
Important Notice

July 2003

Important Information for City of New York Personal Income Tax Estimated Tax Filers

Recent Tax Law changes may affect the amount of city of New York estimated tax that individuals, estates, and trusts will be required to pay for 2003.

Revised city of New York tax rate schedules may require you to increase the amount of estimated tax you pay. The revisions to the tax rate schedules will affect taxpayers whose estimated New York taxable income for 2003 is:

- for married filing jointly and qualifying widow(er), more than \$150,000,
- for single and married filing separately, more than \$100,000, or
- for head of household, more than \$125,000.

In order to avoid the penalty for underpayment of estimated tax, the total amount of estimated tax and withholding tax paid must be:

- at least 90% (66 $\frac{2}{3}$ % for farmers and fishermen) of the amount of income tax due as shown on your return for 2003 (or 90% of the tax due if no return was filed); **or**
- 100% of the tax shown on your return for 2002 (110% of that amount if you are not a farmer or a fisherman and the New York adjusted gross income shown on that return is more than \$150,000 or, if married filing separately for 2003, more than \$75,000). To qualify for this provision, you must have filed a return for 2002 and it must have been for a full 12-month year.

Under the new law, in determining whether you paid 100% (or 110%, if applicable) of the tax shown on the 2002 return, you must recompute your 2002 tax using the 2003 tax rates and rules.

You will not be charged a penalty for any shortage in your April 15 and June 15, 2003, payments that is attributable to the changes discussed in this notice. However, you must adjust your future payments to take into account these changes. Use the worksheets below to determine the amount of estimated tax you must pay by September 15, 2003, and January 15, 2004. Refer to revised Form IT-2105-I, *Instructions for Form IT-2105, Estimated Income Tax Payment Voucher for Individuals*, or revised Form IT-2105-I-F, *Instructions for Form IT-2105, Estimated Income Tax Payment Voucher for Fiduciaries*.

Recomputation of New York City estimated tax for individuals

Individuals — Use the following worksheet to recompute your New York City estimated tax.

- | | | |
|---|-----|--|
| 1. Enter amount of New York adjusted gross income you expect in 2003 (see Form IT-2105-I, line 1) | 1. | |
| 2. Enter either your standard or estimated itemized deduction (see Form IT-2105-I, line 2) | 2. | |
| 3. Subtract line 2 from line 1 | 3. | |
| 4. Exemption for dependents (multiply \$1,000 times number of dependents; see Form IT-2105-I, line 4) | 4. | |
| 5. Estimated New York taxable income (subtract line 4 from line 3) | 5. | |
| 6. City of New York resident tax on amount on line 5 (see next page*) | 6. | |
| 7. City of New York household credit and city of New York accumulation distribution credit
(see Form IT-2105-I, line 8) | 7. | |
| 8. Subtract line 7 from line 6 | 8. | |
| 9. City of New York tax on ordinary income portion of lump-sum distribution (see Form IT-2105-I, line 10) | 9. | |
| 10. Add lines 8 and 9 | 10. | |
| 11. City of New York unincorporated business tax credit (see Form IT-2105-I, line 12) | 11. | |
| 12. Subtract line 11 from line 10 | 12. | |
| 13. Other city of New York taxes (see Form IT-2105-I, line 16, City of New York column) | 13. | |
| 14. Total estimated city of New York tax (add lines 12 and 13) | 14. | |
| 15. Refundable credits (see Form IT-2105-I, line 20, City of New York column) | 15. | |
| 16. New York City estimated tax (subtract line 15 from line 14) | 16. | |
| 17. Multiply line 16 by 90% (.90) (66 % for farmers and fishermen) | 17. | |
| 18. Enter 100% of the tax shown on your 2002 income tax return using 2003 tax rates and rules
(110% of that amount if you are not a farmer or a fisherman and the New York adjusted gross income
shown on that return is more than \$150,000, or if married filing separately for 2003, more than \$75,000) | 18. | |
| 19. Enter the lesser of line 17 or 18. This is your required annual payment.
Caution: Generally, if you do not prepay (through income tax withholding and estimated tax payments)
at least the amount on line 19, you may owe a penalty for not paying enough estimated tax. To avoid a
penalty, make sure your estimate on line 16 is as accurate as possible. If you prefer, you may pay 100% of
your 2003 estimated tax (line 16). | 19. | |
| 20. Estimate of income tax to be withheld | 20. | |
| 21. Balance (subtract line 20 from line 19). If the amount of this line is \$300 or more, fill out and file the payment
voucher along with your payment. If the amount on this line is less than \$300, no payment is required at
this time. | 21. | |

