



Nonresident Business Allocation Schedule

Formula basis allocation of New York State income derived from business carried on both in and out of New York State

Name as shown on Form IT-203

Tax year ending (mm-dd-yyyy)
Social security number

Submit this schedule with your Form IT-203; submit additional sheets if necessary.

Schedule A – List all places, both in and out of New York State, where you carry on business

1 – Street address	2 – City and state	3 – Description (see instructions)

New York income determined from books (see instructions)

Schedule B – Formula basis allocation of income or loss, if books do not show the portion from New York State sources

Items used as factors		Column A Totals – in and out of New York State	Column B New York State amounts	Column C Percent Column B is of Column A
Property percentage	1 Real property owned.....	1 .00	.00	
	2 Real property rented from others.....	2 .00	.00	
	3 Tangible personal property owned.....	3 .00	.00	
	4 Property percentage (add lines 1, 2, and 3)	4 .00	.00	
5 Payroll percentage (see instructions)	5 .00	.00	%	
6 Gross income percentage (see instructions)	6 .00	.00	%	
7 Total of percentages (add lines 4, 5, and 6, Column C)	7		%	
8 Business allocation percentage (divide line 7 total by three, or by actual number of percentages if less than three)	8		%	

9 **Allocation of business income to New York State** – Multiply each item of business income or loss reported on Form IT-203, Federal amount column, that is required to be allocated by the percentage from line 8. Use the following lines to compute the New York State amounts and then transfer these amounts to the proper lines on Form IT-203, New York State amount column. (If additional lines are needed, submit a schedule.)

Line number _____ \$ _____ .00 X _____ % (line 8) = \$ _____ .00

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Line number _____ \$ _____ .00 X _____ % (line 8) = \$ _____ .00

Line number _____ \$ _____ .00 X _____ % (line 8) = \$ _____ .00



Instructions

General instructions

An allocation of business income must be made if you are a nonresident and you carry on business **both** in and out of New York State. Business is carried on out of the state if you have, maintain, operate, or occupy desk space, an office, a shop, a store, a warehouse, a factory, an agency, or other place where your business matters are systematically and regularly carried on outside New York State.

An occasional or isolated business transaction out of the state will not permit an allocation of income. In addition, if you have no regular place of business out of the state, you may not allocate any income for business carried on out of the state even though you or your representatives may travel out of the state to perform duties connected with the trade or business and may make sales or perform services for out-of-state individuals or corporations.

If you carry on business both in and out of New York State and maintain accounts clearly showing income from the New York business, complete Schedule A of Form IT-203-A, and mark an **X** in the box for **New York income determined from books**. Do not complete Schedule B.

If the New York income of the business cannot be determined from your books, you must determine income from business carried on both in and out of New York State in accordance with the statutory formula or an alternative method approved by the New York State Commissioner of Taxation and Finance. Complete Schedules A and B following the specific instructions on this page. Even though Schedule B may not fairly reflect the income from New York and you use an alternative allocation method, you must complete Schedule B. Submit a detailed explanation of the alternative method used to determine New York income, together with full details of any modifications increasing or decreasing the amount of New York income computed by the alternate method. The modifications are described in the instructions for Form IT-203 and Form IT-225, *New York State Modifications*.

The business allocation percentage or alternate method is not applied to income from the rental of real property or gains or losses from the sale of real property. The entire rental income from New York State real property or gain from the sale of such property is taxable and the entire amount of any loss is deductible. Rental income from real property located outside New York State or gain from the sale of this property is not taxable. Any loss connected with such property is not deductible.

The business allocation percentage is to be applied to Form IT-203 business income loss, farm income loss, or income from intangible personal property (such as annuities, dividends, interest, and gains from the disposition of intangible personal property) if such property is used in or connected with a business carried on both in and out of New York State.

If you carried on more than one business for which an allocation is required on Form IT-203-A, prepare a separate Form IT-203-A for each business and submit it with Form IT-203.

