

New York State Department of Taxation and Finance
Office of Tax Policy Analysis
Technical Services Division

TSB-M-02(3)I
Income Tax
May 1, 2002

**Employer Requirements Concerning the Reporting of
New York State, City of New York, and City of Yonkers Wages
Beginning with Tax Year 2003**

In response to concerns of employers and practitioners regarding the amount of wages to be reported in the *State wages, tips, etc.* box on federal Form W-2, *Wage and Tax Statement*, the Tax Department is issuing the following guidelines to employers for reporting wages. These guidelines **do not apply** for purposes of determining the amount of wages subject to New York State, New York City, or Yonkers income tax withholding. See Publication NYS-50, *Employer's Guide to Unemployment Insurance, Wage Reporting, and Withholding Tax*, for information on determining the amount of wages subject to withholding.

General

Effective for tax years beginning in 2003 and after, the New York State Tax Department will require all employers to complete the *State wages, tips, etc.* box of federal Form W-2, according to the guidelines in this memorandum, for any employee who has federal wages subject to New York State income tax withholding. Except for New York State and local government employers, these guidelines will also be applicable to the amount required to be reported on New York State Form NYS-45, *Quarterly Combined Withholding, Wage Reporting and Unemployment Insurance Return, Part C, column (d)*. (See page 3.)

For tax years prior to 2003, employers may continue to use their current reporting procedures or may voluntarily follow the guidelines in this memorandum.

The following are specific guidelines and examples for determining the amount of wages to be reported on federal Form W-2 for New York State, New York City, and Yonkers purposes, and for purposes of employer reporting on Form NYS-45.

New York State

Full-year New York State residents

The amount of wages that must be reported in the *State wages, tips, etc.* box on federal Form W-2 is the same as the amount of federal wages required to be reported in box 1, *Wages, tips, other compensation*.

Full-year New York State nonresident employees who perform all of their services in New York State

The amount of wages that must be reported in the *State wages, tips, etc.* box on federal Form W-2 is the same as the amount of federal wages required to be reported in box 1, *Wages, tips, other compensation.*

Full-year New York State nonresident employees who do not perform any services in New York State

If an employee does not perform any services in New York State for the entire tax year, the employer is not required to report any New York State wages in the *State wages, tips, etc.* box on federal Form W-2.

Full-year New York State nonresident employees who perform only a portion of their services in New York State

If at any time during the tax year a nonresident employee performs services in New York State (for example, two days a week, every other week, every other month, one month a year, etc.), the amount of wages that must be reported in the *State wages, tips, etc.* box on federal Form W-2 is the same amount of federal wages required to be reported in box 1, *Wages, tips, other compensation.* That amount is federal wages before any allocation that the employee may have claimed on Form IT-2104.1, *New York State, City of New York, and City of Yonkers Certificate of Nonresidence and Allocation of Withholding Tax.* The employee will allocate the part of the employee's federal wages that are attributable to services performed in New York State when the employee files his or her New York State nonresident income tax return.

Example 1: John, a resident of Connecticut, worked for the same employer for the entire tax year. John worked two days a week in New York and three days a week in Connecticut during the tax year. John's employer must report in the *State wages, tips, etc.* box of federal Form W-2 the same amount as the federal wages reported in box 1, *Wages, tips, other compensation.* That amount is federal wages before any allocation. John will be required to allocate the part of his federal wages that are attributable to services performed in New York when he files his New York State nonresident income tax return.

Example 2: Ellen, a resident of New Jersey, worked for the same employer for the entire tax year. From January 1 through May 31, Ellen's job assignment required that she work three days a week in New York and two days a week in New Jersey. Ellen received a promotion effective June 1, and her job assignment was ~~changed~~ so that she worked exclusively in New Jersey after that date. Ellen's employer must report in the *State wages, tips, etc.* box on federal Form W-2 the same amount as the federal wages reported in box 1, *Wages, tips, other compensation.* Ellen will be required to allocate the part of her federal wages that are attributable to services performed in New York when she files her New York State nonresident income tax return.

Part-year New York State residents

For a part-year New York State resident, the amount of wages that must be reported in the *State wages, tips, etc.* box on federal Form W-2 is the same amount as the federal wages required to be reported in box 1, *Wages, tips, other compensation*. That amount is federal wages before any allocation that the employee may have claimed on Form IT-2104.1, *New York State, City of New York, City of Yonkers Certificate of Nonresidence and Allocation of Withholding Tax*. The employee will allocate the part of the employee's federal wages that are attributable to services performed in New York State during the employee's nonresident period when the employee files his or her New York State part-year resident income tax return.

New York City

For a full-year New York City resident employee, the amount of wages that must be reported in the *Local wages, tips, etc.* box on federal Form W-2 is the same amount as the federal wages required to be reported in box 1, *Wages, tips, other compensation*.

For a part-year New York City resident, the employer must report in the *Local wages, tips, etc.* box on federal Form W-2 only the amount of federal wages for the period the employee was a New York City resident.

In the case of a full-year New York City nonresident, the employer is not required to report any wages in the *Local wages, tips, etc.* box on federal Form W-2.

Yonkers = Federal

The guidelines set forth in this memorandum for **New York State** are also applicable to the amount of wages required to be reported in the *Local wages, tips, etc.* box on federal Form W-2 for any employee subject to Yonkers income tax withholding. Substitute *Yonkers* and *Local wages, tips, etc.* box for New York State to determine the amount of **Yonkers** wages to be reported in the *Local wages, tips, etc.* box on federal Form W-2.

Reporting of wages on Form NYS-45

Effective for tax years beginning in 2003 and after, employers must report on Form NYS-45, *column (d), Part (C)*, the same amount of federal wages paid to every individual employed at any time during the year as required to be reported in the *State wages, tips, etc.* box on federal Form W-2 as described in this memorandum. For governmental employers, the amount reported in *column (d), Part (C)*, of Form NYS-45 must also include any taxable Internal Revenue Code (IRC) 414(h) contributions and any IRC 125 amounts from a New York City flexible benefits program.