INSTRUCTIONS FOR THE PROPER REPORTING OF NEW YORK CITY WAGES

All wages paid to a New York City resident are reportable as New York City wages subject to personal income tax withholding even though the services may have been performed outside New York City. It is the employer’s (i.e. agency’s) responsibility to determine that an employee’s wages are subject to New York City personal income tax withholding.

Counties within the New York City Limits:
- Bronx County (Bronx)
- Kings County (Brooklyn)
- New York County (Manhattan)
- Queens County (Queens)
- Richmond County (Staten Island)

Sources of Information for Proper Classification of Counties:
- NYS Tax Publication 635
- NYS Tax Publication 717

The link to these Tax Publications is http://www.nystax.org/pubs_and_bulls/
After accessing this site, the following page will appear:

Locate Publications by:
- General
- Number
- Tax Type

Click on “Number” and scroll to PUB-635 and PUB-717. It is recommended that these two publications be printed for easy reference.

Two OSC-Generated Listings

1. Employees with zip code within NYC who do not have withholdings for local taxes

Step 1) Utilizing NYS Publication 717, the agency must verify that the employee’s locality and zip code are within the five counties listed above. After establishing that the employee resides within the limits of New York City, the agency must provide a new Form IT-2104 (Employee’s Withholding Allowance Certificate) for the employee to complete and return for processing by a specific deadline. The employee must complete Line 2 with withholding information if the employee is a NYC resident.
Step 2) The agency must determine appropriate actions required and follow the instructions for updating Local Tax Data and/or Personal Data in PayServ, as applicable:

If employee address is correct and the address is located in NYC:
   a) Verify that Line 2 of the new Form IT-2104 is completed.
   b) Update Local Tax Data.
   c) Provide effective dates of residency in 2004 on a copy of the listing to be returned to OSC.

If employee address is incorrect and the correct address is located in NYC:
   a) Verify that Line 2 of the new Form IT-2104 is completed.
   b) Update Local Tax Data and Personal Data.
   c) Provide effective dates of residency in 2004 on a copy of the listing to be returned to OSC.

If employee address is correct but the address is not located in NYC:
   a) Verify the zip code and update Personal Data, if applicable, with the correct zip code according to Form IT-2104.1.
   b) Mark the OSC-generated listing with “Not in NYC.”
   c) If the employee lived in NYC at any time during 2004, provide effective dates of residency on a copy of the listing to be returned to OSC.

If employee address is incorrect and the correct address is not located in NYC:
   a) Update Personal Data with the new address according to Form IT-2104.1.
   b) Mark the OSC-generated listing with “Not in NYC.”
   c) If the employee lived in NYC at any time during 2004, provide effective dates of residency on a copy of the listing to be returned to OSC.

Step 3) Processing Form IT-2104

The path in PayServ to change the employee’s tax data is:

Compensate Employees>Maintain Payroll Data (US)>Use>Employee Tax Data>Local Tax Data

The Local Tax Data tab must have the Locality box populated with the New York indicator P0001 and the Resident box must have a check mark.

Enter the LWT Marital/tax status and the number of Local Withholding Allowances according to Form IT-2104.

NOTE: An employer should accept a completed Form IT-2104.1, New York State, City of New York, and City of Yonkers Certificate of Nonresidence and Allocation of Withholding Tax, as documentation of an employee’s nonresident status. However, it is
the employer’s responsibility to determine if an employee’s wages are subject to New York City personal income tax withholding (per NYS Tax Publication 50).

If an employee fails to return the completed Form IT-2104 by the deadline set by your agency, the employee’s Local Tax Data information should be updated to report the same number of allowances claimed on their federal W-4 form. This information can be found on page 2 of the IT-2104 form. It is imperative that the employee is notified of changes made to their tax information.

Step 4) Return the updated copy of the OSC-generated listing with the dates that the employee lived in NYC by the deadline date indicated.

2. Employees with local tax withholdings and zip code not within NYC

These employees have the Locality indicator of P0001 in the Local Tax Data and Resident indicator is checked.

Step 1) Utilizing NYS Publication 717, the agency must verify that the employee’s locality and zip code are not within the five counties listed above. After establishing that the employee does not reside within the limits of New York City, agency must provide a new Form IT-2104.1 for the employee to complete and return for processing by a specific deadline.

Step 2) The agency must determine appropriate actions required and follow the instructions for updating Local Tax Data and/or Personal Data in PayServ, as applicable:

   If employee address is correct and the address is located in NYC:
   a) Verify the zip code and update Personal Data, if applicable, with the correct zip code.
   b) Mark the OSC-generated listing with “In NYC.”
   c) Provide beginning and ending effective dates of residency in 2004 on a copy of the listing to be returned to OSC.

   If employee address is correct but the address is not located in NYC:
   a) Verify that Part 2 of the new Form IT-2104.1 is checked.
   b) Update Local Tax Data to reflect that no taxes should be withheld.
   c) If the employee lived in NYC at any time during 2004, provide effective dates of residency on a copy of the listing to be returned to OSC.

   If employee address is incorrect and the correct address is located in NYC:
   a) Update Personal Data.
   b) Verify that Local Tax Data agrees with Line 2 of the new Form IT-2104.
   c) Update Local Tax Data, if applicable.
d) Provide effective dates of residency in 2004 on a copy of the listing to be returned to OSC.

Step 3) Processing Form IT-2104

The path in PayServ to change the employee’s tax data is:

Compensate Employees>Maintain Payroll Data (US)>Use>EmployeeTax Data>Local Tax Data

For employees with addresses outside of the five New York City counties, the Local Tax Data should be as follows:

If Job Data (Payroll tab) tax location is NY1:
   LOCALITY: P0001
   RESIDENT: Unchecked (blank)

If Job Data tax location is NY:
   LOCALITY: Blank
   RESIDENT: Checked

This will stop the NYC tax deduction on a current basis. However, a determination must be made by the agency regarding how long this error has been in effect. The effective date of residence outside of the New York City limits should be provided on a copy of the listing to be returned to OSC. In order to properly report wages subject to NYC resident taxes at the end of the calendar year, OSC will manually adjust the tax balances based on the effective date provided by the agency.

Step 4) Return the updated copy of the OSC-generated listing with the dates that the employee lived in NYC by the deadline date indicated.

NOTE: Please refer to Payroll Bulletin No. 494 for specific instructions for reporting NYC local wages and taxes.