



Instructions for Form NYC-203

City of New York Nonresident Earnings Tax Return

NYC-203-I

Tax Law changes for 1999

The city of New York nonresident earnings tax has been eliminated for New York State residents on wages or self-employment income earned in New York City on or after July 1, 1999.

Who must file

You must file Form NYC-203, *City of New York Nonresident Earnings Tax Return*, if you file or have to file a New York State return and

- prior to July 1, 1999, you were a nonresident of New York City, but you earned wages or net earnings from self-employment in New York City, or
- on or after July 1, 1999, you were a nonresident of both New York City and New York State but you earned wages or net earnings from self-employment in New York City.

For the definition of wages, net earnings from self-employment, and New York City nonresident, see *Definitions* below.

For the definitions of New York State nonresident, refer to the instructions for Form IT-201 or Form IT-203 under *Resident, nonresident and part-year resident defined*.

If you were a full-year New York State resident who was not a resident of New York City, but you earned wages or conducted a trade or business in New York City, you are no longer subject to the New York City nonresident earnings tax beginning on or after July 1, 1999. For more information, read the instructions for line 1 for gross wages, or line 5 for net earnings from self-employment, beginning on page 2 of these instructions.

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

You do not have to file a New York City nonresident earnings tax return if you meet **all** of these conditions:

- you do not have to file a New York State income tax return; and
- you were not a resident of New York City for any part of the entire year; and
- your income from New York City sources consisted only of wages; and
- the total wages you received for the year (from all employers) subject to New York City nonresident earnings tax was not more than \$3,000; or you received wages from only one employer and the correct amount of New York City nonresident earnings tax was withheld.

You must file Form IT-200, IT-201, or IT-203 to claim a refund of New York City nonresident earnings tax withheld.

Definitions

Nonresident

For purposes of the New York City nonresident earnings tax, you are a New York City nonresident if:

prior to July 1, 1999 – you were not a resident of New York City, **or**

on or after July 1, 1999 – you were not a resident of both New York City and New York State.

Wages as defined under section 3401(a) of the Internal Revenue Code (IRC) 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 following:

- the amount of 414(h) contributions made as a nonresident of New York City by:
 - a Tier 3 or Tier 4 member of the New York State and Local Retirement Systems, which include the New York State Employees' Retirement System and the New York State Police and Fire Retirement System; **or**
 - a Tier 3 or Tier 4 member of the New York State Teacher's Retirement System; **or**
 - an employee of the State or City University of New York who belongs to the Optional Retirement Program; **or**
 - any tier member of the New York City Employees' Retirement System, the New York City Teachers' Retirement System, the New York City Board of Education Retirement System, the New York City Police Pension Fund or the New York City Fire Department Pension Fund; **or**
 - members of the Manhattan and Bronx Surface Transit Operating Authority (MABSTOA) Pension Plan;
- the IRC 125 amount(s) that was deducted or deferred from your salary while you were a nonresident of New York City, and that was deducted or deferred from your salary under a flexible benefits program established on your behalf by the city of New York and certain other New York City public employers (City University of New York, New York City Health and Hospitals Corporation, New York City Transit Authority, New York City Housing Authority, New York City Off-Track Betting Corporation, New York City Rehabilitation Mortgage Insurance Corporation, New York City Board of Education, New York City School Construction Authority, Manhattan and Bronx

Surface Transit Operating Authority, or the Staten Island Rapid Transit Authority);

- the salary reduction for the health insurance and welfare benefits fund surcharge of former fractional plan members of the New York City Employees or Board of Education Employees Retirement System pursuant to section 12-126.1 of the New York City Administrative Code, and of certain correction and sanitation workers pursuant to section 12-126.2 of the New York City Administrative Code.

Wages do not include unemployment compensation, or fees paid to a public officer or payment for active service as a member of the armed forces of the United States.

Other employee compensation includes but is not limited to salaries, fees, bonuses, tips, commissions on sales or on insurance premiums, severance pay, and vacation allowances that are subject to withholding under section 3401(a) of the IRC.

