
Important Notice

December 1, 1999

Important Information for Employers Regarding City of New York Nonresident Earnings Tax

New withholding tables and methods

Effective January 1, 2000, the rate of the city of New York nonresident earnings tax has been reduced. Accordingly, the city of New York nonresident withholding tax tables and methods were revised to reflect the tax rate change.

Due to the timing of the rate reduction, the Tax Department was unable to have the complete city tables and methods printed in time to be mailed to all employers prior to the January 1, 2000, effective date. However, the Tax Department has printed and mailed with this notice the new wage-bracket (look-up) tables and exact calculation and annualized methods for the city of New York nonresident earnings taxes.

The Tax Department plans to revise, print, and mail a new Publication NYS-50, *Employer's Guide to Unemployment Insurance, Wage Reporting and Withholding Tax*, to all registered employers in the early part of 2000.

Employer reporting of New York City wages

Governor Pataki recently signed legislation that eliminated the New York City nonresident earnings tax for New York State residents who are not residents of New York City but who earn wages in the city. The new law was effective July 1, 1999. As a result of this new law, the Tax Department issued *Important Notice* TSB-M-99(5)I in August to provide guidance to employers concerning the reporting of New York City wages on federal Form W-2 or New York State Form IT-2102, *Wage and Tax Statement*, for those employees.

However, there is now litigation pending in the New York State Court of Appeals that could affect New York State nonresidents who earn wages in the city. Once the outcome is known, New York State nonresidents may also need to know the amount of wages paid through June 30 in order to properly compute their New York City nonresident earnings tax for 1999.

Accordingly, the Tax Department is requiring that employers follow the reporting requirements described below for all employees who were not residents of New York City for any part of the period January 1 - June 30, 1999, but earned wages in New York City.

Employers must report in box 20, *Local Wages, tips, etc.* on federal Form W-2 only the amount of wages paid to these employees through June 30, 1999. If an employer is using New York State Form IT-2102 in lieu of Form W-2, report only the amount of wages paid through June 30 in box 8, *Other*, and label the amount *NYC Wages*.

The Tax Department realizes that this change in reporting requirements is being made late in the year and may be burdensome for employers to comply with. However, if the retroactive repeal takes effect, and the affected employees do not have the information described in this notice, employers may be faced with individually dealing with thousands of employees trying to get the information necessary to properly complete their tax returns.

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Method VI

Wage Bracket Tables

Select the appropriate table for the payroll period covered.

WEEKLY			BIWEEKLY			SEMIMONTHLY			MONTHLY			DAILY		
Gross Pay		Tax	Gross Pay		Tax	Gross Pay		Tax	Gross Pay		Tax	Gross Pay		Tax
At Least	But Less Than	to be Withheld	At Least	But Less Than	to be Withheld	At Least	But Less Than	to be Withheld	At Least	But Less Than	to be Withheld	At Least	But Less Than	to be Withheld
\$0	\$77	\$0.00	\$0	\$154	\$0.00	\$0	\$167	\$0.00	\$0	\$334	\$0.00	\$0	\$16	\$0.00
77	108	0.10	154	216	0.20	167	225	0.20	334	450	0.40	16	39	0.05
108	128	0.15	216	256	0.30	225	266	0.30	450	531	0.60	39	58	0.10
128	148	0.20	256	296	0.40	266	305	0.40	531	610	0.80	58	77	0.15
148	168	0.25	296	336	0.50	305	345	0.50	610	690	1.00	77	94	0.20
168	188	0.30	336	376	0.60	345	385	0.60	690	770	1.20	94	116	0.25
188	193	0.35	376	385	0.70	385	425	0.70	770	834	1.40	For wages of \$116 or more, multiply amount by 0.25%.		
193	209	0.40	385	456	0.80	425	417	0.80	834	847	1.60			
209	229	0.45	456	496	0.90	417	464	0.90	847	927	1.80			
229	249	0.50	496	536	1.00	464	504	1.00	927	1,007	2.00			
249	269	0.55	536	576	1.10	504	544	1.10	1,007	1,087	2.20			
269	289	0.60	576	616	1.20	544	584	1.20	1,087	1,167	2.40			
289	329	0.65	616	637	1.30	584	624	1.30	1,167	1,247	2.60			
329	369	0.80	637	697	1.50	624	664	1.40	1,247	1,327	2.80			
369	404	0.85	697	737	1.60	664	724	1.50	1,327	1,502	3.00			
404	390	0.90	737	770	1.70	724	784	1.70	1,502	1,567	3.40			
390	410	0.95	770	779	1.80	784	824	1.80	1,567	1,647	3.60			
410	430	1.00	779	819	1.90	824	834	1.90	1,647	1,667	3.80			
430	450	1.05	819	859	2.00	834	862	2.00	1,667	1,724	4.00			
450	470	1.10	859	899	2.10	862	902	2.10	1,724	1,804	4.20			
470	490	1.15	899	939	2.20	902	942	2.20	1,804	1,884	4.40			
490	510	1.20	939	979	2.30	942	982	2.30	1,884	1,964	4.60			
510	530	1.25	979	1,019	2.40	982	1,022	2.40	1,964	2,044	4.80			
530	550	1.30	1,019	1,059	2.50	1,022	1,062	2.50	2,044	2,124	5.00			
550	570	1.35	1,059	1,099	2.60	1,062	1,102	2.60	2,124	2,204	5.20			
570	577	1.40	1,099	1,139	2.70	1,102	1,142	2.70	2,204	2,284	5.40			
For wages of \$577 or more, multiply amount by 0.25%.			1,139	1,154	2.80	1,142	1,182	2.80	2,284	2,364	5.60			
			For wages of \$1,154 or more, multiply amount by 0.25%.			1,182	1,222	2.90	1,222	1,251	3.00	2,364	2,444	5.80
For wages of \$1,251 or more, multiply amount by 0.25%.						For wages of \$2,501 or more, multiply amount by 0.25%.			1,251			2,444	2,501	6.00

