



# Instructions for Form IT-112-R New York State Resident Tax Credit

## General instructions

A shareholder of a Subchapter S corporation is **not** allowed a resident credit for any income tax imposed upon or payable by the corporation to another state, local government, the District of Columbia or a province of Canada.

However, a shareholder is allowed a resident credit if taxes are calculated on the income of the S corporation, but are imposed upon and payable by the shareholder.

If you claimed a prior-year(s) resident credit for taxes paid to a province of Canada, and in the federal computation (federal Form 1116, line 10) of the 1999 credit you used the provincial tax carried over, you must complete a 1999 Form IT-112-R for the purpose of the add-back, even though no current-year New York State credit is claimed.

If you are a full-year or part-year resident of New York State and if any part of your income was taxed by another state, a local government within another state, the District of Columbia or a Canadian province, you may claim a credit against your New York State tax. This credit is allowable only for the part of the tax that applies to income received in the other taxing authority while you were a New York State resident. If you paid tax to more than one taxing authority during your New York State resident period, use a separate Form IT-112-R for each credit.

If you checked filing status ③ (*Married filing separate return*) on Form IT-201 or Form IT-203 and if only one spouse paid tax to another taxing authority, that spouse must figure the credit based on his or her separate return. No part of the credit can be claimed by the spouse who did not have tax payable to the other taxing authority.

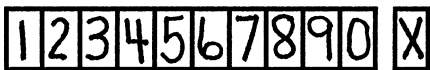
A New York resident estate or trust is also allowed to claim a resident credit on Form IT-112-R. If you are a fiduciary of a resident estate or trust, determine the total New York adjusted gross income in Part I the same way as a resident individual. In arriving at New York adjusted gross income, you must subtract any charitable contributions and distributions made to beneficiaries. Include these amounts on line 19. If you have any questions about figuring the resident credit for estates and trusts, contact the Taxpayer Assistance Bureau, W A Harriman Campus, Albany NY 12227, or call toll free (1 800 225-5829). From areas outside the U.S. and Canada, call (518) 485-6800.

## Filling in your credit form

Boxes have been printed on the form to guide you when entering your social security number and at lines 28, 49 and 50. This will enable our scanning equipment to more accurately read your form and let us process it more efficiently.

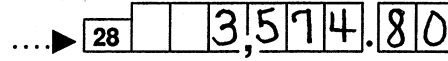
Please spend a moment reviewing the method below before making your entries:

- Please print (using a blue or black ballpoint pen; no pencils, please) or type all "X" marks and money amounts in the boxes and spaces provided.
- Do not use dollar signs, commas, decimal points, dashes or any other punctuation marks or symbols. We have already printed the appropriate commas and the decimal points to assist you.
- Write your numerals like this:



- Carefully enter your money amounts so that the whole **dollar amount** ends immediately to the **left** of the decimal point.
- Make your money amount entries in the white spaces, allowing one numeral for each area.

- *Example:* If your entry for line 28 is \$3,574.80, your money field entry should look like this:



- Leave blank any boxes that do not apply to you.
- When rounding to the nearest whole dollar or when entering a whole dollar amount, please enter "00" in the cents boxes. Do not leave the cents boxes blank.

## Part I — Income and adjustments

### Lines 1 through 18

**Residents and part-year residents** — Do **not** enter in Column A or B any income that is taxable to the other taxing authority but **not** taxable to New York State.

Do **not** enter in Column A or B the ordinary income portion of lump-sum distributions received from sources outside New York State that is subject to the New York State separate tax on lump-sum distributions and is also subject to any income tax or separate tax by the other taxing authority. Figure any resident credit against the separate tax on a lump-sum distribution paid to another taxing authority on Form IT-112.1, *New York State Resident Credit Against Separate Tax on Lump-Sum Distributions*.

You may **not** enter in Column B any amount of income, gain, loss or deduction arising from interest or dividends from intangible assets unless it is received from an asset connected with a trade or business conducted in the other taxing authority.

**Residents** — Enter in Column A, lines 1 through 18, the amount of each item of income or deduction reported on Form IT-201 or the amount of income reported on Form IT-205 as if the estate or trust were a resident individual. If you checked filing status 2 (*Married filing joint return*), include in Column A the amounts of both spouses even if the income of only one spouse was subject to tax in the other taxing authority.

Enter in Column B of Form IT-112-R the gross income from Column A that was taxed by the other taxing authority minus any applicable expenses and losses that you deducted in computing federal adjusted gross income. In determining the expenses and losses deductible from items of gross income, follow the federal rules for deductions in computing federal adjusted gross income.

Enter in Column B any federal adjustments to income that were allowed by the other taxing jurisdiction.

**Part-year residents** — If you were a New York State resident for only part of the year and if you were subject to income tax by another taxing authority during that period, enter in Column A the amount of each item of income or deduction entered on the *Part-year resident income allocation worksheet*, column A, in Form IT-203-1, *Instructions for Form IT-203*.

Enter in Column B of Form IT-112-R only the amount of each item of income or deduction from Column A that relates to your New York State resident period that was taxed by the other taxing authority.

