

For more information on what qualifies as investment income, see federal Publication 596, *Earned Income Credit*.

**Part 3 – Earned income**

**Line 13** – Complete **Worksheet A** below to determine the amount to enter on line 13.

**Nontaxable combat pay**

If you were a member of the U.S. Armed Forces who served in a combat zone, certain pay is excluded from your income. See federal Publication 3, *Armed Forces' Tax Guide*. You can elect to include this pay in your earned income when computing the EIC. Electing to include nontaxable combat pay may increase or decrease your earned income credit. Compute the credit with and without your nontaxable combat pay before making the election. The amount of your nontaxable combat pay should be shown on federal Form(s) W-2, *Wage and Tax Statement*, box 12, with code Q. If you are filing a joint return and both you and your spouse received nontaxable combat pay, you can each make your own election.

<b>Worksheet A</b>	
<b>Wages, salaries, tips, etc.</b>	
1 Enter the amount from Form IT-201, <i>Resident Income Tax Return</i> , line 1 .....	1 _____
2 Enter any amount that was reported on federal Schedule SE, line 5a, as a church employee, or that was reported on federal Schedule SE, line 2, as a member of the clergy that was also included in line 1 above...	2 _____
3 Subtract line 2 from line 1 .....	3 _____
4 Enter the amount, if any, from federal Form(s) W-2, box 12, with code Q, if you elect to include nontaxable combat pay in earned income ( <i>see above</i> ) .....	4 _____
5 Add lines 3 and 4; enter here and on Form IT-209, line 13.....	5 _____

**Line 14** – Enter on line 14, any amount you received as a Medicaid waiver payment that you excluded on your federal return and want to exclude from your earned income.

**Line 15** – Complete **Worksheet B** if you were self-employed, or filing federal Schedule SE, *Self-Employment Tax*, because you were a member of the clergy or had church employee income, or are filing federal Schedule C as a statutory employee, to determine the amount to enter on line 15.

**Do not** use a minus sign or brackets to show a loss. Mark an **X** in the appropriate box at line 15 to indicate if the amount reported is a profit or loss. Be sure to enter your employer identification number (EIN) for your business. If you have income or loss from more than one business, enter the EIN representing your primary business activity. If your primary business activity does not have an EIN, enter your SSN.

<b>Worksheet B</b>	
<b>Business income</b>	
<b>Self-employed, members of the clergy, and people with church employee income filing federal Schedule SE</b>	
1a Enter the total from federal Schedule SE, line 3 .....	1a _____
1b Enter any amount from federal Schedule SE, line 4b and line 5a.....	1b _____
1c Add lines 1a and 1b .....	1c _____
1d Enter the amount from federal Schedule SE, line 13 .....	1d _____
1e Subtract line 1d from 1c.....	1e _____
<b>Self-employed individuals NOT required to file federal Schedule SE</b>	
Do not include on these lines any statutory employee income, any net profit from services performed as a notary public, any amounts exempt from self-employment tax as a result of the filing and approval of federal Form 4361, or any other amounts exempt from self-employment tax.	
2a Enter any net farm profit (or loss) from federal Schedule F, line 34, and from farm partnership, federal Form 1065, Schedule K-1, box 14, code A* .....	2a _____
2b Enter any net profit (or loss) from federal Schedule C, line 31 and federal Form 1065, Schedule K-1, box 14, code A (other than farming)* .....	2b _____
2c Add lines 2a and 2b .....	2c _____
* If you have any Schedule K-1 amounts, complete the appropriate line(s) of federal Schedule SE. Reduce the federal Schedule K-1 amounts as described in the federal <i>Partner's Instructions for Schedule K-1</i> .	
<b>Statutory employees filing federal Schedule C</b>	
3 Enter the amount from federal Schedule C, line 1 that you are filing as a statutory employee .....	3 _____
4 Add lines 1e, 2c, and 3. This is your total business income. Enter here and on Form IT-209, line 15.....	4 _____

**Part 4 – Credit computation**

Complete both sections (lines 18 through 32).

**Lines 18 through 24** – In this section, the noncustodial EIC is computed as 20% of the federal EIC with one qualifying child.

**Lines 25 through 31** – In this section, the noncustodial EIC is computed as 2.5 times the federal EIC without a qualifying child.

**Line 32** – Enter the greater of line 24 or line 31. This is your noncustodial EIC. The noncustodial EIC may be claimed instead of the NYS EIC (on Form IT-215 or Form IT-209, Schedule B). **You cannot claim both.**

If you claimed a federal EIC, complete Schedule B to determine if the NYS EIC is more beneficial than the noncustodial EIC.

If you did not claim a federal EIC, enter the line 32 amount on Form IT-201, line 66.

Submit Form IT-209 with your return.