Net earnings from self-employment as defined under section 1402(a) of the IRC consist of your gross income from any trade or business carried on by you, less trade or business deductions allowed under the IRC, 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 only considered to receive net earnings from self-employment if the income received represents guaranteed payments for services rendered. The deduction for wages and salaries paid or incurred for the taxable year that was disallowed according to section 280C of the IRC 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; **or**
- retirement payments received by a partner according to a written plan excluded under IRC section 1402(a)(10).

Which form to file

Figure your New York City nonresident earnings tax on Form NYC-203. This tax is based on your wages and net earnings from self-employment derived from services performed in New York City. If you are a nonresident of New York City and you performed services both in and out of New York City, 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 New York City. If you are married, you cannot file a joint New York City nonresident earnings tax return. If you each have taxable earnings, you each must use a separate Form NYC-203 to figure your tax. Transfer your total New York City nonresident earnings tax to your New York State income tax return.

If you are a part-year New York City resident, see *Part-year residents* on page 5.

If you are required to file New York City unincorporated business tax, file Form NYC-202, *City of New York Unincorporated Business Tax Return for Individuals, Estates and Trusts*, directly with the New York City Department of Finance. Do **not** include it with your New York State return.

See *Need help?* on page 6 for information on how to get forms.

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

When to file

Form NYC-203 is due when your New York State income tax return is due. **Attach it to your New York State return, Form IT-200, IT-201, or IT-203.**

Payments of estimated tax

You must pay estimated New York City nonresident earnings tax if you expect your withholding to be less than 90% of the tax shown on your 2000 return and less than 100% of the tax shown on your 1999 return (110% of that amount if you are not a farmer or fisherman and the New York adjusted gross income shown on that return is more than \$150,000 or, if married filing separately, more than \$75,000) assuming the return covered 12 months and you expect to owe, after withholding and credits, at least \$300 of earnings tax for 2000. **Do not include the city unincorporated business tax.** Use Form IT-2105, *Estimated Income Tax Payment Voucher*, to pay 2000 New York City 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 (or direct deposit) for the amount of a refund due, or you can credit the overpayment (or part of it) to your 2000 estimated tax. If you decide to credit your overpayment to your 2000 estimated tax, you cannot change this decision after April 17, 2000 (April 18 if you file your federal return at the IRS Service Center in Andover, Mass.).

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 **1999 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 New York City nonresident earnings tax purposes on your amended state return with Form NYC-203 attached. Include a check or money order for the full amount of any tax and interest due.

If you were eligible for a claim of right credit on your federal return for wages or self-employment income that was included on a prior year's Form NYC-203, you may also be eligible for credit against your city of New York nonresident earnings tax on your New York State return. This refundable credit can be claimed by completing Form IT-257, *Claim of Right Credit*, and transferring the allowable credit to Form IT-201-ATT, line 65 or Form IT-203-ATT, line 67. For more information, see Publication 99, *General Information on New York State and New York City Income Tax Credits*.

Filling in your tax return

Rectangular boxes have been printed on the form for the social security number and total tax lines, to guide you in making your entries, so that we can more accurately read them and process your return more efficiently. Please spend a moment reviewing the method for making your entries:

- Please print (using a blue or black ballpoint pen; no pencils please) or type all numbers in the boxes provided.
- Do not enter a dollar sign (\$), comma, decimal point or any other punctuation marks or symbols. We have already printed the appropriate comma and the decimal point to assist you in filling in the total tax line, and the dashes to help you fill in your social security number.
- Write your numerals like this:

1 2 3 4 5 6 7 8 9 0 X

- Carefully enter your money amount so that the whole dollar amount starts immediately to the left of the decimal point and the cents amount (if any) starts immediately to the right of the decimal point. Leave blank any boxes that do not apply to you.

Example: If your total nonresident earnings tax for line 9 of Form NYC-203 is \$329.68, your money field entry on line 9 should look like this:

...▶ 9 . 3 2 9 . 6 8

Line instructions

Print or type your name, and enter your social security number in the boxes provided. Please write the numbers clearly, entering only one digit per box.

