

City of Yonkers  
Resident Income Tax Surcharge and  
Nonresident Earnings Tax

Chapter 345 of the Laws of 1984 amended the Tax Law by adding new Articles 30-A and 30-B which authorize the imposition of a City of Yonkers income tax surcharge on residents and an earnings tax on nonresidents. City of Yonkers Local Law number 8 of 1984, as amended by Local Law number 9 of 1984 imposed the authorized tax by adding new Articles IX and X to the Codes and Ordinances of the City of Yonkers.

The taxes are effective for taxable years beginning on or after January 1, 1984 and beginning before January 1, 1989. However, withholding and estimated tax payment requirements will not begin until January 1, 1985.

Both the resident income tax surcharge and the nonresident earnings taxes are to be administered, collected and distributed by the New York State Department of Taxation and Finance.

There is no credit allowed against the City of Yonkers income tax surcharge or nonresident earnings tax for income taxes paid to the City of New York or any other locality or state.

Every employer who maintains an office or transacts business in New York State and pays wages to a City of Yonkers resident or nonresident who is subject to the City of Yonkers income tax surcharge or nonresident earnings tax must withhold City of Yonkers tax.

RESIDENT INCOME TAX SURCHARGE

The City of Yonkers income tax surcharge is imposed on every City of Yonkers resident individual, estate or trust for each taxable year. The income tax surcharge is 15% of net state tax.

The definition of a City of Yonkers resident individual, estate or trust is the same as the corresponding New York State definitions, except that the City of Yonkers is substituted for the State of New York. An individual's, estate's or trust's taxable year for computing the City of Yonkers income tax surcharge is the same as its taxable year for New York State personal income tax.

Net state tax, which is the base for computing the income tax surcharge, is defined as the sum of all the taxes imposed on the individual, estate or trust under Article 22 of the Tax Law for the taxable year less the credits (with the exception of the credit for tax withheld) allowed to the individual estate or trust for the taxable year. The taxes imposed by Article 22 of the Tax Law include:

- 1) The personal income tax (ordinary tax).
- 2) The minimum income tax.
- 3) The separate tax on the ordinary income portion of a lump sum distribution.
- 4) The separate tax relating to qualified higher education funds (PASS).
- 5) The tax on early disposition of investment credit and/or retail enterprise credit property.
- 6) The tax on early disposition of research and development credit property.

If an individual's City of Yonkers resident period is different than the period of his or her state residence, the net state tax, as defined above, is to be computed as if the state period of residence had been the same as the City of Yonkers period of residence. The same rule applies if a trust changes its residence.

Every City of Yonkers resident individual who is required to make New York State estimated tax payments must make City of Yonkers estimated tax payments. The amount required as a City of Yonkers estimated tax payment is 15% of the individual's estimated tax payment to New York. Failure to make City of Yonkers estimated tax payments or underpayments will result in the imposition of a penalty. The City of Yonkers estimated tax penalty and the exceptions to the penalty are the same as the equivalent provisions in the New York State Tax Law.

#### NONRESIDENT EARNINGS TAX

The City of Yonkers nonresident earnings tax is imposed for each taxable year on the wages and net earnings from self-employment within the City of Yonkers of every nonresident individual, estate or trust. The rate of tax is ½% (.005). In no case can a taxpayer's nonresident earnings tax exceed the tax he or she would have paid as a resident.

The City of Yonkers nonresident earnings tax is substantially identical to the New York City nonresident earnings tax. The rates of these taxes, however, are different.