

# ST12-09 NJ Resident with NY Income

## **Out of Scope if:**

- Not full year NJ Resident (both spouses if filing joint)
- Maintained living quarters in NY state
- NY Source Income other than W-2 or Unemployment
- NY W-2 with Box 1 not equal to NY Box 16
- Any exempt interest, dividends, capital gains with different treatment in NJ / NY (e.g. NJ municipal bonds)
- NY Lottery winnings
- Any NY additions to or subtractions from income (e.g. 414(h) retirement contributions, NY government pensions)

<b><u>Do Federal, then NY, then NJ - Sequence is Important !!</u></b>
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## **1) Main Info**

- a) State Information section – add NY in Nonresident box

## **2) All federal 1040 items**

- a) For any W-2(s) (with NJ in box 15) – enter as usual
- b) For any W-2(s) (with NY in box 15)
  - i) Use separate line on W-2 worksheet for box 15-20 entries with NY in box 15  
(1) i.e. – Do NOT enter NY amounts in NJ line – just leave blank (and un-red box 17 if red)
  - ii) See TW State Help for NY for special codes  
(1) box 20, Local name (e.g. NYC, YONKERS, FORM1127)  
(2) box 14, Other (e.g. 414HSUB, IRC125S)
- c) **RES/NR Wkt**
  - i) Check the box at the top: “Check here if you have verified the amounts on this form”
  - ii) Income section
    - (1) NY W-2 amount in “Nonresident state NY” column should be filled in automatically
    - (2) Enter total NY unemployment amount (if any) in “Nonresident state NY” column
      - (a) Do NOT include any NJ unemployment amount
    - (3) Any other amounts that would be considered “NY Source Income” are OUT OF SCOPE
  - iii) Adjustments section
    - (1) Copy any numbers from the “Federal and resident state NJ” column to the “Nonresident state NY” column (e.g. Alimony, IRA, ...)
- d) **Run Diagnostics** to check for federal problems
  - i) Errors due to incomplete stuff on NY or NJ return ok at this point

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## 3) **NY Return**

### a) **NY 203 Pg 1**

- i) "Enter the last NY county of residence, school district name and school district number"
  - (1) County of residence – Enter "NR"
    - (a) You may need to make the field red (F3 or Ctrl-Space) before it will accept "NR"
    - (2) School district name – Enter "NR"
    - (3) School district number – Leave blank
  - ii) Line D – Answer "Did you have a financial account located in a foreign country?"
  - iii) Line H New York State nonresidents – Answer No to "Did you or your spouse maintain living quarters in New York State in 2012?"

### b) **NY 203 Pg 2**

- i) NY additions – Lines 20-22: if there are any amounts in the NY column, then OUT OF SCOPE
- ii) NY subtractions – Lines 24-30: if there are any amounts in the NY column, then OUT OF SCOPE
- iii) If line 36 and line 68 (NY 203 Pg4) are both zero, then there is no need to file a NY return.
  - (1) Remove NY from the Main Info, State Information section, Nonresident box and the NY return should disappear from the tree
  - (2) Skip to doing the NJ return

### c) **NY 203 Pg4**

- i) Do you want to electronically file this return? – Answer "Yes" or "No"
  - (1) It is ok to e-file all three returns – Federal, NY, and NJ
  - (2) If "Yes", then "What form are you e-filing?" – Answer "The income tax return:"
- ii) Direct Deposit of Refund or Electronic Funds Withdrawal of Balance Due – Answer per TP preference.
  - (1) Same procedure as NJ if using electronic deposit / withdrawal
- iii) "Do you want to allow another person to discuss this return with the Tax Department?" – Answer "No"
- iv) "Check here if exempt from the New York TPRIN registration requirements" – Check this box

### d) **NY 05.9 Pg1** (Only if penalty for underpayment of NY Estimated Tax)

- i) Handle Line 16 like Fed 2210
  - (1) Line 16: Fill in prior year tax if known (or F3 if unknown)
  - (2) If still owe penalty after filling in prior year amount, then set first box to "1" to zero out penalty so NY can compute amount
    - (a) Let TP that they may get letter asking for penalty amount. Also, discuss with TP how to avoid penalty in future.

### e) **NY TR579** (only if e-filing NY)

- i) Check box "I have read declaration above and agree" (do read it...)
- ii) Check box "Check here if the taxpayer (...) has signed Form TY-579-IT"

### f) **If any NY forms Red**, either resolve or Out of Scope

- i) e.g. If get NY 1099G, then verify and check box

### g) **Run Diagnostics** to check for NY problems

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- 4) **NJ Return – fill in as usual plus: NJ 1040, Line 41 and NJ Sch A:**
- a) **These calculations will only work if:**
- scope restrictions have been observed and
  - Federal RES/NR Wkt and NY return procedures have been followed
- b) **Definitions:**
- L14:** NY 203 Pg 2, Line 14, NY column (Unemployment compensation)
  - L31:** NY 203 Pg 2, Line 31, NY column (New York Adjusted gross income)
  - L58:** NY 203 Pg 3, Line 58 (Total NY State, New York City, ...)  
(1) Note: Subtract any line 56 or line 57 amounts
  - Note: if **L31 – L14** is zero or less, then can skip NJ 1040, line 41 and NJ Sch A – there will be no credit
- c) **NJ 1040, Line 41** (Credit for income taxes paid to other jurisdictions)
- Jurisdiction code is 32 for NY
  - Link to NJ Sch A
- d) **NJ Sch A**
- If TP **does not** have NY Unemployment (**L14 = 0**) then:
    - Line 1, Amount: **L31**
    - Line 1, Indicate name: Enter “NY”
    - Line 9a: **L58**
  - If TP **does** have NY Unemployment (**L14 > 0**) then:
    - Line 1, Amount: **L31 – L14** (Income taxed in both NY and NJ)
    - Line 1, Indicate name: Enter “NY”
    - Line 9a: **L58 × (L31 – L14) ÷ L31** (portion of total NY tax on just Line 1 amount)
  - Example: **L14 = 4,000; L31 = 32,000; L58 = 1,415;** then
    - Line 1, Amount = **L31 – L14 = 32,000 – 4,000 = 28,000**
    - Line 9a = **L58 × (L31 – L14) ÷ L31 = 1,415 × (32,000 – 4,000) ÷ 32,000 = 1,238**

### 5) **Run Diagnostics to check for Fed / NY / NJ problems**

#### **If e-filing NY:**

TP (and SP) must sign NY TR-579-IT (just like federal 8879)  
Return signed NY TR-579-IT to TP (along with signed federal 8879)

#### Additional Information:

- NJ-1040 Instructions
- NJ GIT-3W - Credit for Taxes Paid to Other Jurisdictions (Wage Income)
- NY IT-203 Instructions