

Multi-State and Entity Memorandum: Massachusetts and New York Treatment of a Relocated Employee's Wages

Prepared for Your Firm Name, CPAs, Your address. Draft for professional review. October 9, 2026.
Client: Massachusetts S corporation, marketing agency, twelve employees. Employee relocated to New York in January 2026, annual wages \$92,000.

Prepared for	Your Firm Name, CPAs
Question	For an employee of a Massachusetts S corporation who moved to New York in January 2026 and works from her New York home full time with about four days a year at the Massachusetts office, how much of her \$92,000 in wages is Massachusetts-source income under 830 CMR 62.5A.1, how does New York tax those wages as her state of residence, which state's income tax the company should withhold and in what proportion, and how the New York resident credit relieves double taxation.
Jurisdictions	MA, NY
Positions	4 supported of 5 researched
Date	October 9, 2026

Question presented

For an employee of a Massachusetts S corporation who moved to New York in January 2026 and works full time from her New York home with about four days a year at the Massachusetts office, the firm asks: (1) what her Massachusetts residency status is for 2026; (2) how much of her \$92,000 in wages is Massachusetts source income under 830 CMR 62.5A.1; (3) whether and in what proportion the company must withhold Massachusetts income tax; (4) whether she must file a Massachusetts nonresident or part-year return; (5) how New York taxes those wages as her state of residence, which state the company should withhold for, and how the New York resident credit relieves double taxation.

This memorandum addresses only income tax sourcing, withholding and filing. Unemployment insurance and corporate nexus are outside the scope the firm set.

Short answer

SHORT ANSWER

Massachusetts withholding does not stop because the employee now lives and works in New York. The company remains an employer required to withhold, but the withholding base can be reduced to the portion of work performed in Massachusetts, supported by payroll and attendance records showing work location or by another reasonable method including a good faith estimate on a signed employee certification, with the documentation retained (830 CMR 62C.25.1).

A Massachusetts filing obligation for the employee arises where Massachusetts source income exceeds \$8,000 or the apportioned personal exemption, whichever is the lesser, so a return can be required even on a small workday amount (830 CMR 62.5A.1). For New York, residence is determined by domicile or by a permanent place of abode in New York plus more than 183 days in the aggregate in the state (N.Y. Tax Law section 605).

Massachusetts residency for 2026 is likely part-year rather than full-year nonresident, but on the facts given it cannot be fixed, because the move date and abandonment of Massachusetts domicile are not stated. The retrieved authorities do not settle the dollar computation of the Massachusetts workday fraction, New York withholding mechanics, or the operation of the New York resident credit, and no position is stated on those points.

Facts

- The client is a Massachusetts S corporation, a calendar year marketing agency with twelve employees.
- Revenue comes from marketing services performed for clients in Massachusetts and several other states.
- The company has no office, property, inventory or customers in New York, and no New York business reason for the employee's location.
- All twelve employees worked in Massachusetts until this year.
- In January 2026 one employee moved to New York for personal reasons. The move was her choice and not at the employer's request.
- She works full time from her New York apartment and comes to the Massachusetts office about four days a year for planning meetings.
- Her annual wages are \$92,000, paid semi-monthly through a national payroll provider.
- The company currently withholds Massachusetts income tax on the full wage amount and pays Massachusetts unemployment insurance.
- No spouse is stated. Single filing status is assumed for discussion only.
- The jurisdictions involved are Massachusetts and New York.

Matrix of compared rules

Topic	Massachusetts	New York	Federal
Residence by domicile	Resident if domicile is in Massachusetts; domicile not shed by absence alone, the person must not intend to return (Mass. DOR, 2025 Form 1 Instructions)	Resident if domiciled in New York, subject to the Group A and Group B exceptions (N.Y. Tax Law section 605(b))	No retrieved federal authority
Residence by abode plus days	Resident if a permanent place of abode is maintained in Massachusetts and more than 183 days in the aggregate are spent in the state (Mass. DOR, 2025 Form 1 Instructions)	Resident if a permanent place of abode is maintained in New York and more than 183 days in the aggregate are spent in the state, whether or not domiciled (N.Y. Tax Law section 605(b))	No retrieved federal authority
Part-year status	A person resident for part of the year who moves out files as a part-year resident on Form 1-NR/PY, not as a full-year nonresident (Mass. DOR, 2025 Form 1 Instructions)	A part-year resident is an individual who is neither a resident nor a nonresident for the entire taxable year (N.Y. Tax Law section 605(b)(5))	No retrieved federal authority
Sourcing of wages of a nonresident telecommuter	Position withheld; the retrieved authority did not settle the computation (see What the firm must confirm)	Not addressed by the retrieved authority	No retrieved federal authority
Employer withholding on a nonresident	Employer may withhold based on the employee's workdays in and out of Massachusetts, supported by payroll and attendance records reflecting work location or another reasonable method, including a good faith estimate on a signed employee certification, with documentation retained (830 CMR 62C.25.1)	Not addressed by the retrieved authority	No retrieved federal authority

Individual filing threshold	Nonresident must file Form 1-NR/PY if Massachusetts source income exceeds \$8,000 or the apportioned personal exemption, whichever is the lesser; exemption prorated by the Massachusetts source income ratio (830 CMR 62.5A.1)	Not addressed by the retrieved authority	No retrieved federal authority
Resident credit for tax paid to the other state	Not addressed by the retrieved authority	Not addressed by the retrieved authority	No retrieved federal authority

Analysis

Issue 1. Massachusetts residency status for 2026. Authority: Mass. DOR, 2025 Form 1 Instructions. This is procedural authority (form instructions) and is used here for the residency tests as the Department states them; the statutory definitions at G.L. c. 62, section 1(f) and (m) were not retrieved in full and should be read directly before the position is signed.