### Line 19 — New York adjustments

Enter your net New York adjustment. On Form IT-201, it is the difference between your New York additions (lines 19 through 21) and your New York subtractions (line 29). On Form IT-205, it is the fiduciary share, from Schedule B, that relates to the items of income, gain, loss, and deductions included in the computation of federal adjusted gross income.

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**Part-year resident** — Enter your net New York adjustments that apply to your income in Column A.

**Line 20 — New York adjusted gross income**

The net New York adjustment on line 19 must be added to or subtracted from federal adjusted gross income on line 18.

**Line 21**

Enter in Column A the capital gain portion of lump-sum distributions reported at Part II of federal Form 4972. Enter in Column B the capital gain portion of lump-sum distributions reported at Part II of federal Form 4972 that is subject to tax by the other taxing jurisdiction.

**Part II or Part III — Resident credit or add-back of resident credit**

If you claim credit for income taxes paid to another state, local government or the District of Columbia, use Part II. If you claim resident credit or add-back of resident credit for income taxes paid to a province of Canada, use Part III.

**Line 23 or line 29**

Enter the name of the other state, the local government within the other state or the Canadian province (for example: Philadelphia, Pennsylvania, Washington, D.C., or Ontario, Canada) where the income tax was paid.

**Line 24 or line 30**

**Residents and part-year residents** — The amount of income tax imposed is the amount of income tax computed on your return for the other taxing authority minus any credits allowed against this tax. Do not include the tax on income that is taxed by the other taxing authority but is not taxed by New York State. Do not enter tax withheld, estimated tax payments, or payments of balances due on these lines. If the amount of income tax paid to the other taxing authority is satisfied by the amount of income tax withheld, you must attach proof of payment. A copy of the withholding tax statement showing the amount of tax withheld by the other taxing authority is acceptable proof.

Do not include on line 30 Canadian federal tax imposed.

**Residents** — Enter the amount of income tax imposed by the other taxing authority.

**Part-year residents** — Enter only the portion of the tax attributable to income earned during your New York resident period.

**Line 25 or line 39**

Form IT-203 filers — Enter New York State tax from Form IT-203, line 38 plus the Worksheet C, line 5 amount, in the instructions for Form IT-230, *Separate Tax on Lump-Sum Distributions*.

Form IT-201 and Form IT-205 filers — Complete the following worksheet:

**Worksheet for figuring your New York State tax payable**

- |   |   |         |
|---|---|---------|
| a | Enter New York State tax from Form IT-201, line 36 plus the tax from Form IT-230, Part II, line 2, New York State column. Resident estate or trust — enter New York State tax from Form IT-205, line 8. Part-year resident trust - enter New York State tax from Form IT-205, line 9. | a _____ |
| b | Enter your New York State household credit, if any, from Form IT-201, line 37.  | b _____ |
| c | New York State tax payable (subtract line b from line a). Enter this amount on line 25 or line 39.  | c _____ |

**Line 26 or line 40**

Carry your division to four places. For example, if you divide \$10,000 by \$30,000, the result will be 33.33% (.3333).

**Line 28 or line 49 — Resident credit allowable**

The resident credit may not decrease your New York State tax payable to an amount less than would have been due if the income subject to taxation by the other jurisdiction(s) was excluded from your New York income.

Transfer the line 28 or line 49 amount to Form IT-201-ATT, Part IV, line 38; Form IT-203-ATT, Part IV, line 41; or include it on Form IT-205, page 1, line 10. If you filed more than one 1999 Form IT-112-R, transfer the total of the allowable credits to Form IT-201-ATT, Part IV, line 38; Form IT-203-ATT, Part IV, line 41; or include it on Form IT-205, page 1, line 10. Attach each original Form IT-112-R and a copy of the other state, local or provincial tax return to Form IT-201, IT-203 or IT-205.

**Line 35 and line 37**

The Canadian provincial tax is deemed to be claimed last for federal purposes. When computing the amount available for New York credit, enter only that portion of the provincial tax not used in the computation of the federal foreign tax credit.

**Line 47**

If on line 10 of your 1999 federal Form 1116 you included provincial taxes that were used in the computation of a prior-year New York State resident credit, and now the carryover is claimed for federal purposes, an entry must be made on line 47. This entry must be made whether or not a current year resident tax credit is claimed.

If the carryover used in the computation of the Federal credit included provincial taxes that were used in the computation of more than one prior-year New York State resident credit or multiple prior-year Forms IT-112-R, enter the total of the credits claimed and attach a copy of all applicable prior-year Forms IT-112-R.

**Line 50**

If line 47 is more than line 46, subtract line 46 from line 47 and enter the result on line 50. This is your add-back of resident credit. (Be sure to carefully enter your money amount in the rectangular boxes at line 50. See *Filing in your credit form* on the front page of these instructions).

Transfer as a total the add-back(s) from each Form IT-112-R to Form IT-201-ATT, Part II, line 20; Form IT-203-ATT, Part II, line 20; or include it on Form IT-205, line 12 marked ***IT-112-R add-back of resident credit***.