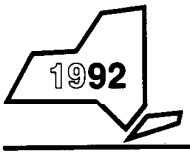
New York State Department of Taxation and Finance

Y-203-I



Instructions for Form Y-203
City of Yonkers Nonresident Earnings Tax Return

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 Yonkers who earns wages there or carries on a trade or business there either as an individual or a partner.

If you and your spouse are both subject to the Yonkers nonresident earnings tax, you each must file a separate Form Y-203 and **attach it to your New York State return.** If you filed a joint New York State return, combine your Yonkers 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.

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

— you were a Yonkers nonresident for the entire year; and
— your income from Yonkers sources consisted only of wages; and
— you received wages from only one employer and the correct amount of Yonkers nonresident earnings tax was withheld, or you received wages subject to the Yonkers nonresident earnings tax from more than one employer and the total wages for the year was not more than $3,000.

For the definition of a Yonkers nonresident, refer to the instructions for Form IT-201 or Form IT-203 under *Resident, nonresident and part-year resident defined* and substitute **Yonkers** for **New York 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 an employer.

Wages also include the amount of member or employee contributions to a retirement system or pension fund picked up by the employer pursuant to sections 517(f) or 613(d) of the Retirement and Social Security Law, or sections 13-225.1, 13-327.1, 13-125.1, 13-125.2 or 13-521.1 of the Administrative Code of the City of New York or section 2575.19 of the Education Law and the amount deducted or deferred from an employee's salary under a New York City flexible benefits program (IRC section 125 plan) established by the city of New York and certain other New York City public employers pursuant to section 23 of the general municipal law or section 1210-a of the public authorities law.

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, 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 that 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 ordinary 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 Yonkers nonresident, you do not have to pay a higher tax than you would if you were a Yonkers resident. Use Form IT-201 and instructions to figure your tax liability as a Yonkers resident. If your Yonkers resident income tax surcharge is less than your Yonkers nonresident earnings tax, attach a separate schedule to Form Y-203 showing your computation. Enter the Yonkers resident income tax surcharge on line 6 of Form Y-203.

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 Yonkers nonresident earnings tax on Form Y-203. This tax is based on your wages and net earnings from self-employment derived from services performed in Yonkers. If you are a nonresident of Yonkers and you performed services both in and out of Yonkers, you must allocate your wages and net earnings from self-employment. You can use Schedule A on the back of this form to determine the portion to be allocated to Yonkers. If you are married, you cannot file a joint Yonkers non earnings tax return. If you each able earnings, you each must use a separate Form Y-203 to figure your tax. Transfer your total Yonkers nonresident earnings tax to your New York State income tax return.

If you are a part-year Yonkers resident, see instructions on page 4.

You can get forms by calling toll free (from New York State only) 1 800 462-8100; from areas outside New York, call (518) 438-1073. You can also get forms by writing to: **NYS Tax Department, Taxpayer Assistance Bureau, W A Harriman Campus, Albany NY 12227.**

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

When to File

Form Y-203 is due when your New York State income tax return is due. Attach it to your New York State return.

Payments of Estimated Tax

You must pay estimated Yonkers nonresident earnings tax if you expect your withholding to be less than 90% of the tax shown on your 1993 return and less than 100% of the tax shown on your 1992 return (assuming the return covered 12 months) and you expect to owe, after withholding and credits, at least $100 of earnings tax for 1993. **Caution:** If 100% of your 1992 tax is the smaller of the two amounts, see Publication 150, *Estimated Tax Rules Limiting Use of Prior Year's Tax.* Use Form IT-2105, *Estimated Income Tax Payment Voucher,* to pay 1993 Yonkers estimated tax.

Refund or Tax Due

Your New York State, New York City, and Yonkers taxes are combined into a single amount of tax due or overpayment on your New York State return. The Tax Department will issue one check for the amount of a refund due, or you can credit the overpayment (or part of it) to your 1993 estimated tax. If you decide to credit your overpayment to your 1993 estimated tax, you cannot change this decision after April 15, 1993.

If your combined New York State, New York City and Yonkers taxes result in a balance due, send one check or money order payable to ***New York State Income Tax*** and write your social security number and ***1992 Income Tax*** on it. Do not send cash.