Item A — If you were a New York City 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 5 of these instructions.

If you were not a New York City resident for any part of 1999, check the *No* box and skip to Item B.

Whether you checked *Yes* or *No*, if you earned wages or had income from a trade or business in New York City, you must complete items A and B and lines 1 through 9. If required, also complete item C and Schedules A, B and C.

Item B — If you or your spouse had living quarters available for your use in New York City during any part of 1999, check the *Yes* box and give the address of the living quarters. Also give the number of days that you were in New York City, even if you were on personal business. Do not count days you traveled through New York City to use common carriers such as an airplane, train or bus.

Living quarters include a house, apartment, co-op or any other living quarters maintained or paid for by you or your spouse or any New York City 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 5 of this form.

Line 1 – Gross Wages

Enter the amount of your wages (see *Who must file* and *Definitions* on the front page) using the rules shown below for your resident status. However, if the wages as described under those rules were earned only partially in New York City, figure the amount earned in New York City by completing Schedule A on the back of your Form NYC-203.

Special rule for tax year 1999

Full-year New York State nonresidents Include on line 1 all wages you received during the entire year for services performed in New York City. This amount is the same as your federal wages and is reported on federal Form W-2, box 1, *Wages, tips, other compensation*, or on Form IT-2102, box 1, *Wages, tips, other compensation*. **Do not use the amount reported on federal Form W-2, box 20, or Form IT-2102, box 8.** Also include any amount of 414(h) retirement contributions, any IRC 125 deductions, or any salary reduction for the health insurance and welfare benefits fund surcharge shown on your wage and tax statement(s), federal Form W-2 or Form IT-2102.

Full-year New York State residents

(who were not residents of New York City for any part of 1999) – Include on line 1 only the wages you received from January 1, 1999, through June 30, 1999 for services performed in New York City. This amount should be reported on federal Form W-2, box 20, *Local wages, tips, etc.*, or on Form IT-2102, box 8, *Other* (labeled *NYC wages*).

Also include only the amount of 414(h) contributions, IRC 125 deductions, and salary reduction for the health insurance and welfare benefits fund surcharge that were attributable to the period January 1 through June 30, 1999.

Part-year New York State residents

(who were not residents of New York City for any part of 1999) – If you moved out of New York State during 1999, include on line 1 any wages received for services performed in New York City from January 1, 1999, through June 30, 1999. In addition, include on line 1 any wages you received from New York City sources on or after July 1, 1999, while you were a nonresident of New York State.

For example, if on October 1, 1999, you became a nonresident of New York State, you would combine the wages received from New York City before July 1, 1999, with the wages received on and after October 1, 1999, and enter the combined wages on line 1.

If you moved into New York State during 1999, do not include on line 1 any wages received from New York City sources on or after July 1, 1999, while a New York State resident.

Also include only the amount of 414(h) contributions, IRC 125 deductions, and salary reduction for the health insurance and welfare benefits fund surcharge that were attributable to the portion of your wages subject to the New York City nonresident earnings tax.

Part-year city of New York resident

Include on line 1 your wages earned in New York City for any part of the period January 1 through June 30 that you were not a city resident, plus any wages earned in New York City for any part of the period July 1 through December 31 that you were **not a New York State** resident.

Also include only the amount of 414(h) contributions, IRC 125 deductions, and salary reduction for the health insurance and welfare benefits fund surcharge that were attributable to the portion of your wages subject to the New York City nonresident earnings tax.

Line 2 – Allowable exclusion

Enter your allowable exclusion.

You are allowed an exclusion against the total amount of wages and net earnings from self-employment allocated to New York City (total of line 1 and line 5 amounts). Use the *Exclusion Table* on the front of Form NYC-203 to find your allowable exclusion.

If you earned only wages during the taxable year, enter your allowable exclusion on line 2.

If you earned only net earnings from self-employment, enter your allowable exclusion on line 6.

If you had **both** wages and net earnings from self-employment during the taxable year, **prorate the exclusion** against wages and net earnings, and enter the amount excluded from each source on lines 2 and 6.

