



Instructions for Form IT-112-R

New York State Resident Credit

IT-112-R-I

⚠ Caution: For tax years beginning prior to January 1, 2021, a shareholder of a subchapter S corporation or a partner in a partnership is not allowed a resident credit for any tax imposed upon or payable by the S corporation or partnership to another jurisdiction, even if the tax is substantially similar to New York's Pass-Through Entity Tax (PTET). However, a shareholder or partner is allowed a resident credit if taxes are calculated on the income of the S corporation or partnership, but are imposed upon and payable by the shareholder or partner.

General instructions

If you were a full-year or part-year resident of New York State, or a New York State resident estate or trust, or a part-year resident trust, and you had income sourced to and taxed by another state, a local government within another state, or the District of Columbia, you may claim a credit against your New York State tax. This credit is allowable only for the portion of the tax that applies to income sourced to and taxed by the other taxing authority while you were a New York State resident. If you paid tax to more than one taxing authority during your New York State resident period, use a separate Form IT-112-R for each credit. However, if you paid tax to both a state and one or more local governments within that state on the same or different amounts of income, use only one Form IT-112-R to claim the resident credit for the taxes paid to the state and local government(s) within that state.

Do not use Form IT-112-R to claim the resident credit for taxes paid to a Canadian province. Instead, you must claim the resident credit (and addback) for taxes paid to a Canadian province on Form IT-112-C, *New York State Resident Credit for Taxes Paid to a Province of Canada*. See the instructions for Form IT-112-C for more information.

You may not claim a credit for tax paid to the other taxing authority on any amount of income, gain, loss, or deduction arising from interest or dividends from intangible assets unless it is received from an asset connected with a trade or business conducted in the other taxing authority.

If you marked filing status ③ (*Married filing separate return*) on Form IT-201 or Form IT-203 and if only one spouse paid tax to another taxing authority, that spouse must compute the credit based on his or her separate return. No part of the credit can be claimed by the spouse who did not have tax payable to the other taxing authority.

If you are a fiduciary of a resident estate or trust, determine the total New York adjusted gross income in Part 1 the same way as a resident individual. To determine New York adjusted gross income, subtract any charitable contributions and distributions made to beneficiaries. Include these amounts on line 19.

A resident partner, member, or shareholder will be allowed a resident credit against their tax due for any PTET paid to another jurisdiction by an electing partnership or electing S corporation that is substantially similar to the PTET imposed under Article 24-A. For more information, visit our website at www.tax.ny.gov (search: *PTET*).

The credit is equal to the taxpayer's direct share of the PTET paid by the electing partnership or electing S corporation to another state of the United States, a political subdivision of that state, or the District of Columbia, subject to certain limitations. In the case of taxes paid by an S corporation, the S corporation must be treated as a New York S corporation. An ineligible corporation will be deemed to have met this requirement to the

extent it is treated as a New York S corporation for purposes of computing the NYAGI of the resident shareholder.

Resident partners, members, or shareholders must make an addition modification to federal adjusted gross income (FAGI) or federal taxable income on their New York State personal income tax returns equal to the amount of pass-through entity tax paid to another state, local government, or the District of Columbia on their behalf that is the basis for computing the resident tax credit. For more information, see Form IT-225-I, *Instructions for Form IT-225*.

Taxpayers with dual residency status – If you are a resident of New York State for personal income tax purposes and also deemed a resident of another state for income tax purposes under its law, no credit is allowed if the other jurisdiction allows a credit against its tax for the total resident tax paid to New York.

Line instructions

See the instructions for your tax return for the *Privacy notification* or if you need help contacting the Tax Department.

Part 1 – Income and adjustments

Lines 1 through 18a

Residents and part-year residents: Do not enter in column A or B any income that is taxable to the other taxing authority but **not** taxable to New York State.

Income sourced to and taxed by both a state and one or more local governments within that state – If you paid tax to both a state and one or more local governments within that state on different amounts of income, include in column B the larger amount of income subject to tax by either the state or one or more local governments within that state.

Do not enter in column A or B the ordinary income portion of lump-sum distributions received from sources outside New York State that is subject to the New York State separate tax on lump-sum distributions and is also subject to any income tax or separate tax by the other taxing authority. Compute any resident credit against the separate tax on a lump-sum distribution paid to another taxing authority on Form IT-112.1, *New York State Resident Credit Against Separate Tax on Lump-Sum Distributions*.

Do not enter in column B any amount of income, gain, loss, or deduction arising from interest or dividends from intangible assets unless it is received from an asset connected with a trade or business conducted in the other taxing authority.

Residents

Column A – Enter on lines 1 through 18 the amount of each item of income or deduction reported on Form IT-201 or the amount of income reported on Form IT-205 as if the estate or trust were a resident individual. If you marked filing status ② (*Married filing joint return*), include in column A the amounts of both spouses even if the income of only one spouse was sourced to and taxed by the other taxing authority.

