Department of Taxation and Finance

Instructions for Form IT-112-C

New York State Resident Credit for Taxes Paid to a Province of Canada

IT-112-C-I

General instructions

You may claim a resident credit against your New York State tax using Form IT-112-C if you had income sourced to and taxed by a Canadian province, **and** you were:

- a full-year or part-year resident of New York State,
- a New York State resident estate or trust, or
- a part-year resident trust.

This credit is allowable only for the portion of the tax that applies to income sourced to and taxed by the Canadian province while you were a New York State resident.

If you paid tax to more than one Canadian province during your New York State resident period, use a separate Form IT-112-C for each province.

Do **not** use Form IT-112-C to claim the resident credit for taxes paid to another state, local government, or the District of Columbia. Instead, you must claim the resident credit for taxes paid to another state, local government, or the District of Columbia on Form IT-112-R, *New York State Resident Credit.* For more information, see Form IT-112-R-I, *Instructions for Form IT-112-R*, available on our website at *www.tax.ny.gov.*

You may not claim a credit for any amount of tax paid to the Canadian province 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 Canadian province.

If the amount of personal income taxes paid to a Canadian province for which you originally claimed a New York State resident tax credit is later determined to be different from the amount originally reported, you must file an amended personal income tax return to report the change to your previously claimed resident tax credit.

If you marked filing status 3, *Married filing separate return,* on Form IT-201, *Resident Income Tax Return,* or Form IT-203, *Nonresident and Part-Year Resident Income Tax Return,* and if only one spouse paid tax to a Canadian province, the credit must be calculated and claimed on that spouse's separate return. The spouse who did **not** have tax payable to the Canadian province, **cannot** claim any part of the credit.

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

A shareholder of a subchapter S corporation or a partner in a partnership is not allowed a resident credit for any income tax imposed upon or payable by the S corporation or partnership to a province of Canada.

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 a province of Canada for income tax purposes under its law, no credit is allowed if the Canadian province allows a credit against its tax for the total resident tax paid to New York State.

If you claimed a prior-year resident credit for taxes paid to a province of Canada, and in the current year's federal credit calculation you used the provincial tax carried over (federal Form 1116, line 10), you must complete Form IT-112-C for the purpose of the addback, even though no current-year New York State credit is claimed.

If you make the federal *Election To Claim the Foreign Tax Credit Without Filing Form 1116*, as explained in the instructions for federal Form 1116, complete Form IT-112-C using the amounts that you would have entered on Form 1116 if you had been required to file it.

Foreign currency conversion

Report all amounts in U.S. dollars. For income earned throughout the tax year, use the average exchange rate for that year. If you take a credit for taxes paid, the conversion rate is the rate of exchange in effect on the day you paid the foreign taxes (or on the day the tax was withheld). If you receive a refund of foreign taxes paid, the conversion rate is the rate in effect when you paid the taxes, not when you receive the refund.

Line instructions

Part 1: Income and adjustments

Lines 1 through 18

Residents and part-year residents

- **Do not** enter in column A or B any income that is taxable to the Canadian province but **not** taxable to New York 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 Canadian province. Calculate any resident credit against the separate tax on a lump-sum distribution paid to the Canadian province 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 Canadian province.

Residents

Column A: On lines 1 through 18, enter the amount of each item of income or deduction reported on Form IT-201 or the amount of income reported on Form IT-205, *Fiduciary Income Tax Return,* 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 for both spouses, even if the income of only one spouse was sourced to and taxed by the Canadian province.

Column B: The amount of credit is calculated on an adjusted gross income basis. The amount of an item sourced to and taxed by the Canadian province that you must enter in column B is the gross amount less applicable expenses and losses which would be deductible in calculating federal adjusted gross income. When you determine the expenses and losses deductible from gross income, follow the federal rules covering deductions allowable in calculating federal adjusted gross income.

Enter in column B any federal adjustments to income that were allowed by the Canadian province.

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 a province of Canada for income tax purposes under its law, do not include the following in column B:

- any amount of income, gain, loss, or deduction arising from interest or dividends from intangible assets unless it was received from an asset connected with a trade or business conducted in the Canadian province
- any income attributable to a business, trade, profession, or occupation unless the business, trade, profession, or occupation was carried on in the Canadian province

Example: *You were taxable as a New York State resident during the current tax year. You were also taxable as a resident of a province of Canada. You had wages of $65,000 for the year, of which $20,000 were earned for services performed in the province of Canada and $45,000 for services performed in New York State. 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 a Canadian province 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, *Fiduciary Allocation*.

Enter in column B of Form IT-112-C **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 Canadian province.

Line 19 New York adjustments

Enter your net New York State adjustment (the difference between your New York State additions and your New York State subtractions):

- Your New York State additions are on Form IT-201, lines 20 through 23, or Form IT-203, lines 20 through 22 (*Federal amount* column).
- Your New York State subtractions are on Form IT-201, line 32, or Form IT-203, line 30 (*Federal amount* column).
- On Form IT-205, your New York State 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 calculation of federal adjusted gross income.

Line 20 New York adjusted gross income

In column A, the net New York State adjustment on line 19 must be added to or subtracted from federal adjusted gross income on line 18. In column B, enter the amount from line 18, column B.

