



# Yonkers Nonresident Fiduciary Earnings Tax Return

For the full year January 1, 2014, through December 31, 2014, or fiscal year beginning  and ending

Submit this return with Form IT-205.

|   |                                      |
|---|--------------------------------------|
| Name of estate or trust (as shown on federal Form SS-4) | Employer identification number (EIN) |
| Name and title of fiduciary                             |                                      |

**A**  Mark an **X** in this box if the income reported on this return represents an allocated portion of income from services performed, or from sources, in and out of Yonkers. Submit a detailed statement of the allocation (see instructions below).

### Calculation of earnings tax (see instructions)

|    |   |    |     |
|----|---|----|-----|
| 1  | Net earnings from self-employment (submit detailed statement; if a loss, write <b>loss</b> on line 1; see instructions) ... | 1  | .00 |
| 2  | Amount of line 1 paid or permanently set aside for charitable purposes (submit schedule) .....                              | 2  | .00 |
| 3  | Subtract line 2 from line 1 .....   | 3  | .00 |
| 4  | Amount of line 1 distributed or distributable to Yonkers residents (submit schedule) .....                                  | 4  | .00 |
| 5  | Subtract line 4 from line 3 .....   | 5  | .00 |
| 6  | Gross wages and other employee compensation (submit employee's wage and tax statement) .....                                | 6  | .00 |
| 6a | START-UP NY wages .....   | 6a | .00 |
| 6b | Subtract line 6a from line 6 .....  | 6b | .00 |
| 7  | Add lines 5 and 6b .....  | 7  | .00 |
| 8  | Allowable exclusion (see instructions; use Exclusion table on back) .....   | 8  | .00 |
| 9  | Taxable amount of wages and net earnings from self-employment (subtract line 8 from line 7) .....                           | 9  | .00 |
| 10 | Total nonresident earnings tax (multiply line 9 by 0.5% (.005); enter here and on Form IT-205, line 27) .....               | 10 | .00 |

## Instructions

### New for 2014

#### START-UP NY

All or part of the wages paid to eligible employees by an approved START-UP NY business are exempt from the New York State personal income tax, the New York City personal income tax, the Yonkers city income tax, and the Yonkers nonresident earnings tax. For more information, see TSB-M-13(6), *SUNY Tax-Free Areas to Revitalize and Transform Upstate New York Program (START-UP NY program)*.

#### General information

Refer to the instructions for New York State Form IT-205, *Fiduciary Income Tax Return*, before completing this return. See the *Need help?* in the instructions for Form IT-205 for information on how to obtain tax forms.

#### Claim of right credit – Form IT-257

If the estate or trust was eligible for a claim of right credit on its federal return, the estate or trust may also be eligible for a refundable credit against its Yonkers nonresident earnings tax on its New York State return. To claim this credit, complete Form IT-257, *Claim of Right Credit*, and submit it with Form IT-205.

#### Who must file

The fiduciary of a nonresident estate or trust must file this return if the estate or trust has income from wages or net earnings from self-employment in Yonkers. This form must be submitted with Form IT-205. See *Who must file* in the instructions for Form IT-205 for more information.

### Specific instructions

See the instructions for your tax return for the *Privacy notification* or if you need help contacting the Tax Department.

Print or type the name of the estate or trust as shown on federal Form SS-4 and the name and title of the fiduciary in the spaces provided. Enter the federal EIN of the estate or trust.

#### Item A

If wages or net earnings from self-employment were earned partially in Yonkers, you must determine the amounts to be allocated to Yonkers as follows:

**Allocation of wages** — If wage or salary income does not depend directly on the volume of business transacted, divide the number of days worked in Yonkers by the total number of days (excluding nonwork days, such as Saturdays, Sundays, holidays, sick leave, vacation, etc.) worked both in and out of Yonkers during the year. Multiply the total wage or salary income for the year by this percentage. This is the amount of wages allocated to Yonkers. *Work days* are days on which the individual who earned wages was required to perform the usual duties of employment. This does not ordinarily include activities carried on at home. Submit a schedule with the return showing how you figured this allocation (be sure to include your name and taxpayer identification number).

If the income subject to the allocation depends entirely on the volume of business transacted, as in the case of a salesperson working on commission, do not allocate the wages based on the number of days worked in Yonkers. Instead, divide the volume of business transacted in Yonkers by the total volume of business transacted both in and out of Yonkers by that person. Multiply the total income subject to allocation by this percentage. This is the amount of income allocated to Yonkers. The location where the services or sales activities were actually performed determines where business is transacted. Submit a schedule with the return showing how you figured this allocation.

If the income earned from personal services was allocated differently from that covered in the preceding paragraphs, submit a schedule showing complete details.



**Allocation of net earnings from self-employment** — If the business that produces the earnings has no regular place of business out of Yonkers, allocate all net earnings from self-employment to Yonkers.

If the books and records fairly and equitably show net earnings from self-employment in Yonkers, figure the part to be allocated to Yonkers from these books and records.

If the Yonkers net earnings cannot be determined from the books and records, make the allocation by multiplying total net earnings from self-employment by the average of the following three percentages:

**1. The property percentage** is computed by dividing (a) the average value of real and tangible personal property connected with net earnings from self-employment and located in Yonkers by (b) the average value of all real and tangible personal property connected with the net earnings from self-employment and located both in and out of Yonkers. Include both owned and rented real property.