If you changed your residence to or from New York City during your taxable year or had a taxable period of less than one year, you have to prorate your allowable exclusion. To do this, count any period of more than one-half month as a full month; do not count any period of one-half month or less. Then use the *Exclusion Table* on the front of Form NYC-203 to find the amount of your allowable exclusion.

For example, using the same facts contained in the line 1 instructions, Special rule for tax year 1999 for a Part-year New York State resident, if on October 1, 1999, you became a nonresident of New York State, you would use the exclusion for 9 months (January 1 through June 30, and October 1 through December 31.)

Special rule for tax year 1999

Full-year New York State nonresidents

Figure your exclusion using the line for 12 months in the *Exclusion Table* on the front page of Form NYC-203.

Full-year New York State residents

Figure your exclusion using the 6 month line of the *Exclusion Table* on the front page of Form NYC-203.

For example, if you were a full-year New York State resident and you had wages of \$15,000 and net earnings from self-employment of \$5,000, your total income of \$20,000 would entitle you to an exclusion of \$1,000. Since your wages are 75% of your total income, you would enter 75% of the \$1,000 exclusion (\$750) on line 2. You would enter the remainder of the exclusion (\$250) on line 6.

Part-year New York State residents

Figure your exclusion by adding the total number of months prior to July 1, 1999, that you received wages from New York City to the total number of months after June 30, 1999, that you received wages from New York City while a nonresident of New York State.

Line 5 – Net earnings from self-employment

Enter the amount of your net earnings from self-employment (see *Definitions* on the front page) in New York City for the entire taxable year. However, if you were a New York State resident at anytime during the period July 1, 1999, through December 31, 1999, see *Special rule for tax year 1999* below.

This is the amount reported on federal Form 1040, Schedule SE, *Self-Employment Tax*, Section A, line 4, or Section B, line 4c, minus the deduction for wages or salaries paid or incurred for the taxable year that was disallowed according to section 280C

of the IRC regarding the federal Indian employment credit, work opportunity credit and empowerment zone employment credit. If the amount in Schedule SE includes profit or loss from a trade or business carried on by you wholly outside of New York City, or your distributive share of the profit or loss of a partnership that does not engage in business in New York City, 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 New York City nonresident earnings tax. Attach a schedule showing the amount of each deduction (or addition).

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 you have no regular place of business outside New York City, allocate all net earnings from self-employment to New York City.

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

If you kept books and records that fairly and equitably show net earnings from self-employment in New York City, you can figure the part to be allocated to New York City from these books and records. If not, use the formula in Schedule C.

Special rule for tax year 1999

Partners in a New York City partnership

Full-year New York State nonresidents
Include on line 5 your total distributive share of net earnings from self-employment allocated to the city from a trade or business carried on in New York City by a partnership of which you are a member.

Full-year New York State residents
(who were not residents of New York City for any part of 1999) – Include on line 5 one-half of your total distributive share of net earnings from self-employment allocated to New York City from a trade or business carried on by a partnership of which you were a member.

Part-year New York State residents
(who were not residents of New York City for any part of 1999) – To determine the amount to enter on line 5, multiply your total distributive share of net earnings from self-employment allocated to New York City, from a trade or business carried on in New York City by a partnership of which you were a member, by the following fraction:

$$\frac{181 + \text{number of days during the period July 1 - December 31 that you were a nonresident of New York State}}{365}$$

Part-year city of New York resident – To determine the amount to enter on line 5, multiply your total distributive share of net earnings from self-employment allocated to New York City, from a trade or business carried on in New York City by a partnership

of which you were a member, by the following fraction:

The number of days during the period January 1 – June 30 that you were not a New York City resident plus the number of days during the period July 1 - December 31 that you were a nonresident of New York State

365

Example: You are a partner in partnership X. Your distributive share of X's net earnings from self-employment allocated to New York City for 1999 is \$40,000. You moved from New York City to New Jersey on March 17. The amount you would enter on line 5 is \$31,671.23

$$\frac{(105+184)}{365} = \frac{289}{365} \times \$40,000 = \$31,671.23.$$

Sole proprietor

Full-year New York State nonresidents - Include on line 5 your net earnings from self-employment for the entire taxable year, which consists of your gross income from any trade or business carried on by you within New York City, less trade or business deductions allowed under the IRC.

