

Worksheet L Instructions:

Worksheet L is designed to allocate gains and losses to compute tax due and calculate potential credit to your resident municipality. If you were a resident of a RITA municipality in 2024 and had any combination of gain and loss in more than one municipality, you must complete this Worksheet. **Do not** complete Worksheet L if you were a non-resident of a RITA municipality for all of 2024.

Start with your completed Schedule J from Form 37, Page 3. List the name of your resident municipality (Column 1) and list each location where income/loss was earned. If you have pass-through income/loss for taxing municipalities other than your RITA Resident Municipality, you must complete Schedule P before you can complete Worksheet L.

Row W – From Schedule J, Line 27, list each CURRENT YEAR WORKPLACE INCOME.

Row P – For Column 2, enter the GAIN from Schedule P, Line 5, Column 7. For Columns 3-6, enter the GAIN from Schedule P, Line 4 or LOSS from Schedule P, Line 26d.

Row T – Add Rows W and P for the Net Taxable Workplace Income (Current year Workplace Income/Loss AND Non-Resident Pass-Through Income.)

Row 1 - Enter Gains: If the “Current Year Workplace Income” on Row T is a gain, enter the amount in this row and total across to Column 7.

Row 2 - Enter Losses: If the “Current Year Workplace Income” on Row T is a loss, enter the amount in this row and total across to Column 7.

Row 3: From Schedule J, Line 28, enter the Prior Year Loss Carryforward in Column 7.

Row 4: Add Column 7, Rows 2 and 3.

Row 5: For each gain shown in Row 1, divide the gain by the total of all gains in Column 7 of Row 1, and enter the result as a percentage in the corresponding column on Row 5.

Row 6: Multiply the total loss from Row 4, Column 7 by each percentage shown in Row 5, Columns 1-6. Enter the result on Row 6 in the corresponding Column, 1-6. This amount is the apportioned loss.

Row 7: Subtract the apportioned loss in Row 6 from the gain in Row 1. **Note: If you have pass-through income in your RITA Resident Municipality in Column 1, Row 7, ENTER that amount on Worksheet R, Column 1, Row 6.**

Row 8: Enter the Net Taxable Workplace Income from Schedule J, Line 31. Do not enter amounts that are less than zero.

Row 9: Add the amount in Row P to the amount in Row 8 and enter the total on Row 9. If the amount is less than zero, enter -0-.

Row 10: Enter the lesser of Row 7 or Row 9.

Row 11: If Row 8 multiplied by the workplace tax rate is \$10.00 or less, divide Row W by Row T and then multiply the result by Row 10. Otherwise, enter -0-.

Row 12: Subtract Row 11 from Row 10. If amount is less than zero, enter -0-.

Row 13: For Columns 3-6, enter tax rate for workplace municipality listed.

Row 14: Multiply Row 12 by Row 13. This is the tax due to the workplace city on non W-2 workplace income after allocation of the apportioned loss, for purposes of the resident tax credit calculation.

Row 15: If amount on Row 14 is greater than zero, enter the amount from Row 12.

Row 16: Multiply Row 15 by the Credit Rate of the resident municipality.

Row 17: Compare the amounts on Row 14 to the amounts on Row 16. Enter the lesser of these two amounts onto Row 17 and total across in Column 7. Enter the amount from Column 7 in Column E of the 2nd last row on the Credit Rate Worksheet on Page 2.

Schedule P Instructions – For RITA Residents Only:

Use Schedule P if you have pass-through income in taxing municipalities other than your RITA Resident Municipality. Attach a copy of your Federal Schedule E and any supporting schedules. Each partnership, trust and S-Corp. payment will be reconciled against the credit claimed. Credits for partnership, trust and S-Corp. payments will be calculated on an entity by entity basis not in aggregate for the municipality. To determine the apportioned partnership income to report, each reported tax paid amount should be divided by the tax rate in the municipality the income is apportioned to. If the “taxed” income is less than the total income, the difference is entered on Schedule J, Column 2, Line 26, and the income subject to tax is entered on Schedule P.

Line 26a: List all partnership income earned in a non-resident, taxing municipality (both RITA and non-RITA municipalities).

Line 26b: List all S-Corp. income earned in a non-resident, taxing municipality (both RITA and non-RITA municipalities).

Line 26c: List all trust income earned in a non-resident, taxing municipality (both RITA and non-RITA municipalities).

Line 26d: Add Lines 26a, b and c. For Column 7, add Line 26d across - this represents the total current year non-resident pass-through income/loss. Enter the Column 7, Line 26d total on Page 3, Schedule J, Column 7, Line 26.

Line 1: For each municipality (both RITA and non-RITA) listed in Columns 3-6, enter the applicable tax rate.

Line 2: If Line 26d is a GAIN, multiply Line 26d by Line 1 to calculate potential residence tax due on current year non-resident pass-through income.

Line 3: Enter the tax paid by your partnership/S-Corp./Trust to each municipality on the taxpayer’s share of that income.

Line 4: If Line 3 is less than Line 2, divide Line 3 by Line 1 to calculate the income eligible for credit. Otherwise, enter the amount from Line 26d. Enter each Line 4 total on Worksheet L, Row P, Columns 3-6.

Line 5: Subtract Line 4 from Line 26d. Add total across to Column 7. Enter total on Worksheet L, Row P, Column 2.

Worksheet R Instructions – For RITA Residents Only:

Use Worksheet R if you are a resident of a RITA municipality and you need to calculate the tax paid by the partnership to your RITA Resident Municipality.

Row 1: Enter GAIN ONLY from Schedule J, Column 1, Line 23.

Row 2: Enter GAIN ONLY from Schedule J, Column 1, Line 24.

Row 3: Enter GAIN ONLY from Schedule J, Column 1, Line 25.

Row 4: Enter GAIN ONLY from Schedule J, Column 1, Line 26.

Row 5: Add Rows 1-4. This total is used to compute the GAIN percentage to enter in Column 2 - Divide each amount in Rows 1-4 by Row 5, Column 1 and enter each percentage in the applicable Row in Column 2.

Row 6: Enter the amount from Worksheet L, Row 7, Column 1 ONLY. This is the total gain, offset by allocated loss.

Row 7, Column 1: Multiply Row 6, Column 1 by the Gain Percentage from Row 4, Column 2.

Row 7, Columns 2-3: Enter the tax rate of your Resident Municipality and multiply this rate by Row 7, Column 1.

Row 7, Column 4: Enter the pass-through entity payments made to your RITA Resident Municipality on the taxpayer’s share of the pass-through entity’s income.

Row 7, Column 5: Enter the lesser of Row 7, Column 3 or Row 7, Column 4 and enter on Page 2, Line 7b.