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

**2. The payroll percentage** is computed by dividing (a) the total wages, salaries, and other personal service compensation paid or incurred during the tax year to employees in connection with the net earnings from self-employment derived from a trade or business carried on in Yonkers by (b) the total of all wages, and compensation paid or incurred during the tax year to employees in connection with the net earnings from self-employment derived from a trade or business carried on both in and out of Yonkers.

**3. The gross income percentage** is computed by dividing (a) the gross sales or charges for services performed by or through an agency located in Yonkers by (b) the total of all gross sales or charges for services performed in and out of Yonkers. Allocate to Yonkers all sales negotiated or consummated, and charges for services performed by an employee, agent, agency, or independent contractor chiefly situated at, connected by contract or otherwise with, or sent out from, offices or other agencies of the trade or business situated in Yonkers and from which the estate or trust is deriving net earnings from self-employment.

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

**Calculation of earnings tax**

The estate or trust is not liable for Yonkers earnings tax on nonresidents in an amount greater than it would be required to pay if it were a Yonkers resident estate or trust subject to the Yonkers income tax surcharge on resident estates or trusts. Use Form IT-205 and instructions to determine the tax liability as if a resident estate or trust.

**Example:** *If the estate or trust had losses that entered into the computation of its taxable income computed as if a resident, or if it would qualify to claim the Yonkers claim of right tax credit when computing its tax as if a resident, then the Yonkers income tax surcharge computed as a resident may be lower than the actual Yonkers nonresident earnings tax computed. The fiduciary would therefore be allowed to pay the amount of tax computed as a Yonkers resident. If the amount of income tax surcharge computed as a Yonkers resident is less than the Yonkers nonresident earnings tax, submit a separate schedule with Form Y-206 showing the computation, and enter the computed Yonkers resident income tax surcharge on line 10 of Form Y-206.*

**Line 1 Net earnings from self-employment – Net earnings from self-employment is defined in the fiduciary income tax return instructions, Form IT-205-I, under Yonkers nonresident fiduciary earnings tax.** Enter the net earnings for the tax year. 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 tax year that was disallowed according to Internal Revenue Code (IRC) section 280C. See the preceding instructions if allocation is required. Submit a detailed statement showing the computation of the net earnings, including the gross income from the underlying trade or business and the deductions prescribed in IRC section 1402(a).

**Line 2** — Enter any amount included on line 1 that was paid or permanently set aside for charitable purposes in accordance with IRC section 642(c).

**Line 4** — Enter any amount included on line 1 that was distributed or distributable to Yonkers residents in accordance with IRC section 651 or 661.

**Line 6 Gross wages and other employee compensation – The definitions of wages and other employee compensation are in the fiduciary income tax return instructions, Form IT-205-I, under Yonkers nonresident fiduciary earnings tax.** Enter the wages and other employee compensation earned during the tax year. Be sure to include wages paid by an approved START-UP NY business. See the preceding instructions if allocation is required.

**Line 6a START-UP NY wages** — Enter the amount of wages earned, if any, as an eligible employee of an approved START-UP NY business. This amount should be shown on the wage and tax statement(s). All or part of the wages paid to eligible employees of an approved START-UP NY business are exempt from the Yonkers nonresident earnings tax.

**Line 8 Allowable exclusion** — The estate or trust is allowed an exclusion against the total wages and net earnings from self-employment received during the tax year.

If a trust changed its residence to or from Yonkers during its tax year or if an estate or trust had a tax period of less than one year, then that estate or trust has to prorate its 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* below to find the amount of the estate's or trust's allowable exclusion.

**Exclusion table**

| Number of months** | Total of wages and net earnings* (sum of lines 1 and 6b) |                       |               |                       |               |                       |
|--------------------|--|-----------------------|---------------|-----------------------|---------------|-----------------------|
|                    | over \$ 0  | but not over \$10,000 | over \$10,000 | but not over \$20,000 | over \$20,000 | but not over \$30,000 |
| 12                 |  | \$3,000               |               | \$2,000               |               | \$1,000               |
| 11                 |  | 2,750                 |               | 1,833                 |               | 917                   |
| 10                 |  | 2,500                 |               | 1,667                 |               | 833                   |
| 9                  |  | 2,250                 |               | 1,500                 |               | 750                   |
| 8                  |  | 2,000                 |               | 1,333                 |               | 667                   |
| 7                  |  | 1,750                 |               | 1,167                 |               | 583                   |
| 6                  |  | 1,500                 |               | 1,000                 |               | 500                   |
| 5                  |  | 1,250                 |               | 833                   |               | 417                   |
| 4                  |  | 1,000                 |               | 667                   |               | 333                   |
| 3                  |  | 750                   |               | 500                   |               | 250                   |
| 2                  |  | 500                   |               | 333                   |               | 167                   |
| 1                  |  | 250                   |               | 167                   |               | 83                    |

\* If the total of wages and net earnings exceeds \$30,000 for the year, there is no exclusion amount.

\*\* Number of months of Yonkers nonresidence or of short tax year

**Line 10 Total nonresident earnings tax** — Enter the tax on line 10 and on Form IT-205, line 27. Submit Form Y-206 with Form IT-205.