The amount on line 21 that is due with your September 15, 2003, and January 15, 2004, installments can be determined as follows:

- | | | City of New York |
|--|----|------------------|
| 1. Amended estimated tax (line 21 above) | 1. | |
| 2. Overpayment from 2002 credited to estimated tax | 2. | |
| 3. Balance (subtract line 2 from line 1) | 3. | |
| 4. Estimated tax payments made to date | 4. | |
| 5. Unpaid balance (subtract line 4 from line 3) | 5. | |
| 6. Installment due September 15, 2003, and January 15, 2004 (divide line 5 amount by two) | 6. | |

* Use the following instructions to compute the city of New York estimated tax to be entered on line 6 of the worksheet on the previous page.

— If your New York adjusted gross income, from *Estimated tax worksheet*, line 1, is \$150,000 or less, find your city of New York tax on the amount on line 5 using the *City of New York tax rates* schedule below. Enter the tax amount on *Estimated tax worksheet*, line 7.

— If your New York adjusted gross income, from *Estimated tax worksheet*, line 1, is more than \$150,000, but not more than \$500,000, and your taxable income:

- for married filing jointly and qualifying widow(er), is \$150,000 or less,
- for single and married filing separately, is \$100,000 or less, or
- for head of household is \$125,000 or less,

you must compute your tax using *the City of New York tax rates* schedule below.

— If your New York adjusted gross income, from *Estimated tax worksheet*, line 1, is more than \$150,000, but not more than \$500,000, and your taxable income:

- for married filing jointly and qualifying widow(er), is more than \$150,000,
- for single and married filing separately, is more than \$100,000, or
- for head of household, is more than \$125,000,

you must compute your City of New York tax using *Tax computation worksheet 1* below.

— If your New York adjusted gross income, from *Estimated tax worksheet*, line 1, is more than \$500,000, you must compute your City of New York tax using *Tax computation worksheet 2*, on the next page.

City of New York tax rates

Married filing jointly and qualifying widow(er)				Single and married filing separately				Head of household			
If line 5 is:		The tax is:		If line 5 is:		The tax is:		If line 5 is:		The tax is:	
over	but not over			over	but not over			over	but not over		
\$ 0	\$21,600	2.907% of line 5		\$ 0	\$12,000	2.907% of line 5		\$ 0	\$14,400	2.907% of line 5	
21,600	45,000	\$ 628 plus 3.534% of the excess over	\$21,600	12,000	25,000	\$ 349 plus 3.534% of the excess over	\$12,000	14,400	30,000	\$ 419 plus 3.534% of the excess over	\$ 14,400
45,000	90,000	1,455 plus 3.591% " " " "	45,000	25,000	50,000	808 plus 3.591% " " " "	25,000	30,000	60,000	970 plus 3.591% " " " "	30,000
90,000	150,000	3,071 plus 3.648% " " " "	90,000	50,000	100,000	1,706 plus 3.648% " " " "	50,000	60,000	125,000	2,047 plus 3.648% " " " "	60,000
150,000	500,000	5,260 plus 4.25% " " " "	150,000	100,000	500,000	3,530 plus 4.25% " " " "	100,000	125,000	500,000	4,418 plus 4.25% " " " "	125,000
500,000		20,135 plus 4.45% " " " "	500,000	500,000		20,530 plus 4.45% " " " "	500,000	500,000		20,356 plus 4.45% " " " "	500,000

