Y 203 to compute your tax and transfer the tax to the appropriate New York State return.

Forms IT-360-I and IT-360.1-I explain the computation of your Yonkers resident income tax surcharge. Form IT-360 is used with Form IT-360-I when you have a state and city change of residence at the same time. Form IT-360.1 is used with Form IT-360.1-I when you have a city change of residence only. These forms will help you compute your City of Yonkers resident income tax surcharge for the resident period. A change of residence form must be attached to your completed return.

Important Exception:

You are not required to file a return for the period that you were a nonresident of Yonkers if you had no wages or net earnings from self-employment from Yonkers sources during this period. Instead, attach a statement to your return for the resident period explaining that you had no taxable income during the nonresident period.

Returns for Married Taxpayers

If a husband and wife changed City of Yonkers resident status at the same time and file a joint New York State return, they must compute their city resident income tax surcharge jointly on Form IT-360 or Form IT-360.1. For the period of nonresidence, if they each have taxable earnings, they must use separate Forms Y-203.

If they filed separate New York State returns, they must compute their city resident income tax surcharge separately on separate Forms IT-360 or Forms IT-360.1 for the period of residence. For the period of nonresidence, they must use separate Forms Y-203.

A joint Yonkers resident return may not be filed by husband and wife if only one spouse changed city residence during the taxable year. The spouse who changed city residence must file the two returns described in these instructions. The spouse who did not change city residence during the year must file a separate city return for the entire taxable year on New York State Form IT-201, if a resident, or on Form Y-203, if a nonresident who is subject to the nonresident earnings tax.

How to File

If you changed your Yonkers residence but were a New York State resident all year, obtain Form IT-360.1-I and complete Form IT-360.1 for the period of city residence. Transfer the tax computed on Form IT-360.1 to Form IT-201, line 62, in the applicable column. For the nonresident period, compute your Yonkers nonresident earnings tax on Form Y-203 and transfer the tax to Form IT-201, line 61. Be sure to attach Form Y-203 to your New York State resident return, Form IT-201.

If you changed both your Yonkers residence and your New York State residence at the same time during the year, obtain Form IT-360-I and complete Form IT-360 for the period of city residence. For the nonresident period, compute your Yonkers nonresident earnings tax on Form Y-203 and enter the tax on line 61 of your New York State nonresident return, Form IT-203.

Married taxpayers who do not have the same periods of City of Yonkers residence must file separate Yonkers returns on New York State Form IT-201 and Form Y-203.

If you and your spouse are subject to City of Yonkers nonresident earnings tax, you each must compute your tax on separate Forms Y-203.

Special Accruals

The return for the period before the change of residence must include all items of income, gain, loss or deduction accrued to the taxpayer up to the time of his change of residence. This includes any amounts not otherwise includible in the return because of an election to report income on an installment basis.

For complete details on special accruals, see *Income and Deductions* in Form IT-360-I or in Form IT-360.1-I. Forms IT-360-I, IT-360, IT-360.1-I and IT-360.1 may be obtained by calling toll-free 1-800-462-8100, or by writing to: **New York State Tax Department, Taxpayer Assistance Bureau, W. A. Harriman Campus, Albany, NY 12227.**

Attach Form Y-203 to your New York State income tax return and mail them to:

New York State Income Tax
W.A. Harriman Campus
Albany, NY 12227