

Tax Year 2017 TaxSlayer Training For the IT-201 NY Return



Department of
Taxation and Finance

State Returns

- Add as many states as necessary with taxpayer's status
 - Resident
 - Non-resident
 - Part-year resident

Who Must File

- You were required to file a federal return
- You are not required to file a federal return but:
 - your federal adjusted gross income plus New York State additions is \$4,000 or more; or
 - you can be claimed on another's person federal tax return as a dependent, and your federal adjusted gross income plus New York State additions is \$3,100 or more.
- You want to claim a refund or credit.

Who Must File

You want to claim a refund of any New York State, New York City or Yonkers income taxes withheld from your pay.

Nonresidents:

- You have income from New York sources and your New York AGI federal amount column exceeds your New York standard deduction.

Part-Year Residents:

- You have income during your resident period or you had New York-source income during your nonresident period.

Residency

You're a New York State *resident* for income tax purposes if:

- your domicile is New York State; or
- your domicile is **not** New York State but you maintain a permanent place of abode in New York State for more than 11 months of the year and spend 184 days or more in New York State during the tax year.

Use the same rules for determining residency of New York City.

Basic Information Section

- Special condition codes
- County district information – dropdown list
- School district information – dropdown list
- Permanent home address – Complete only if physical address is different from address on the return
 - Taxpayers who list a PO Box on return but may be eligible for IT-214 or NYC-208
- Third Party Designee – default is “NO”

NYC and Yonkers Residents Section

- Full year or part year NYC resident information
- Full year or part year Yonkers resident information
- Moved into or out of NYC any time during tax year
 - Change of City Resident Status – Form IT-360.1
- Yonkers income on W-2
 - Add amount of income here also
- Resident/nonresident of Yonkers questions

Nonobligated Spouse/Injured Spouse

- Taxpayers can file Married filing Joint returns
- One spouse has an outstanding debt or liability
- The other spouse's part of the refund is protected
- IT-280 in the NY Return Main Menu
- Same as 'Injured Spouse' on the Federal Return (form 8379 – available from Federal Menu– Miscellaneous Forms)
- Don't Forget! – If you choose Injured Spouse on the Federal Return Choose Nonobligated Spouse on the NY Return

Unemployment Compensation 1099-G

- Department of Labor provides information online ONLY
- Taxpayers must get their own form and bring it.
- We cannot take taxpayer's word. We don't know if they had withholding taken from their compensation

NY State and City Employee W-2 Entries

- Form W-2, box 14, is subject to New York State tax even though the amount isn't subject to federal tax.
 - 414H
 - IRC125
- Enter on TaxSlayer W-2 form from dropdown list.
- Verify that income reported on Form IT-201 line 21

Additions to Income Section

- Interest Income on Other States' Bonds and Obligations
 - Enter amount of any federally tax exempt bond that is **not** NYS tax exempt (e.g. muni bond for Pennsylvania)
- Non-qualified withdrawals from NY's 529 college savings program
- Other Additions – TaxSlayer will automatically add
 - Public Employee Retirement Contributions 414H
 - NYC Flexible Benefits Program IRC125
 - If you made the correct entry on the W-2

Subtractions to Income Section - Pensions

- Certain Pension income is excluded from NY taxable income
 - DO NOT INCLUDE RAILROAD RETIREMENT PENSIONS
- Enter the total taxable pensions received from NYS, local and federal governments: **PUBLIC** PENSIONS
- Enter other taxable pensions (not included above) received from the time you turned 59 ½ to the end of the year. (Do not enter more than \$20,000): called '**PRIVATE**' PENSIONS

'Private' Pension Exclusion Facts

- All IRA's are considered Private Pensions for this purpose. Payments from NYC or NYS deferred compensation plans (e.g., FASCO) are PRIVATE Pensions for this purpose
- Pension from another country, even if it is not shown on 1099-R
 - Qualifies for \$20,000 exclusion, as though it were a 1099-R Pension
- 1099-R Distribution Code 3 (disability)
 - Code 3 pension amounts is reported as wages on line 7 of the federal return.
 - Cannot claim as both pension exclusion and IT-221 (disability) exclusion
- Certain NYPD and FDNY line of duty disability pensions are totally tax free and do not get reported on the federal return – so no exclusion is taken on the state return, Manhattan deems these OOS because no proof on the 1099R.