Tax computation worksheet 1

1. Enter your New York adjusted gross income from *Estimated tax worksheet*, line 1 1. _____
2. Enter your taxable income from *Estimated tax worksheet*, line 5 2. _____
3. Multiply line 2 by 4.25% (.0425) 3. _____
4. Enter your city of New York tax on the line 2 amount above from the *City of New York tax rates* schedule, above 4. _____
5. Subtract line 4 from line 3 5. _____
6. Enter the excess of line 1 over \$150,000 (*cannot exceed \$50,000*) 6. _____
7. Divide line 6 by \$50,000, and round to the fourth decimal place (*cannot exceed 1.0000*) ... 7. _____
8. Multiply line 5 by line 7 8. _____
9. Add lines 4 and 8. Enter here and on *Estimated tax worksheet*, line 6 9. _____

Tax computation worksheet 2

- | | |
|--|----------|
| 1. Enter the taxable income from <i>Estimated tax worksheet</i> , line 5 | 1. _____ |
| 2. Multiply line 1 by 4.45% (.0445) | |
| Enter here and on <i>Estimated tax worksheet</i> , line 6 | 2. _____ |

Recomputation of the New York City estimated tax for fiduciaries

Fiduciaries — Use the following worksheet to recompute your New York City estimated tax.

- | | |
|--|-----------|
| 1. New York taxable income of fiduciary (<i>see Form IT-2105-I-F, line 1</i>) | 1. _____ |
| 2. City of New York resident tax on line 1 (<i>see next page**</i>) | 2. _____ |
| 3. City of New York accumulation distribution credit (<i>see Form IT-2105-I-F, line 4</i>) | 3. _____ |
| 4. Subtract line 3 from line 2 | 4. _____ |
| 5. City of New York tax on ordinary income portion of lump-sum distribution (<i>see Form IT-2105-I-F, line 6</i>) | 5. _____ |
| 6. Add lines 4 and 5 | 6. _____ |
| 7. City of New York unincorporated business tax credit (<i>see Form IT-2105-I-F, line 8</i>) | 7. _____ |
| 8. Subtract line 7 from line 6 | 8. _____ |
| 9. Additional taxes (<i>see Form IT-2105-I-F, line 12, City of New York column</i>) | 9. _____ |
| 10. Add lines 8 and 9 | 10. _____ |
| 11. Multiply line 10 by 90% (.90) (66 2/3% for farmers and fishermen) | 11. _____ |
| 12. Enter 100% of the tax shown on your 2002 Form IT-205 using 2003 tax rates and rules (110% of that amount
if the estate's or trust's New York adjusted gross income shown on that return is more than \$150,000, and
less than 2/3 of the total federal gross income for 2002 or 2003 is from farming or fishing) | 12. _____ |
| 13. Enter the lesser of line 11 or 12. This is your required annual payment | 13. _____ |
| 14. Estimate of income tax to be withheld | 14. _____ |
| 15. Balance (<i>subtract line 14 from line 13</i>). If the amount of this line is \$300 or more, fill out and file the payment
voucher along with your payment. If the amount on this line is less than \$300, no payment is required at
this time. | 15. _____ |

The amount on line 15 that is due with your September 15, 2003, and January 15, 2004, installments can be determined as follows:

- | | | |
|---|------------------|----------|
| | City of New York | |
| 1. Amended estimated tax (<i>line 15 above</i>) | | 1. _____ |
| 2. Overpayment from 2002 credited to estimated tax | | 2. _____ |
| 3. Balance (<i>subtract line 2 from line 1</i>) | | 3. _____ |
| 4. Estimated tax payments made to date | | 4. _____ |
| 5. Unpaid balance (<i>subtract line 4 from line 3</i>) | | 5. _____ |
| 6. Installment due September 15, 2003, and January 15, 2004 (<i>divide line 5 amount by two</i>) | | 6. _____ |

** Use the following instructions to compute the city of New York estimated tax to be entered on line 2 of the worksheet on the previous page.

