
Important Notice

March 2005

Form IT-100 and IT-200 Filers Additional Instructions for Special Accruals

On November 16, 2004, Governor George E. Pataki signed Chapter 712 of the Laws of 2004 into law. This Chapter, in part, amends the personal income tax law in relation to the accrual rules contained in section 639 of the Tax Law. Since this legislation was pending at the time the 2004 personal income tax forms and instructions were printed, the instructions for Forms IT-100 and IT-200 do not reflect the changes made by this legislation. Accordingly, please refer to the instructions below in preparing your 2004 New York personal income tax return.

If you are subject to the special accrual rules described below, you cannot file Form IT-100 or Form IT-200. You must file Form IT-201, *Resident Income Tax Return*. In addition, the department is currently revising Publication 210, *Change of Resident Status Special Accruals (For tax year 2004)*, to provide more detailed information on the new accrual rules to assist you in computing your 2004 tax. The revised publication was not available at the time this notice was issued. When the publication is available, it will be posted to our Web site at www.nystax.gov. If you require assistance in computing your tax for 2004 before Publication 210 is available, contact the Tax Department at 1 800 225-5829.

Special accrual rules for New York State residents

As a full-year New York State resident for 2004, you may have to use special accrual rules to compute your New York State personal income tax for 2004. You are subject to the special accrual rules **only** if you have accrued income for 2004 (see below) **and**

- you were a nonresident of New York State on December 31, 2003; or
- you will be a New York State nonresident on January 1, 2005.

You have accrued income for 2004 if:

- you have an item of non-New York source income¹ that was fixed and determinable in a tax year prior to 2004, but you are reporting that income for federal income tax purposes in tax year 2004; or
- you have an item of income that was fixed and determinable in tax year 2004, but you will be reporting that income for federal income tax purposes in a tax year after 2004.

Examples of accrued income for 2004 are (1) a bonus from non-New York sources that was fixed and determinable in 2003 that was not paid to you until 2004, or (2) a bonus that was fixed and determinable in 2004 that will not be paid to you until 2005.

Special accrual rules for New York City residents

The special accrual rules described in this notice are also applicable to New York City residents. To determine if you must use special accrual rules to compute your New York City resident tax for 2004, substitute *New York City* in place of *New York State* in the above instructions except in the definition of non-New York source income.

Yonkers residents and nonresidents

The special accrual rules described in this notice do not apply to the computation of the Yonkers resident income tax surcharge or the Yonkers nonresident earnings tax.

¹ Non-New York source income is income that is **not** attributable to (1) a business, trade, profession, or occupation carried on in **New York State**, or (2) the ownership of any interest in real or tangible personal property in **New York State**.