Column B – The amount of credit is computed on an adjusted gross income basis. Therefore, the amount of an item sourced to and taxed by the other jurisdiction to be entered in column B is the gross amount less applicable expenses and losses which would be deductible in computing FAGI. In determining the expenses and losses deductible from gross income, the federal rules covering deductions allowable in computing FAGI should be followed.

Enter in column B any federal adjustments to income that were allowed by the other taxing jurisdiction.

Taxpayers with dual residency status – If you are a resident of New York State for personal income tax purposes and also deemed a resident of another state for income tax purposes under its law, do not include in column B any amount of income, gain, loss, or deduction arising from interest or dividends from intangible assets unless it is received from an asset connected with a trade or business conducted in the other taxing authority. Also, do not include in column B any income attributable to a business, trade, profession, or occupation unless the business, trade, profession, or occupation was carried on in the other jurisdiction.

Example: *You were taxable as a New York resident during the current tax year. You were also taxable as a resident of Pennsylvania. You had wages of \$65,000 for the year, of which \$20,000 were earned for services performed in Pennsylvania and \$45,000 for services performed in New York. You will enter the \$20,000 wages in column B.*

Part-year residents – If you were a part-year New York State resident, or a part-year resident trust, and you had income sourced to and taxed by another taxing authority during that part of the year that you were a resident, enter in column A the amount of each item of income or deduction entered on Form IT-203, lines 1 through 19, *Federal amount* column, or the amount of income reported on Form IT-205-A.

Enter in column B of Form IT-112-R only the amount of each item of income or deduction from column A that relates to your New York State resident period that was sourced to and taxed by the other taxing authority.

Line 18a Recomputed FAGI – If you recomputed your FAGI on your New York State income tax return, enter the amount from Form IT-201 or IT-203, line 19a, otherwise leave blank.

Line 19 New York adjustments – Enter your net New York adjustment, which is the difference between your New York additions and your New York subtractions. Your New York additions are on Form IT-201, lines 20 through 23, or Form IT-203, lines 20 through 22 (*Federal amount* column). Your New York subtractions are on Form IT-201, line 32, or Form IT-203, line 30 (*Federal amount* column). On Form IT-205, your New York adjustment is the fiduciary share, from Schedule C, column 5, *Fiduciary* line, that relates to the items of income, gain, loss, and deductions included in the computation of FAGI.

Line 20 New York adjusted gross income – In column A, the net New York adjustment on line 19 must be added to or subtracted from FAGI on line 18, or from line 18a, if you recomputed your FAGI. In column B, enter the amount from line 18, column B.

Line 21 Capital gain portion of lump-sum distributions – Enter in column A the capital gain portion of lump-sum distributions reported at Part II of federal Form 4972. Enter in column B the capital gain portion of lump-sum distributions reported at Part II of federal Form 4972 that was sourced to and taxed by the other taxing jurisdiction.

Part 2 – Computing your resident credit for taxes paid to another state, local government, or the District of Columbia

Line 23 – Enter the two-letter abbreviation of the other state where the income tax was paid. Enter **DC** for the District of Columbia. If you paid tax to a local government, enter the locality name where indicated on line 23. Also enter on line 23 the state two-letter abbreviation in which the locality is located. If you paid tax to both a state and one or more local governments within

that state, you must use one Form IT-112-R to claim the resident credit for both taxes.

Line 24

The amount of income tax imposed is the amount of income tax computed on your return for the other taxing authority minus any credits allowed against this tax. **Do not** include use tax or the tax on income that is taxed by the other taxing authority but is not taxed by New York State. **Do not** enter tax withheld, estimated tax payments, or payments of balances due on this line. If you paid tax to both a state and one or more local governments within that state, enter the total amount of income taxes paid to both the state and to one or more local governments within the state.

Residents: Enter the amount of income tax imposed by the other taxing authority.

Part-year residents: Enter only the portion of the income tax imposed attributable to income sourced to and taxed by the other taxing authority during your New York resident period.

Taxpayers with dual residency status: Compute the amount to enter on line 24 as follows:

$$\frac{\text{Amount from column B, line 22}^*}{\text{Total income on other state's return}} \times \frac{\text{Total income tax imposed on the other state's return}}{\text{Total income on other state's return}}$$

Total income means the adjusted gross income (not taxable income) reported on the other state's return, before any allowances for a standard or itemized deduction or exemptions.

*If the amount from column B, line 22, is more than the *Total income* on the other state's return, the resident credit allowed for New York is limited to the income tax imposed on the other state's return. Enter that amount on line 24.

Group members: If you were a member of more than one group that paid taxes to the other jurisdiction on a group (composite) return, submit a list with each additional group's EIN (be sure to include your name and identifying number).

Line 24a – Enter the amount of income tax imposed that you paid. This amount can be negative. If negative, enter the number using a minus sign (-).

Line 24b – Enter the amount of income tax substantially similar to New York State's pass-through entity tax that was imposed and paid on your behalf by an entity. Only include taxes paid on your behalf that were imposed on income that was accurately sourced to the state in which the taxes were paid. For more information on other state taxes that qualify, see our website at www.tax.ny.gov/pit/credits/resident_credit.htm.

