**Out of Scope if:**

* Not full year NJ Resident (applies to both spouses if filing joint)
* Maintained living quarters in NY state
* NY Source Income other than W-2 or Unemployment
* Note: Self-employment income earned in NY is NY Source Income
* Note: NY government pensions are not NY Source Income
* NY W-2 with Box 1 not equal to NY Box 16
* Any exempt interest, dividends, capital gains with different treatment in NJ / NY (e.g. NJ or NY municipal bonds)
* NJ or NY Lottery winnings
* Any Pension/IRA income that would trigger an exclusion on NJ or NY return
* NJ exclusions on NJ-1040 line 28a/b if line 26 <= 100,000 and age 62 or over or disabled
* NY exclusions on IT-203 line 28 if 59½ or over
* Disability income
* Any NY additions to or subtractions from income (e.g. 414(h) retirement contributions, Federal/NY government pensions)
* NYC Employee (have 1127.2 or need to file NY Form 1127)

**Do Steps below in order - Sequence is Important !!**

1. **All Federal 1040 Items**
   1. For any W-2(s) (with NJ in box 15) – enter as usual
   2. For any W-2(s) (with NY in box 15)
      1. Enter the Federal section as you would any W-2
         1. Be sure to use NY special codes for box 14 as applicable
         2. DO NOT use NJ special codes
      2. In the State Section use New York for Box 15
         1. If there is Local Wages, be sure to use NY special codes for Box 20 (“NYC”, “YONKERS”) – see Notes at bottom of screen
      3. If the New Jersey amount exceeds the NY amount, or if there is NJ withholding, use the “Add State” button to add New Jersey in the state section
         1. Enter **Only the Difference** between the NJ and NY in Box 16 as NJ income (e.g. if NY is 25K and NJ is 27K put 25K in NY and 2K in NJ)
      4. When you click Continue
         1. You may get a warning about NY Box 16 being the same as Federal Box 1 – this is normal
         2. If you also add NJ, you can expect the usual NJ warning(s) about Box 16
2. **Add NY (Non-Resident) State return**
   1. **New York**
      1. Select “State Section” in left menu
      2. Click “Add Another State Return”
      3. Choose “New York” and click Continue
      4. Select “Non-Resident” and click Continue
      5. Question: “Was the Taxpayer or Spouse at any time during the tax year a resident of NYC or Yonkers OR a nonresident with earnings from NYC or Yonkers?”
         1. If answer to resident part is “YES”, then OOS – STOP
      6. Question: “Do you have a permanent [sic] home address different than the address on the return?” – If answer is “YES”, then fill in extra info
      7. Fill in Basic Information
         1. If MFJ you will get question “Please select who earned income in New York(Form IT-203C)?” – Answer “Do Not File” (if available); otherwise, answer “Both”
      8. Click “SAVE” to go back to the main NY screen
      9. Click “EXIT NEW YORK RETURN”
3. **Generate PDF for Return**
   1. Select “State Section” from the left menu
   2. Click the Print icon () for New York
      1. This will open a new browser window with the printed forms
   3. Scroll down to the NY IT-203 (Nonresident and Part-Year Resident) section
      1. If line 36 and line 68 are both zero, then there is no need to file a NY return.
         1. Go back to State Return section and click the “Delete” button for New York
         2. Do not enter anything in the NJ Checklist (Credit for Taxes Paid to Another State)
         3. Skip the rest of these instructions and do the NJ return as normal
   4. Scroll to the bottom of NY IT-203 page 4 - ”Paid preparer must complete” box.
      1. Check:
         1. “Preparer’s NYTPRIN” box is empty and “NYTPRIN excl. code” is “09”
         2. There is no ERO or Preparer personal information in the box (e.g. name / e-mail)
      2. If above checks fail, then ERO needs to fix preparer setup info before return is transmitted
4. **Gather Information for the NJ Checklist**
   1. Use PDF for Return to make entries on NJ Checklist (Credit for Taxes Paid to Another State):
      1. Name: New York
      2. AGI: Enter value from NY IT-203, page 2, line 31 second (NY) column
      3. Tax: Enter value from NY IT-203, page 3, line 50
   2. Go back to the main TaxSlayer browser window
5. **NJ Return**
   1. Fill in as usual using NJ Checklist – including Credit for Taxes Paid to Another State section
      1. Although TSO will automatically compute values for NJ Schedule NJ-COJ, we have seen situations where the automatically computed values are wrong, so, to be safe, you must always override the computed values by entering the values from the NJ Checklist using one of the “Credit for Taxes Paid to other jurisdictions” menu items
6. **If there is NY Sourced Unemployment**
   1. Go to the State Section \ New York \ Income Subject to Tax \ Enter Income, other than Wages, taxable to New York (Click Begin)
   2. Enter the NY Sourced Unemployment amount in the “Unemployment Compensation” box
   3. Click Save/Continue until you get back to the State Return screen (with list of state returns)
7. **e-File Section**
   1. If e-filing NY return, then TP (and SP) must sign NY TR-579-IT (just like federal 8879)
      1. Signed form goes in TP envelope (along with 8879)
   2. Driver’s License Information
      1. Select Type = “None Available” for TP (and SP)
   3. NY Penalty – NY 05.9
      1. See if entering prior year info removes penalty; otherwise, Let NY calculate
8. **Printed Return**
   1. Look for NJ-1040
      1. If lines 28a and 28b are not zero, then the values you entered for calculation of the NJ credit (NJ Schedule A) are not actually correct. Fixing this can be very complicated, so the return is Out of Scope. Be sure to check the scope limitations at the top of page 1 more carefully next time.
   2. Look for NJ Schedule COJ
      1. Box 1 – Check that it matches amount you entered on NJ Checklist – AGI
      2. Box 9a – Check it is the same as the value you entered on NJ Checklist – Tax

Additional Information:

* NJ-1040 Instructions
* NJ GIT-3W - Credit for Taxes Paid to Other Jurisdictions (Wage Income)
* NY IT-203 Instructions
* NY Tax Bulletin IT-615 – NY Source Income