Changes in Your Federal Income Tax

If the Internal Revenue Service changes your taxable income or net earnings from self-employment or if you file an amended federal return, you must report these changes to the New York State Tax Department within 90 days from the date the Internal Revenue Service makes its final determination or 90 days from the date you amended your federal return. Report any changes for Yonkers nonresident earnings tax purposes on your 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

Our authority to require personal information, including social security numbers, is found in sections 651, 652, 658, 697, 1306, 1312, 1332 and 1342 of the Tax Law, Article 2-E of the General City Law, and related parts of our personal income tax regulations.

We will use this information primarily to process your tax return and collect your personal income tax for the state or city of New York, the income tax surcharge on residents for the city of Yonkers or the earnings tax on nonresidents for the city of New York or Yonkers, whichever may apply to you. We may also use it to help enforce other taxes under the Tax Law, for tax refund offset programs and exchange of tax information programs authorized by sections 171-a, 171-b, 171-c, 171-d, 171-e, 171-f and 697 of the Tax Law, and for any other purposes authorized by law.

Your failure to provide the required information may subject you to civil or criminal penalties, or both, under the Tax Law or the Penal Law.

Our authority to maintain this information is found in section 697(e) of the Tax Law and a related section of our personal income tax regulations. This information will be maintained by the Director Data Management Services Bureau, NYS Tax Department, Building 8 Room 905, W A Harriman Campus, Albany NY 12227; telephone (from New York State only) 1 800 CALL TAX (1 800 225-5829); from outside New York State, call (518) 438-8581.

Line Instructions

Print or type your name and enter your social security number in the spaces provided.

Item A

If you were a Yonkers resident during any part of the year, check the *Yes* box, enter the beginning and ending dates of your period of residence (month, day and year) and see *Part-Year Residents* on page 4 of these instructions.

Item B

If you or your spouse maintained an apartment or other living quarters in Yonkers during any part of 1992, check the *Yes* box, and give the address of the living quarters. Also give the number of days you were in Yonkers, even if you were on personal business. Do not count days you traveled through Yonkers to use common carriers such as airplanes, trains or buses.

Living quarters would include a house, apartment, co-op or any other living quarters maintained or paid for by you or your spouse or any Yonkers living quarters maintained for your primary use by another person, family member or employer.

Item C

Complete this section if you are reporting income from self-employment on line 2 of this form.

Line 1

Gross wages

Enter the amount of your wages (see *Definitions* on page 1) earned in Yonkers. Include any amount of 414(h) retirement contributions shown on your Wage and tax statement(s), Form IT-2102 (Copy 1) or federal Form W-2 (Copy 2). For more information see the instructions for Form IT-201 or Form IT-203.

If your wages were earned partially in Yonkers, figure the amount earned in Yonkers by completing Schedule A on the back of the return.

Line 2

Net earnings from self-employment

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

This is the amount reported on federal Form 1040, Schedule SE, *Social Security Self-Employment Tax*, minus the deduction for wages or salaries paid or incurred for the taxable year that was disallowed according to section 280C of the Internal Revenue Code regarding the federal targeted jobs credit. If the amount in Schedule SE includes profit or loss from a trade or business carried on by you wholly outside Yonkers, or your distributive share of the profit or loss of a partnership that does not engage in business in Yonkers, deduct these amounts from (or add them to, if they are losses) the amount shown in Schedule SE to figure the amount of your net earnings from self-employment that are subject to the Yonkers nonresident 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 $130,200 in wages, figure your net earnings from self-employment by following the instructions for federal Schedule SE and subtract the deduction for wages or salaries paid or incurred for the taxable year that 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, (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 from sources both in and out of Yonkers, figure the amount to be allocated to Yonkers first.

If you have no regular place of business outside Yonkers, allocate all net earnings from self-employment to Yonkers.

If you kept books and records that fairly and equitably show net earnings from self-employment in Yonkers, you can figure the part to be allocated to Yonkers from these books and records. If not, use the formula in 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 Yonkers (line 3 amount).

Use the *Exclusion Table* on the front of Form Y-203 to find your exclusion.