Specific instructions

Schedule A – In columns 1 and 2, list the exact locations at which you carry on business both in and out of New York State. In column 3, describe the places listed in columns 1 and 2 (e.g., branch office, agency, factory, warehouse, etc.) and state whether you rent or own these places. If you need additional space, submit a separate sheet(s) with your Form IT-203-A with the same format as Schedule A that clearly shows the information for columns 1 through 3.

Schedule B – Complete this schedule if business is carried on both in and out of New York State and you do not maintain accounts clearly reflecting the New York operations of the business.

Property percentage – Complete lines 1, 2, 3, and 4 of Schedule B to determine the average value of real and tangible personal property of the business.

Line 1 Real property owned – Enter in Column A the average value of all real property owned by the business. Enter in Column B the average value of real property located in New York State.

The average value of the 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.

Line 2 Real property rented from others – The fair market value of real property rented by the business and to be included in line 2 is eight times the gross rent payable during the tax year for which the return is filed. Gross rent includes:

- any amount payable for the use or possession of real property, or any part of it, whether designated as a fixed sum of money or as a percentage of sales, profits, or otherwise;
- any amount payable as additional rent or in lieu of rent, such as interest, taxes, insurance, repairs, or any other amount required to be paid by the terms of a lease or other agreement; and
- a proportion of the cost of any improvement to real property made by or on behalf of the business which reverts to the owner or lessor upon termination of a lease or other arrangement. However, if a building is erected on leased land by or on behalf of the business, the value of the building is determined in the same manner as if it were owned by the business.

Enter the value of all real property rented in Column A and the value of real property rented that is located in New York State in Column B.

Line 3 Tangible personal property owned – Enter in Column A the average value of all tangible personal property owned by the business. Enter in Column B the average value of tangible personal property located in New York State.

Line 4 – Add lines 1, 2, and 3 in Column A and Column B, and enter the results at line 4.

Divide the Column B amount by the Column A amount. Round the result to the fourth decimal place and enter it as a percentage in Column C. For example .3333 should be entered as 33.33.

Line 5 Payroll percentage – Enter wages, salaries, and other personal service compensation paid only to **employees** of the business. Do not include payments to independent contractors, independent sales agents, etc. Enter in Column A the total compensation paid to employees during the tax year in connection with business operations carried on both in and out of New York State. Enter in Column B the amount paid in connection with operations carried on in New York State. The compensation paid for services is in connection with operations carried on in New York State if the employee works in or travels out of an office or other place of business located in New York State.

Divide the Column B amount by the Column A amount. Round the result to the fourth decimal place and enter it as a percentage in Column C. For example .3333 should be entered as 33.33.

Line 6 Gross income percentage – Enter in Column A total gross sales made or charges for services performed by the proprietor or by employees, agents, agencies, or independent contractors of the business in and out of New York State. Enter in Column B the portion of total gross sales or charges which represents sales made, or services performed, by or through an agency in New York State. This includes sales made or services performed by employees, agents, agencies, or independent contractors situated at, connected with, or sent out from offices of the business (or its agencies) located in New York State. For example, if a salesman working out of the New York office of the business covers New York, New Jersey and Pennsylvania, **all** sales made by him are to be allocated to New York State and included in Column B on line 6.

Divide the Column B amount by the Column A amount. Round the result to the fourth decimal place and enter it as a percentage in Column C. For example .3333 should be entered as 33.33.

Line 7 Total of percentages – Add lines 4, 5, and 6 in Column C and enter the total.

Line 8 Business allocation percentage – Divide line 7 by three (or by the actual number of percentages if less than three). Round the result to the fourth decimal place and enter the result as a percentage.

Line 9 Allocation of business income to New York State – Multiply each item of business income or loss reported on Form IT-203, *Federal amount* column, which is required to be allocated by the percentage from line 8. Transfer the *New York State* amounts to the proper lines on Form IT-203, *New York State amount* column.