'Private' Pension Exclusion Facts

- Married taxpayers who both receive qualified income are each entitled to the maximum \$20,000 exclusion (i.e., \$40,000 total).
- A married taxpayer cannot claim any unused portion of a spouse's exclusion.
- A person receiving their own pension and a deceased spouse's pension is entitled to a maximum of \$20,000 exclusion. The maximum exclusion allowable from the total of ALL SOURCES that qualify for the non-public exclusion may not exceed \$20,000 per individual.

Pension Exclusions – Code 4 Death

- 1099-R Distribution Code 4 (death-survivors benefit)
 - Receiving survivor benefits – the exclusion is based on the decedents entitlement, subject to the decedents age if he/she were alive/amount limitation
 - The descendent, independent of the survivor is entitled to a \$20,000 exclusion
 - If taxpayer transfers death benefit into their own name, then they must qualify for the \$20,000 exclusion and must add this pension to their own pension for purposes of determining the amount of the limitation

Pension Exceptions

- 1099-R Distribution Code 7 (normal distribution) “Divorce Exception” a QDRO is not entitled to \$20,000 exclusion
- 1099-R Distribution Code D [part of 7D or D7] (Annuity Not Qualified for Exclusion)
 - Purchased annuities – Do not qualify for exclusion
- LOSAP Payments – may come on a 1099-R with a Code D. TP should tell you these are Length of Service Award Payments and not subject to \$20,000 exclusion. Refer to Subtraction section for LOSAP payments

IT-221 Disability Income Exclusion

- Residents and Nonresidents
- Exclude actual disability pay or \$100/week (\$5,200/year), whichever is less; combined with pension and annuity income, cannot exceed \$20,000
- Consider when moving code 3 retirement income to wages

IT-221 Disability Income Exclusion

Meet all of the following tests:

- received disability pay; and
- not yet 65 years old when tax year ended; and
- retired on disability and were permanently and totally disabled when you retired; and
- had not yet reached the age when you would be required to retire; and
- if married filing separate return, you may only claim the credit if you and your spouse lived apart during the entire year.

Subtractions to Income Section - Other

- New York's 529 College Savings program deduction
 - \$5,000 (\$10,000 MFJ)
- Long Term Residential Care Deduction(S-105)
 - Attributable to cost of long term care
 - Table of limitations in TaxSlayer
- Volunteer Firefighter/Ambulance Length or Service Award (S-130)
- **Railroad Retirement Board Tier 2 Annuities or Pensions (Green Form)**

Itemized Deductions Section

- Standard Deduction on Federal - Must use the Standard Deduction on NY State
- Itemized Deductions on Federal – may need to add or subtract certain items
 - Additions to Federal Itemized Deductions – None apply
 - Subtractions to Federal Itemized Deductions – Subtract any Long-Term Care Premiums included on Federal Schedule A, Line 1

Credits - automatically calculated

- Household Credit
- Empire State Child Credit (IT-213)
- Family Tax Relief Credit (IT-114)
- NYS and NYC Earned Income Tax Credit (IT-215)
- NY Child & Dependent Care Credit (IT-216)
- NYC School Tax Credit (NYC-210) – **if you make proper entries**
- Credit for Taxes Paid to Another State or Canada reduces NY State Income Tax – if shown on W-2 (IT-112-C/IT-112-R)

IT-112-C or IT-112-R Resident Credit

- Full-year or part-year resident
- Received income from another state and taxed by that state
- Claim a credit for the portion of the tax paid to that state
- Enter State on W-2; create Non-Resident return for that State.
- Credit will flow to NY via IT-112-R forms (look for 112-R Credit on page 3 of NY return)
- Taxes paid to Canada – use Form 112-C

NYC-210, *NYC School Tax Credit* (cont.)