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Method VII -- Exact Calculation Method

This method is for nonresident employees who earn wages in New York City paid by an employer maintaining an office or transacting business within New York State.

This method applies the tax rate of 0.25% (.0025) to the wages remaining after the allowed exclusion is subtracted. It includes a provision for no withholding if wages are less than an indicated amount of wages.

Table II - A Weekly Payroll			
Line number	If wages are:		The exemption amount is Column 3
	At least	But less than	
	Column 1	Column 2	
1	\$0	\$77	No tax withheld
2	77	192	\$58
3	192	385	38
4	385	577	19
5	577	.....	0

Table II - D Monthly Payroll			
Line number	If wages are:		The exemption amount is Column 3
	At least	But less than	
	Column 1	Column 2	
1	\$0	\$333	No tax withheld
2	333	833	\$250
3	833	1,667	167
4	1,667	2,500	83
5	2,500	.....	0

Table II - B Biweekly Payroll			
Line number	If wages are:		The exemption amount is Column 3
	At least	But less than	
	Column 1	Column 2	
1	\$0	\$154	No tax withheld
2	154	385	\$115
3	385	769	77
4	769	1,154	38
5	1,154	.....	0

Table II - E Daily Payroll			
Line number	If wages are:		The exemption amount is Column 3
	At least	But less than	
	Column 1	Column 2	
1	\$0	\$15	No tax withheld
2	15	38	\$12
3	38	77	8
4	77	115	4
5	115	.....	0

Table II - C Semimonthly Payroll			
Line number	If wages are:		The exemption amount is Column 3
	At least	But less than	
	Column 1	Column 2	
1	\$0	\$167	No tax withheld
2	167	417	\$125
3	417	833	83
4	833	1,250	42
5	1,250	.....	0

Steps for computing the amount of nonresident earnings tax to be withheld:

- Step 1 Find the proper table in the Table II series above, according to the payroll period. Find the line on which the amount of gross wages is equal to at least Column 1 and less than Column 2. If the wages are found on line 1, there is no withholding (no further steps are needed).
- Step 2 Subtract the Column 3 exemption amount on the line found in Step 1 from the gross wages.
- Step 3 Multiply the result of Step 2 by 0.25% (.0025). The product is the amount of tax to withhold each pay period.

Method VIII -- Annualized Tax Method

This method is for nonresident employees who earn wages in New York City paid by an employer maintaining an office or transacting business within New York State.

This method annualizes the pay for a given payroll period, computes the tax liability for the year, and divides the annual tax by the number of payroll periods for the tax to be withheld. This is the recommended method when the pay is steady, with little or no fluctuation, because a single computation for an employer may suffice for the year.

Table P - Annual Factors

Daily	Weekly	Biweekly	Semimonthly	Monthly
260	52	26	24	12

Annual Tax Rate Schedule

The nonresident earnings tax rate is .25%.

Withholding is not required for annualized pay that is less than \$4,000.

Line number	If annualized pay is:		The annualized exclusion is Column 3
	Over	But not over	
	Column 1	Column 2	
1	\$0	\$3,999.99	No tax withheld
2	3,999.99	10,000	\$3,000
3	10,000	20,000	2,000
4	20,000	30,000	1,000
5	30,000	.....	0

Steps for computing the amount of nonresident earnings tax to be withheld:

- Step 1 Multiply gross wages for the payroll period by the number of payroll periods in the year, as found in Table P above. This is the amount of annualized pay.
- Step 2 Find the line in the Annual Tax Rate Schedule (at left) on which the annualized pay is more than the amount in Column 1 but not more than the amount in Column 2. If the annualized pay is found on line 1 (i.e., it is over \$0 but not over \$3,999.99), there is no withholding required (and no further steps are needed).
- Step 3 Subtract the exemption amount found in Column 3 on the line found in Step 2 from the annualized pay found in step 1.
- Step 4 Multiply the result from Step 3 by the tax rate, which is .25% (.0025).
- Step 5 Divide the result from Step 4 by the number of payroll periods, which is the same number found in Table P and used in Step 1.