Full-year New York State residents (who were not residents of New York City for any part of 1999) – Figure your net earnings from self-employment within New York City using only your income and expenses for the period of January 1, 1999, through June 30, 1999.

Part-year New York State residents (who were not residents of New York City for any part of 1999) – Include on line 5 your net earnings from self-employment which consists of your gross income from any trade or business carried on by you within New York City, less trade or business deductions allowed under the IRC for the period of January 1, 1999, through June 30, 1999. In addition, include on line 5 any net earnings from self-employment received from New York City sources on or after July 1, 1999, if you were a nonresident of New York State.

If you changed your residence to New York State on or after July 1, 1999, do not include on line 5 any net earnings from self-employment received from New York City sources on or after July 1, 1999, while a New York State resident.

Part-year city of New York residents - Include on line 5 your net earnings from self-employment from a business carried on in New York City for any part of the period January 1 - June 30 that you were not a city resident, plus any net earnings from self-employment from a business carried on in New York City for any part of the period July 1 - December 31 that you were a **New York State** nonresident.

Line 6 – Allowable exclusion

See the instructions for line 2 on page 3 and use the *Exclusion Table* shown on the front of Form NYC-203 to figure your exclusion.

Line 9 – Total nonresident earnings tax

Add lines 4 and 8 and enter the result. Follow the instructions on Form NYC-203, line 9, and enter only one numeral in each box, verifying that the digits are placed to correctly represent the dollar amount of the

tax computed. Also transfer your total New York City nonresident earnings tax to your New York State return. **Attach Form NYC-203 to your New York State return.**

If you and your spouse are filing a joint New York State return and you each completed a separate Form NYC-203 because each had taxable earnings from New York City sources, combine your New York City nonresident earnings tax from each Form NYC-203 and enter the total on your New York State return.

Limitation on tax

As a New York City nonresident, you do not have to pay a higher tax than you would if you were a New York City resident. Use Form IT-201 and instructions to figure your tax liability as a New York City resident. For example: If you had losses that entered into the computation of your taxable income computed **as if** a resident, or if you would qualify to claim any city of New York tax credits when computing your tax as if a resident, your city tax computed as a resident may be **lower** than the actual city of New York nonresident earnings tax computed. You would therefore be allowed to pay the amount of tax computed as a city resident. If the amount of tax computed as a New York City resident is less than your New York City nonresident earnings tax, attach a schedule to Form NYC-203 showing your computation. Enter the computed New York City resident tax on line 9 of Form NYC-203.

Payments and credits

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

Also include on your New York State return the total payments of your 1999 estimated New York City nonresident earnings tax. **Do not include city unincorporated business tax payments.**

Checklist

Use the checklist on the front of Form NYC-203 to make sure you have properly completed your return and to avoid common errors that will delay the processing of your return, and refund if you are entitled to one.

Schedule A – Allocation of wage and salary income

Use *Schedule A* on the back of Form NYC-203 if your wage or salary income is earned partly in New York City and does not depend directly on the volume of business transacted.

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 New York City by your total volume of business transacted both in and out of New York City. Multiply the total income subject to allocation by this ratio. This is the amount of your income allocated to New York 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 this allocation.

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

If you have to allocate wage and salary income received from more than one employer, you must allocate the wage and salary income separately for each job. Attach to your return a separate statement (similar to *Schedule A*) showing the work days and income earned in New York City that apply to each job.

Lines 10 through 24

Complete lines 10 through 24. Figure the amount allocable to New York City by determining the ratio of days (excluding nonwork days such as Saturdays, Sundays, holidays, sick leave, vacation, etc.) you worked in the city of New York to the total number of days you worked both in and out of the city during the year. Multiply this ratio by your total wage and salary income (including any 414(h) contributions, IRC 125 deductions, or salary reduction for the health insurance and welfare benefits fund surcharge) subject to allocation. Enter this amount on line 24, and also on line 1.