How to claim this credit

- If you file a New York State personal income tax return, you must claim this credit directly on your return.
- If you are not required to file a New York State income tax return, you may still claim this credit by e-filing or submitting a paper return.

Credits not Automatically calculated

- NY Long Term Care Insurance Credit (IT-249)
- Volunteer Firefighters and Ambulance Workers Credit (IT-245)
- College Tuition Credit (IT-272)
- Noncustodial Parent NYS Earned Income Credit(IT-209)
- Real Property Tax Credit (IT-214)
- NYC Enhanced Real Property Tax Credit (IT-208)
- Other Refundable Credits

IT-249 Claim for Long-Term Care Insurance Credit

- Paid premiums for a qualifying long-term care insurance policy
- Credit is 20% of premiums paid :
 - Non-refundable
 - Can be used to reduce tax to \$0
 - Unused credit amounts can be carried over to next year

IT-245 Claim for Volunteer Firefighters' and Ambulance Workers' Credit

- Full-year residents
- Active volunteer firefighter or ambulance worker for the whole year
- Did not receive a real property tax exemption for these services
- \$200 for one volunteer/\$400 for taxpayer and spouse

IMPORTANT REMINDER

A New York State resident who is an active volunteer for the entire year may claim the credit even if they can be claimed as a dependent on someone else's return.

IT-272 Claim for College Tuition Credit or Itemized Deduction

- Full-year New York State resident
- Undergraduate student who paid qualified tuition expenses; qualified expenses don't include scholarships or financial aid, room and board, books, equipment, and activities.
- Aren't claimed as a dependent on another person's tax return
- Credit can be as much as \$400 per student
- Maximum itemized deduction is \$10,000 per eligible student

IT-209 Claim for Non-custodial Parent EIC

- Full-year resident
- At least 18 years of age
- Parent of a minor child who doesn't reside with you
- Have a child support order in place for at least ½ of the year payable through the NYS Support Collection Unit and be current with payments

IT-214 Claim for Real Property Tax Credit

- Don't need to file a return—can file credit form alone
- Full-year resident
- Occupied the same New York residence for 6 months or more
- Household gross income \$18,000 or less **INCLUDING SSI**
- Cannot be claimed as a dependent on someone's return
- Residence was not completely exempted from real property taxes (taxpayer lives in NYCHA houses = no credit)
- Pay real property taxes or paid \$500 or less in monthly rent

IT-258 Nursing Home Assessment Credit

- Shown under 'Other Refundable Credits' menu
- Paid assessment imposed on NYS nursing home
- Assessment must be separately stated on the bill.
- Only the taxpayer paying the assessment can claim it.
- Cannot claim the credit for any part of the assessment paid directly to the nursing home by a health insurance policy with public funds such as Medicaid or Medicare.

NYC-208

Homeowners

- You or your spouse paid real property taxes.
- Any rent you received for nonresidential use of your residence was 20% or less of the total rent you received.

Renters

- You or a member of your household paid rent for your residence. Challenge: Roommates or Family apartments. Rent paid by all? Must include income from all for credit to be calculated. Roommate situation is easier. Each roommate viewed independently

NYC-208 continued

Claim for NYC Enhanced Real Property Tax Credit

You qualify if you meet ALL of the following conditions:

- household gross income is less than \$200k **INCLUDING SSI**
- you occupied the same NYC residence for six months or more
- you were a New York City resident for all of 2016
- you can't be claimed as a dependent on another taxpayer's federal income tax return
- your residence was not completely exempt from real property taxes

Miscellaneous Forms Section

- Estimated Tax Payments
 - Print vouchers for next year

- Underpayment of Estimated Tax (Really Underpayment of Tax – Penalty Section)
 - DO NOT COMPLETE

- Other Penalties and Interest OOS

Estimated Tax Penalty

- Volunteers should not be calculating penalty
 - IT-2105.9, form for calculating penalty for *Underpayment of Estimated Tax*
- If software directs you to complete penalty form, remove form or insert \$1 in prior years taxes to cause the form to go away.

