



Important Notice

Spring 2000

Partnerships Filing Group Returns for Nonresident Partners: Elimination of the New York City Nonresident Earnings Tax

This notice applies to partnerships filing group returns on behalf of their nonresident partners who are subject to the 1999 New York City nonresident earnings tax.

As a result of a recent New York State Court of Appeals decision, the New York City nonresident earnings tax has been eliminated for New York State nonresidents who had wages or self-employment income earned in New York City on or after July 1, 1999. Prior to this decision, the nonresident earnings tax had been eliminated only for New York State residents.

Due to the elimination of the New York City nonresident earnings tax effective July 1, 1999, only one-half of a partner's federal distributive share of net earnings from self-employment allocated to New York City for the partnership's taxable year ending in 1999 is subject to the New York City nonresident earnings tax. This notice and the enclosed materials are being issued to provide partnerships filing group returns with the information they need to:

- correctly file their 1999 Form IT-203-GR, *Group Return for Nonresident Partners*, if they have not already filed for 1999 (see paragraph 1 below), or
- amend their 1999 Form IT-203-GR, if they have already filed for 1999, to amend the amount of estimated tax credited for the tax year 2000 due to the elimination of the New York City nonresident earnings tax effective July 1, 1999 (see paragraph 2 below), or
- amend estimated tax payments made for the tax year 2000 to reflect the elimination of the New York City nonresident earnings tax (see paragraph 3 below).

(1) For partnerships WHO HAVE NOT FILED a 1999 group return:

Complete the Revised Form IT-203-GR enclosed with this mailing using Revised Form IT-203-GR-I, *Instructions for Form IT-203-GR*, Revised Form IT-203-GR-ATT-A (Schedule A), Revised Form IT-203-GR-ATT-B (Schedule B), and Revised Form IT-203-GR-ATT-C (Schedule C) also enclosed with this mailing. Revised Schedule B includes a new Column E where you will enter one-half of federal net earnings from self-employment allocated to New York City. Be sure to attach all applicable schedules to Revised Form IT-203-GR, and mail your return to the address shown on Revised Form IT-203-GR.

(2) For partnerships WHO HAVE FILED a 1999 group return:

You should file an amended 1999 group return if you previously filed a 1999 group return and you were required to compute the New York City nonresident earnings tax on Form IT-203-GR-ATT-B (Schedule B) for your nonresident partners. Use the enclosed Amended Schedule B, Form IT-203-GR-ATT-B.1, to recompute the amount of New York City nonresident earnings tax for 1999. Enter on line 13 of Revised Form IT-203-GR the total amount of overpayment to be credited to New York State estimated tax from Column J, Amended Schedule B. Make no other entries on lines 1 through 12 of Revised Form IT-203-GR, and write **Amended Return** on the top of Revised Form IT-203-GR. Attach Amended Schedule B to Revised Form IT-203-GR and mail your return to: **New York State Income Tax, W A Harriman Campus, Albany NY 12227**. Note: You cannot get a refund of the amount of New York City nonresident earnings tax overpaid.

(3) Amending estimated tax payments:

You should not make any New York City nonresident earnings tax estimated tax payments for tax year 2000. If you have already paid your first installment of nonresident earnings tax estimated tax, or if you had a New York State and City overpayment on your 1999 partnership group return that was applied to your 2000 estimated tax, you should recompute your state and city estimated tax to reflect the elimination of the New York City nonresident earnings tax. When recomputing your state and city estimated tax, you should also consider any overpayment computed on an amended return as described in paragraph 2 above. You may reduce your future 2000 New York State estimated tax payments by the amount of any city nonresident estimated tax payments previously made. To recompute your estimated tax for 2000, see Form IT-2105-I, *Instructions for Form IT-2105*.

Forms and assistance

Revised Forms IT-203-GR, IT-203-GR-ATT-A, IT-203-GR-ATT-B, IT-203-GR-ATT-C and Form IT-203-GR-ATT-B.1 may be obtained:

- from the Tax Department’s Web site at www.tax.state.ny.us. In addition, this notice, other New York tax forms, publications, and other tax information are also available on the Department’s Web site.
- by using the Tax Department’s fax-on-demand system. The fax-on-demand ordering system may be accessed 24 hours a day, seven days a week, by calling **1 800 748-3676**. The system allows callers to order forms from any touch-tone phone by entering a special five-digit number assigned to the form. Form IT-203-GR (and instructions) can be ordered by entering the five-digit code 10064; Form IT-203-GR-ATT (Schedules A, B, and C) can be ordered by entering the five-digit code 10065; and Form IT-203-GR-ATT-B.1 can be ordered by entering the five-digit code 10022.
- by calling the Tax Department’s forms order number at **1 800 462-8100**; or
- by writing to: New York State Tax Department
Taxpayer Assistance Bureau
W A Harriman Campus
Albany NY 12227

If you need assistance or have additional questions, call the Taxpayer Assistance Bureau toll free from anywhere in the U.S. and Canada at **1 800 225-5829**. From areas outside the U.S. and outside Canada, call **(518) 485-6800**.