Line 21 Capital gain portion of lump-sum distributions

In column A, enter the capital gain portion of lump-sum distributions reported at Part II of federal Form 4972.
In column B, enter the capital gain portion of lump-sum distributions reported at Part II of federal Form 4972 that was sourced to and taxed by the Canadian province.

Part 2: Calculating your resident credit or addback for taxes paid to a province of Canada

Line 23

Enter the two-letter abbreviation (see below) of the Canadian province to which the income tax was paid.

Province abbreviations

Alberta Alberta	AB	Nunavut Nunavut	NU
British Columbia Colombie-Britannique	BC	Ontario Ontario	ON
Manitoba Manitoba	MB	Prince Edward Island Ile-du-Prince-Edouard	PE
New Brunswick Nouveau-Brunswick	NB	Quebec Quebec	QC
Newfoundland and Labrador Terre-Neuve-et-Labrador	NL	Saskatchewan Saskatchewan	SK
Northwest Territories Territoires du Nord-Ouest	NT	Yukon Yukon	YT
Nova Scotia Nouvelle-Ecosse	NS		

Line 24

The amount of income tax imposed is the amount of income tax you calculated on your return for the Canadian province **minus** any credits allowed against this tax. **Do not** include the tax on income that is taxed by the Canadian province but is not taxed by New York State. **Do not** enter tax withheld, estimated tax payments, or payments of balances due on this line.

Do not include on line 24 Canadian federal tax imposed.

Residents

Enter the amount of income tax imposed by the Canadian province.

Part-year residents

Enter **only** the portion of the income tax imposed attributable to income sourced to and taxed by the Canadian province during your New York State resident period.

Taxpayers with dual residency status

Calculate the amount to enter on line 24 as follows:

1. Divide the amount from column B, line 22 by the total income on the provincial return.
2. Multiply the result by the total income tax imposed on the other return.

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

Note: If the amount from column B, line 22, is more than the *Total income* on the provincial return, the resident credit allowed for New York State is limited to the income tax imposed on the provincial return. Enter that amount on line 24.

Lines 29 and 31

The Canadian provincial tax is deemed to be claimed last for federal purposes. When calculating the amount available for the

New York State credit, enter only that portion of the provincial tax not used in the calculation of the federal foreign tax credit.

Line 33

Form IT-203 filers:

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

Form IT-201 and Form IT-205 filers:

Complete the following:

Worksheet for calculating 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 New York 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 33	**c**

Line 34

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 0.3333. Enter this decimal on line 34; 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 41

If on this year's federal Form 1116, line 10, you included provincial taxes that were used in the calculation of a prior-year New York State resident credit, and now the carryover is claimed for federal purposes, you must make an entry on line 41. You must make this entry whether or not you claim a current year resident tax credit.

If the carryover you used in the calculation of the federal credit included provincial taxes that you used in the calculation of more than one prior-year New York State resident credit or multiple prior-year Forms IT-112-R or IT-112-C, enter the total of the credits claimed and submit a copy of all applicable prior-year Forms IT-112-R and IT-112-C.

Line 42

If line 41 is more than line 40, subtract line 40 from line 41 and enter the result on line 42. This is your addback of resident credit.

- **Individuals:** Enter the total addbacks from all Forms IT-112-C and code ***141*** on Form IT-201-ATT, *Other Tax Credits and Taxes*, line 20, or Form IT-203-ATT, *Other Tax Credits and Taxes,* line 19.
- **Fiduciaries:** Include the total addbacks on Form IT-205, line 12.

Line 44

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 any Canadian provinces was excluded from your New York State income.

Line 45

If you are filing more than one Form IT-112-C, complete lines 1 through 44, and Part 4 for each. If you are also filing one or more Forms IT-112-R, complete lines 1 through 28, and Part 4 for each. Then combine the line 44 and line 28 amounts for all forms as follows:

1. **On one Form IT-112-C**, enter on line 45 **one combined total** amount from all additional Forms IT-112-C, line 44, and from any Forms IT-112-R, line 28.
2. Complete lines 46 through 50 of the Form IT-112-C that shows the combined total on line 45.
3. Place behind the first Form IT-112-C any additional Forms IT-112-C and IT-112-R that you are filing.

Part 3: Application of credit

Line 47

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 48

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

Apply credits in the following order:

1. household credit
2. any credits that cannot be carried over or refunded
3. any credits that can be carried over for a limited duration
4. any credits that can be carried over for an unlimited duration
5. refundable credits

For more information, see *Ordering of personal income tax credits*, or visit *www.tax.ny.gov* (search: *ordering).*

Line 50

Enter the line 50 amount on Form IT-201, line 41, or Form IT-203-ATT, line 1, or include it on Form IT-205, line 10.

Continue with Part 4, if applicable.

Part 4: Information from your Canadian federal and any provincial returns

You must complete this section. If you paid tax to a province other than Quebec, use the *Canada* column. If you paid tax to Quebec, use only the *Quebec* column.

Line 52

Enter your total Canadian tax, including provincial tax. For Quebec, enter only the total Quebec tax.

Line 53

Enter the amount of any prepayments to Canada and Quebec. Prepayments include income tax paid and credits (for example, income tax deducted or withheld at source as shown on

all information slips, tax paid in installments, abatements, overpayments, and rebates).

Line 55

Enter the balance due, if any, to Canada or Quebec as shown on the return you filed for each. The balance due is the amount you paid with your return after credit for taxes withheld or deducted, taxes paid in installments and any other prepayments (do not include penalties or interest).