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 you were subject to nonresident earnings tax during the period of January 1, 1999, through June 30, 1999 only, the total number of days used to determine the allocation will be the total number of days during that period.

If you changed your New York State residence during the period of July 1, 1999, through December 31, 1999, base the figures you enter in *Schedule A* on the actual period of New York State nonresidence.

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 New York City for separate periods of 170 days by one employer and 195 days by another employer, enter 170 days and 195 days on line 10 of your separate allocation schedules.

Schedule B – Places 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 New York City, 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

The amount to be allocated to New York City is that part of your total net earnings from self-employment (line 33) that results from multiplying total net earnings by the

average of the property percentage, payroll percentage, and gross income percentage (line 32).

If you were a full-year New York State resident, you must complete Schedule C as if your federal tax year ended as of June 30, 1999.

If you were a full-year New York State nonresident, the amounts that you enter in Schedule C must be based on the entire taxable year.

If you were a part-year New York State resident, the amounts that you include in Schedule C:

- for the period of January 1, 1999, through June 30, 1999, must be figured as if a separate federal return were filed for this short period; and
- for the period of July 1, 1999, through December 31, 1999, must be figured on your period of New York State nonresidence only (as if a separate federal return were filed for this period).

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

If you are a partner in a partnership, you may use the business allocation percentage determined by the formula on Form IT-204-NYC, *City of New York Nonresident Partner Allocation*. If you use the percentage from Form IT-204-NYC, skip lines 25 through 31 on Form NYC-203 and enter the allocation percentage from Form IT-204-NYC on line 32. Attach a copy of Form IT-204-NYC to Form NYC-203.

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 25, 26, and 27

Figure the average value of real and tangible personal property connected with your net earnings from self-employment by completing lines 25, 26, and 27.

Line 25 – 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 New York City.

The average value of the property is determined by (1) adding its adjusted basis at the beginning of the taxable year to its adjusted basis at the end of the taxable year and (2) dividing by two.

Part-year residents

If you changed your residence to or from New York City during the year, you may have to pay a part-year New York City resident tax for the part of the year you were a resident. If you earned wages in New York City or carried on a trade or business there (either as an individual or a member of a partnership) during the part of

Line 26 – 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 New York City.

The fair market value of rented real property included on line 26 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 27 – 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 that is located in New York City.

Line 28 – Property percentage

Add lines 25, 26, and 27 in column (1) and (2) and enter the total on line 28.

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 29 – 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 New York City. 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

the year that you were not a New York City resident, you may have to pay the New York City nonresident earnings tax.

If you changed your residence from New York State on or after July 1, 1999, and you continued to earn wages in New York City or carried on a trade or business there, you are subject to the

your net earnings from self-employment carried on both in and out of New York City. Enter in column (2) the amount paid in connection with operations carried on in New York City.

The compensation paid to an employee is considered to be in connection with operations carried on in New York City if the employee works in or travels out of an office or other place of business located in New York City.

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 30 – 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 New York City. 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 New York 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 New York City. For example, if a salesperson working out of the New York City office of the business covers New York State, New Jersey and Pennsylvania, **all sales** made by that salesperson are allocated to New York City and must be included in column (2) on line 30.

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 32 – Business allocation percentage

Divide the amount on line 31 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 33 – Net earnings from self-employment to be allocated

Enter your net earnings from self-employment, as defined on the front page of these instructions.

nonresident earnings tax. See the example in the *Special rule for tax year 1999* section of the instructions for line 1 on page 3.

Returns to be filed

If you are required to file a New York State return and you were a resident of New York City 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 New York City resident. You may also be required to file Form NYC-203 for the part of the year you were a nonresident and transfer the tax to your New York State Form IT-201 or IT-203.

Form IT-360.1-I, Instructions for Form IT-360.1, explains the computation of your New York City resident tax and certain required special accruals. The instructions will help you compute your New York City taxable income for the resident period. Form IT-360.1 must be attached to your completed New York State income tax return.