If you change your residence to or from Yonkers during your taxable year or have a taxable period of less than one year, **divide the exclusion by 12, then multiply by the number of months for the period of Yonkers nonresidence.** 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 nonresident earnings tax

Enter the total Yonkers nonresident 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, line 6, and transfer your total Yonkers nonresident earnings tax to your New York State return. **Attach Form Y-203 to your New York State return.**

If you and your spouse filed a joint New York State return and you each filed Form Y-203 because each had taxable earnings, combine your Yonkers nonresident earnings tax from each Form Y-203 and enter the total on your New York State return.

Payments and Credits

Enter on your New York State return the total Yonkers nonresident earnings tax withheld by all your employers. **Be sure that the amounts of withholding are for Yonkers withholding tax only.**

Enter on your New York State return the total payments of your 1992 estimated Yonkers nonresident earnings tax.

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 but does not charge you, that person should not sign it.

Paid tax return preparers should get Publication 50, *Information for Paid Preparers of New York Income Tax Returns*, for more details.

Schedule A
Allocation of wage and salary income

Use *Schedule A* if your wage or salary income is earned partly in Yonkers and does not depend directly on the volume of business transacted. Figure the amount allocable to Yonkers by determining the ratio of days (excluding nonwork days such as Saturdays, Sundays, holidays, sick leave, vacation, etc.) you worked in Yonkers to the total number of days you worked both in and out of Yonkers during the year. Multiply this ratio by your total wage or salary income subject to allocation.

Work days are days on which you were required to perform the usual duties of your job. This does not ordinarily include duties performed at your home.

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*. Divide your volume of business transacted in Yonkers by your total volume of business transacted both in and out of Yonkers. Multiply total income subject to allocation by this percentage. This is the amount of your income allocated to Yonkers. 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 this allocation.

If you allocate your personal service income differently than explained above, attach a separate schedule showing complete details.

Lines 7 through 18

Complete lines 7 through 17 and use the allocation formula on line 18 to find the amount of wage or salary income you earned in Yonkers. Enter this amount on line 1.

If you have to allocate wage or salary income received from more than one employer, attach to your return a separate statement (similar to *Schedule A*) showing the work days and the income earned in Yonkers that apply to each job.

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 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.

Schedule B
List all places, both in and out of the city of Yonkers where you carry on business

If you have net earnings from self-employment, list in columns (1) and (2) the exact locations, both in and out of Yonkers, where you carry on business. Describe in column (3) the places listed in columns (1) and (2) (e.g., 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 (line 27) that results from multiplying total net earnings by the average of the property percentage, payroll percentage and gross income percentage (line 26).

If you receive net earnings from self-employment from more than one business activity carried on both in and out of Yonkers, complete a separate *Schedule C* for each business activity and attach it to your return.

If you file Form Y-204, *City of Yonkers Nonresident Partner Allocation*, you may, instead of completing lines 19 through 25 of *Schedule C*, enter on line 26 the business allocation percentage figured on that return. Attach a copy of the completed return. If *Schedule C* is used and the net earnings are from a partnership, the factors used must be the partnership's property, payroll and gross income.

Property percentage

Lines 19, 20 and 21

Figure the average value of real and tangible personal property connected with your net earnings from self-employment by completing lines 19, 20 and 21.

Line 19

Real property owned

Enter in column (1) the average value of all real property you own that is connected with net earnings from self-employment. Enter in column (2) the average value of this real property that is located in Yonkers.

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

Line 20

Real property rented from others

Enter in column (1) the value of all real property you rented that is connected with net earnings from self-employment. Enter in column (2) the value of this rented real property that is located in Yonkers.

The fair market value of rented real property included on line 20 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 portion of the cost of any improvement to real property made by you or on your behalf that 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.

Line 21

Tangible personal property owned

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

Line 22

Property percentage

Add lines 19, 20 and 21 in columns (1) and (2) and enter the total on line 22.

Divide the column (2) total by the column (1) total and carry the result to four decimal places. For example, if the total in column (1) is $15,000 and the total in column (2) is $10,000, divide the $10,000 by the $15,000 and enter the result (.6667) as a percentage (66.67%) in column (3).

Line 23

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 Yonkers. Do not include payments to independent contractors or independent sales agents.

Enter in column (1) 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 Yonkers. Enter in column (2) the amount paid in connection with operations carried on in Yonkers.