New York adjusted gross income (NYAGI) worksheet	
Complete worksheet as follows:	
1. Enter federal adjusted gross income (as computed using federal Form 1041, line 15b instructions)	1. _____
2. Enter New York State modifications relating to amounts allocated to principal	2. _____
3. Enter the net amount of the fiduciary's share of additions and subtractions from Form IT-205, lines 62 through 68, that related to items of income reported on Form IT-205, lines 42 through 49, or Form IT-205-A, lines 14 through 21	3. _____
4. Add lines 2 and 3	4. _____
5. New York adjusted gross income (line 1 and add or subtract line 4)	5. _____

- If *NYAGI worksheet*, line 5, is \$150,000 or less, find the estate's or trust's city of New York tax on the amount from *Estimated tax worksheet*, line 1, using the *City of New York tax rates* schedule below. Enter the tax amount on *Estimated tax worksheet*, line 2.
- If *NYAGI worksheet*, line 5, is more than \$150,000, but not more than \$500,000, and the estate's or trust's taxable income is \$100,000 or less, find the estate's or trust's city of New York tax on the amount from *Estimated tax worksheet*, line 1, using the *City of New York tax rates* schedule below.
- If *NYAGI worksheet*, line 5, is more than \$150,000, but not more than \$500,000, and the estate's or trust's taxable income is more than \$100,000, the estate or trust must compute its tax using *Tax computation worksheet 3* on the next page.
- If *NYAGI worksheet*, line 5 is more than \$500,000, the estate or trust must compute its tax using *Tax computation worksheet 4* on the next page.

City of New York tax rates

If line 1 is: over	but not over	The tax is:				
\$ 0	\$ 12,000	2.907% of line 1				
12,000	25,000	\$ 349	plus	3.534%	of the excess over	\$ 12,000
25,000	50,000	808	plus	3.591%	" " " "	25,000
50,000	100,000	1,706	plus	3.648%	" " " "	50,000
100,000	500,000	3,530	plus	4.25%	" " " "	100,000
500,000		20,530	plus	4.45%	" " " "	500,000

Tax computation worksheet 3

- | | |
|--|----------|
| 1. Enter the amount from <i>NYAGI worksheet</i> , line 5, on the previous page | 1. _____ |
| 2. Enter your taxable income from <i>Estimated tax worksheet</i> , line 1 | 2. _____ |
| 3. Multiply line 2 by 4.25% (.0425) | 3. _____ |
| 4. Enter your City of New York tax on the line 2 amount above from the <i>City of New York tax rates</i>
schedule, on the previous page | 4. _____ |
| 5. Subtract line 4 from line 3 | 5. _____ |
| 6. Enter the excess of line 1 over \$150,000 (<i>cannot exceed \$50,000</i>) | 6. _____ |
| 7. Divide line 6 by \$50,000, and round to the fourth decimal place (<i>cannot exceed 1.0000</i>) | 7. _____ |
| 8. Multiply line 5 by line 7 | 8. _____ |
| 9. Add lines 4 and 8. Enter here and on <i>Estimated tax worksheet</i> , line 2 | 9. _____ |

Tax computation worksheet 4

- | | |
|---|----------|
| 1. Enter the taxable income from <i>Estimated tax worksheet</i> , line 1 | 1. _____ |
| 2. Multiply line 1 by 4.45% (.0445).
Enter here and on <i>Estimated tax worksheet</i> , line 2 | 2. _____ |

Revised versions of Forms IT-2105-I and IT-2105-I-F, which incorporate the New York City changes discussed in this notice and the New York State and Yonkers changes previously discussed in *Important Notice*:

- N-03-14, *Important Information for Personal Income Tax Estimated Tax Filers*; and
- N-03-16, *Correction to Form IT-2105-I and IT-2105-I-F, Instructions for Form IT-2105, Estimated Income Tax Payment Voucher for Individuals/Fiduciary*,

are available on the department's Web site www.nystax.gov.