You are not required to file Form NYC-203 for the period that you were either (1) a New York State resident, or (2) a New York State nonresident with no wages or earnings from self-employment from New York City sources. 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 you and your spouse changed your New York City resident status at the same time and file a joint New York State return, you must compute your New York City resident tax jointly on Form IT-360.1. For the period of nonresidence, if you each have taxable earnings, you must use separate Forms NYC-203.

If you file separate New York State returns, or you changed your New York City resident status at different times, you must compute your New York City resident tax separately on separate Forms IT-360.1 for the period of residence. For the period of nonresidence, you must use separate Forms NYC-203.

If you are married, filing a joint New York State return and only one spouse changed city residence during the taxable year, you

must compute your New York City taxes separately. The spouse who changed city residence must complete Form IT-360.1 and Form NYC-203, if applicable, and attach them to Form IT-201 or IT-203. The other spouse, if a resident, must compute a separate New York City resident tax for the entire taxable year on Form IT-201 as if separate federal returns were filed, or, if a nonresident subject to the New York City nonresident earnings tax, must complete Form NYC-203 and attach it to Form IT-201 or IT-203.

How to file

If you changed your New York City 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 New York City residence. Transfer the tax computed on Form IT-360.1 to Form IT-201-ATT, line 33. For the New York City nonresident period, see *Who must file* on the front page of these instructions to determine whether you must file Form NYC-203. Attach Form NYC-203, if applicable, and Forms IT-360.1 and IT-201-ATT to your New York State resident return, Form IT-201.

If you changed both your New York City 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 New York City residence. Transfer the tax computed on Form IT-360.1 to Form IT-203-ATT, line 38. For the nonresident period, compute your New York City nonresident earnings tax on Form NYC-203 and enter the tax on line 49 of Form IT-203, *New York State Nonresident and Part-Year Resident Income Tax Return*. Attach Form NYC-203, if applicable, and Forms IT-360.1 and IT-203-ATT to Form IT-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 change of residence. This includes any amounts not otherwise includable 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-360.1-I, *Instructions for IT-360.1*. See *Need help?* below for information on how to get forms.

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 uses this information primarily to determine and administer tax liabilities due the state and city of New York and the city of Yonkers. We 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 is 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 subject you to civil or criminal penalties, or both, under the Tax Law.

This information is 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.

Need help?

Telephone assistance is available from 8:30 a.m. to 4:25 p.m. (eastern time), Monday through Friday.

Tax information: 1 800 225-5829

Forms and publications: 1 800 462-8100

Refund status: Access our website or call 1 800 443-3200;

if electronically filed 1 800 353-0708; direct deposit refunds: 1 800 321-3213

Automated service for refund status is available 24 hours a day, seven days a week.

From outside the U.S. and outside Canada: (518) 485-6800

Fax-on-demand forms (available 24 hours a day, seven days a week): 1 800 748-3676

Internet access: <http://www.tax.state.ny.us>

Hearing and speech impaired (telecommunications device for the

deaf (TDD) callers only): 1 800 634-2110 (8:30 a.m. to 4:25 p.m., eastern time)



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 1 800 225-5829.



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

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

STATE PROCESSING CENTER
PO BOX 61000
ALBANY NY 12261-0001

or for Refund Returns:

STATE PROCESSING CENTER - REFUND 99
PO BOX 61000
ALBANY NY 12261-0001

Private delivery services

If you choose, you may use a private delivery service, instead of the U.S. Postal Service, to file your return. However, if, at a later date, you need to establish the date you filed your return, you cannot use the date recorded by a private delivery service **unless** you used a delivery service that has been designated by the U.S. Secretary of the Treasury or the Commissioner of Taxation and Finance. (Currently designated delivery services are listed in Publication 55, *Designated Private Delivery Services*. See *Need help?* on this page for information on ordering forms and publications.) If you use **any** private delivery service, whether it is a designated service or not, address your return to: **State Processing Center, 431C Broadway, Albany NY 12204-4836.**