The compensation paid to your employees is considered to be connected with operations carried on in Yonkers if the employee works in or travels out of an office or other place of business located in Yonkers.

Divide the column (2) total by the column (1) total. Carry the result to four decimal places and enter it as a percentage in column (3).

Line 24

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 Yonkers. Enter in column (2) the part of the total gross sales or charges that represents sales made, or services performed, by or through an agency in Yonkers. 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 Yonkers. For example, if a salesperson working out of the Yonkers office of the business covers New York State, New Jersey and Pennsylvania, **all sales** made by that salesperson are allocated to Yonkers and included in column (2) on line 24.

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. Carry the result to four decimal places and enter it as a percentage in column (3).

Line 26

Business allocation percentage

Divide the amount on line 25 by three (or by the actual number of percentages if less than three). Carry the result to four decimal places and enter it as a percentage.

Line 27

Net earnings from self-employment to be allocated

Enter your net earnings from self-employment, as defined on page 1 of these instructions, on line 27.

Line 28

Allocated net earnings from self-employment

Multiply the amount on line 27 by the percentage on line 26 and enter the result on line 28. Transfer this amount to line 2.

Part-Year Residents

If you changed your residence to or from Yonkers during the year, you may have to pay a part-year Yonkers resident income tax surcharge for the part of the year you were a resident. If you earned wages in Yonkers 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 and you were a resident of Yonkers for part of the year, you must file Form IT-360.1, *Change of City Resident Status,* for the part of the year you were a Yonkers resident. You may also be required to file Form Y-203 for the part of the year you were a nonresident and transfer the tax to the appropriate New York State return.

You are not required to file Form Y-203 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.

IT-360.1-I, *Instructions for Form IT-360.1*, explains the computation of your Yonkers resident income tax surcharge. The instructions will help you compute your Yonkers resident income tax surcharge for the resident period. Form IT-360.1 must be attached to your completed New York State income tax return.

Returns for Married Taxpayers

If you and your spouse changed your Yonkers resident status and file a joint New York State return, you must compute your Yonkers resident income tax surcharge jointly on Form IT-360.1. For the period of nonresidence, if you each have taxable earnings, you must use separate Forms Y-203.

If you filed separate New York State returns, you must compute your Yonkers resident income tax surcharge separately on separate Forms IT-360.1 for the period of residence. For the period of nonresidence you must use separate Forms Y-203.

If you are married, filing a joint New York State return and only one spouse changed Yonkers residence during the taxable year, you must compute your Yonkers resident income tax surcharge separately. The part-year resident must complete Form IT-360.1 and Form Y-203, if applicable, and attach them to Form IT-201. The other spouse, if a resident, must compute a separate Yonkers resident income tax surcharge for the entire taxable year on Form IT-201 as if separate federal returns were filed, or if a nonresident subject to the Yonkers nonresident earnings tax, file Form Y-203.

How to File

If you changed your Yonkers residence but were a New York State resident all year, get the instructions for Form IT-360.1 and complete Form IT-360.1 for the period of Yonkers residence. Transfer the tax computed on Form IT-360.1 to Form IT-201, line 66. For the nonresident period, compute your Yonkers nonresident earnings tax on Form Y-203 and transfer the tax to Form IT-201, line 65. Attach Form Y-203, if applicable, and Form IT-360.1 to your New York State resident return, Form IT-201.

If you changed both your Yonkers and New York State residence during the year, get the instructions for Form IT-360.1 and complete Form IT-360.1 for the period of Yonkers residence. Transfer the tax computed on Form IT-360.1 to Form IT-203, line 65. For the nonresident period, compute your Yonkers nonresident earnings tax on Form Y-203 and enter the tax on line 64 of Form IT-203, *New York State Nonresident and Part-Year Resident Income Tax Return*. Attach Form Y-203, if applicable, and Form IT-360.1 to Form IT-203.

You can get Form IT-360.1 and IT-360.1-I, *Instructions for Form IT-360.1*, by calling toll free (from New York State only), 1 800 462-8100; from areas outside New York State, call (518) 438-1073. You can also write to: **NYS 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:

NYS Income Tax
W A Harriman Campus
Albany NY 12227-0125