Example: *A New York State resident taxpayer has income from a partnership located in another jurisdiction which has a tax that qualifies as substantially similar to the New York PTET. The partnership pays a PTET of \$10,000 to the other jurisdiction on the taxpayer's behalf. The taxpayer files a non-resident tax return for the other jurisdiction and their tax liability is \$5,000. They receive a \$5,000 refund from the other jurisdiction, because the amount of the PTET credit of \$10,000 exceeds the tax liability of \$5,000. The taxpayer enters -5,000 on line 24a and 10,000 on line 24b, which results in a line 24 amount of 5,000.*

Line 25

Form IT-203 filers: Enter New York State tax from Form IT-203, line 40 plus the Worksheet C, line 5 amount in the instructions for Form IT-230, *Separate Tax on Lump-Sum Distributions*.

Form IT-201 and Form IT-205 filers: Complete the following worksheet:

Worksheet for computing your New York State tax payable

- a** Enter New York State tax from Form IT-201, line 39, plus the tax from Form IT-230, Part 2, line 2, *New York State* column. Resident estate or trust: Enter New York State tax from Form IT-205, line 8. Part-year resident trust: ..Enter NY State tax from Form IT-205, line 9. **a** _____
- b** Enter your New York State household credit, if any, from Form IT-201, line 40. **b** _____
- c** New York State tax payable (*subtract line b from line a*). Enter this amount on line 25. **c** _____

Line 26 – Round to the fourth decimal place. For example, if the amount on line 22 in column B was \$12,000 and the amount on line 22 in column A was \$36,000, the result would be .3333. Enter this decimal on line 26; **do not convert to a percentage**.

If the amount on line 22 in column B is more than the amount on line 22 in column A, **the result will be more than 1.0000**. For example, if the amounts used were \$25,000 divided by \$15,000, the result would be 1.6667.

Line 28 – The resident credit may not decrease your New York State tax payable to an amount less than would have been due if the income sourced to and taxed by the other jurisdiction(s) was excluded from your New York income.

If you paid tax to both a state and one or more local governments within that state on different amounts of income, the resident credit may not decrease your New York State tax payable to an amount less than would have been due if the larger amount of income sourced to and taxed by the other taxing authority was excluded from your New York income.

Line 29 – If you are filing more than one Form IT-112-R, complete the forms through line 28, and also complete Part 4. If you are also filing Form(s) IT-112-C, complete that form(s) through line 44, and also complete Part 4. Then combine the line 28 and line 44 amounts from all forms as follows.

On one Form IT-112-R, enter on line 29 **one combined total** amount from all additional Forms IT-112-R, line 28, and from any Form(s) IT-112-C, line 44. Then complete lines 30 through 34 of the Form IT-112-R that shows the combined total on line 29. Place behind that Form IT-112-R any additional Forms IT-112-R and IT-112-C that you are filing.

Part 3 – Application of credit

Line 31

Form IT-201 filers: Enter the tax from Form IT-201, line 39, plus any amount from Form IT-201-ATT, line 21.

Form IT-203 filers: Enter the tax from Form IT-203, line 46, plus any amount from Form IT-203-ATT, line 20.

Form IT-205 filers: Enter the tax from Form IT-205, line 8 (for residents), or line 9 (for nonresidents), **plus** any credits shown on line 1 of the *Addbacks worksheet*, in the instructions for Form IT-205, line 12.

Line 32 – If you are applying any credits against the tax before this credit, enter those amounts here.

When applying credits, use the following rules:

- First apply any household credit.
- Next apply any credits that cannot be carried over or refunded.

- Then apply any credits that can be carried over for a limited duration.
- Then apply any credits that can be carried over for an unlimited duration.
- Apply refundable credits last.

Line 34 – Enter the line 34 amount on Form IT-201, line 41, or Form IT-203-ATT, line 1, or include it on Form IT-205, line 10.

Part 4 – Information from your return filed with the other state, local government, or the District of Columbia

You **must** complete this section.

Line 35 – Enter on line 35 the total amount of prepayments made to the other state, local government, or the District of Columbia. Include all prepayments such as:

- amounts withheld from **all** sources, and
- estimated tax payments, including overpayments applied from a prior year's tax return, and payments made with extensions.

Do not include taxes withheld or estimated taxes paid for any taxing authority other than the one for which you are claiming the credit on this Form IT-112-R. However, if you paid taxes to both a state and one or more local governments within that state, enter the total amount of income taxes paid to both the state and to one or more local governments within the state.

Line 36 – Enter the amount of overpayment, if any, shown on the return you filed with the other state, local government, or the District of Columbia. This is the amount that exceeds the total tax computed on your return for the other taxing authority (see the instructions for line 24 above), prior to allocation for amounts to be refunded or credited to the following year's estimated tax, and prior to any deductions for donations or estimated tax penalties.

Line 37 – Enter on line 37 the balance due, if any, shown on the return you filed with the other state, local government, or the District of Columbia. The balance due is the amount you paid with your return after credit for taxes withheld, estimated tax payments and any other prepayments (do not include penalties, interest, use tax, or donations).