OOS NY Tax Return

- Form NYC-1127 Return for Nonresident Employees of the City of New York.
 - Hired on or after January 4, 1973
 - Employee of NYC – resides outside of NYC
 - Must complete Form NYC-1127
 - Doesn't apply to NYC resident, which are most of our taxpayers

Common Errors

- Incomplete amended returns - all credit forms must be included
- Failure to add amount from W-2 box 14, listed as 414(h) to line 21 (software may have specific entries)
- Failure to add amount from W-2 box 14 listed as IRC 125, to line 23
- Failure to add bonds invested outside of New York - taxable for New York and must be added as a New York State addition (line 20)

EFILE Section

- Indicate bank account information for state refund or tax owed
- \$0 Federal AGI? Only file State Return
- Federal AGI must be \$0. Don't file only State return just because Federal AGI is below the filing limit.

New NY Requirement – Drivers Lic doc

- Beginning in tax year 2016, in order to assist in discovering fraudulently filed returns, taxpayers are asked for a Drivers License or Non Drivers License
- Software for NY WILL have screen for entry of ‘document’ number for on drivers licenses and non drivers licenses. Licenses may be from any state
- If taxpayer does not have license, check off box to indicate
- Continue with return. Refund may be delayed for a short time if no license.

Amended Returns

- Amended returns can be e-filed for tax year 2015 and later.
- Otherwise prepare a paper amended return
- You must file a New York State amended return if:
 - you made an error on the original return;
 - the IRS made changes to the federal return – 90 days to notify New York State;

Important reminder: You must include all credit forms and attachments with an amended return filing.

Regional Outreach Staff

Western NY Region

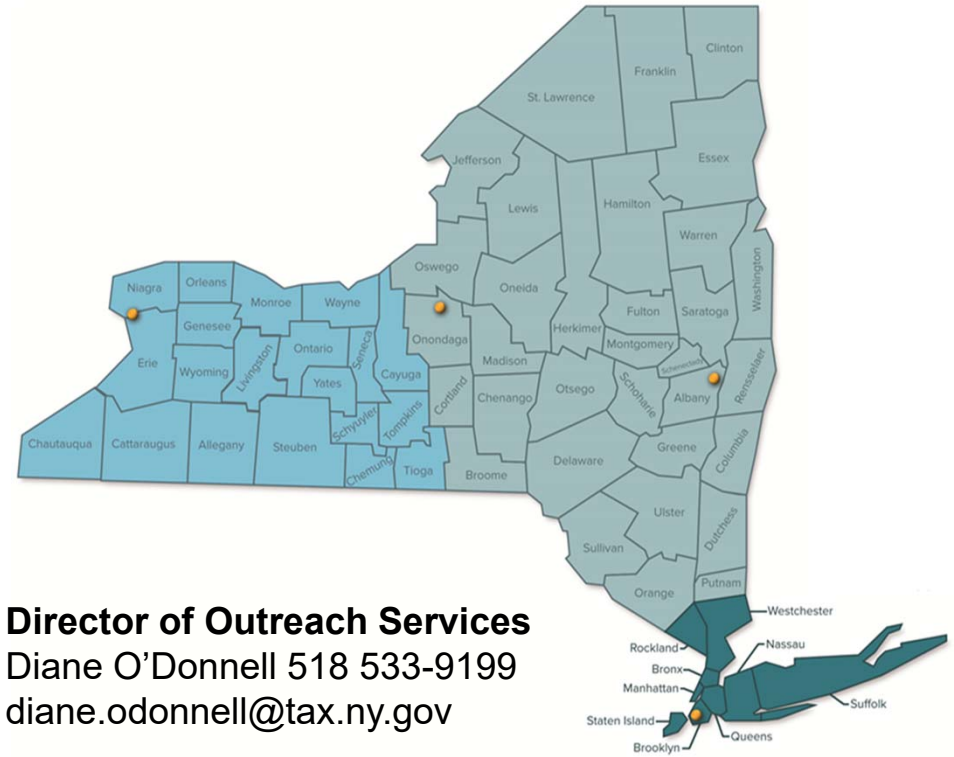
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