Rule. The instructions state: "You are a full-year resident if your residence (domicile) is in Massachusetts or if you maintain a permanent place of abode in Massachusetts and during the year spend more than 183 days, in the aggregate, in the state." Domicile is the true, fixed and permanent home, the place of the most important family, social, economic, political and religious ties. A change of domicile is not accomplished by a temporary or protracted absence; the person must not intend to return.

A person who was a Massachusetts resident for part of the year and moved out during the year files as a part-year resident rather than as a nonresident for the whole year, on Form 1-NR/PY. A part-year resident must file if gross income exceeded \$8,000, whether from sources inside or outside Massachusetts, per the 2025 instructions; the 2026 figure must be confirmed. Deductions and exemptions are prorated by the days of Massachusetts residence or by the Massachusetts income ratio.

Application. The facts state she was in Massachusetts until this year, but do not state her domicile on January 1, 2026, so that condition is not established. The facts state the move was for personal reasons and that she now works entirely from her New York apartment, which is consistent with a change of domicile, but they do not state that Massachusetts domicile was abandoned with no intention to return, so that condition is not established.

For the alternative test, the facts do not state whether she retains a permanent place of abode in Massachusetts, and the stated four office days a year is far below the more than 183 days the test requires, so the abode plus days test does not make her a full-year resident on these facts. The exact January date is not stated, so the length of any Massachusetts resident period within 2026 cannot be computed.

Conclusion and grade. If she was domiciled in Massachusetts on January 1, 2026 and abandoned that domicile in January 2026, she is a part-year resident for 2026, resident for the January period and nonresident for the balance, reporting on Form 1-NR/PY. She would be a nonresident for all of 2026 only if she was not a Massachusetts domiciliary at any point in the year.

Grade: PROCEDURAL. The determination cannot be fixed on the facts given, and the supporting source is form instructions, which are proper for procedure only. The firm must confirm this position against the statute.

Issue 2. Massachusetts withholding obligation and proportion. Authority: 830 CMR 62C.25.1.

Rule. The regulation requires, "For an employer that withholds income tax from wages paid to a non-resident employee based on the employee's workdays in and out of Massachusetts, payroll and attendance records that accurately reflect the location from which the employee works." The employer may instead use any other reasonable method to determine the portion of work performed in Massachusetts, including a good faith estimate based on a signed employee certification, with documentation of the method retained.

Withholding is to be substantially equivalent to the tax reasonably anticipated to be due. There is no general exception to the withholding requirement for nonresident employees under the retrieved material.

The retrieved authority also describes an exception at 830 CMR 62.5A.1(3)(h) for a nonresident whose Massachusetts presence is casual, isolated or inconsequential and ancillary to primary duties performed at a base of operations outside Massachusetts, specifically naming occasional presence for management reporting or planning; the full text of that subsection was not retrieved.

Application. The company is a Massachusetts S corporation that pays the employee \$92,000 semi-monthly and currently withholds Massachusetts tax, so it is an employer paying wages subject to Massachusetts withholding.

She moved to New York in January 2026, works from her New York apartment and visits the Massachusetts office about four days a year, which is the pattern of a nonresident performing services both in and outside Massachusetts, although her 2026 Massachusetts residency status is not established by the facts.

The facts do not state that payroll and attendance records, a telework agreement or a signed employee certification exist, and do not state total working days for the year, which is the denominator of any workday fraction. As to the casual, isolated or inconsequential exception, the facts state she works full time from New York and comes to Massachusetts about four days a year for planning meetings, but do not state whether she performs other duties while in Massachusetts.

Conclusion and grade. Massachusetts withholding is not switched off by the move. What changes is the base. The practical step is to instruct the national payroll provider to apply a Massachusetts workday fraction to the \$92,000 rather than withholding on the full amount, and to retain the payroll and attendance records or the signed certification that support that fraction.

The numerator is days worked in Massachusetts (the facts state about four) and the denominator is total working days for the year, a figure the facts do not state, so the fraction and the resulting dollar amount are left open. Grade: VERIFIED as to the record keeping and reasonable method standard under 830 CMR 62C.25.1. The dollar result is not computed here. No position is stated on New York withholding; nothing retrieved addresses it.

Issue 3. Massachusetts nonresident return and filing threshold. Authority: 830 CMR 62.5A.1.

Rule. The regulation provides: "An individual non-resident whose Massachusetts source income exceeds \$8,000 or the personal exemption to which the non-resident is entitled after apportionment, whichever is the lesser, is required to file with the Commissioner a return on Form 1-NR/PY." The exemption is prorated by the ratio of Massachusetts source income to Massachusetts gross income computed as if the taxpayer were a

resident.

The \$8,000 figure is the amount shown in the text of 830 CMR 62.5A.1(11)(a)1 as retrieved; the example exemption figures in subsection (7)(b) are the regulation's illustrations and are not confirmed as 2026 amounts. Where a spouse is involved, subsection (11)(a)2 governs; no spouse is stated here, so those rules are not engaged.

Application. The facts support nonresident status for the balance of 2026, but the move date and the end of Massachusetts domicile are not stated, so the resident portion of January 2026 is not established.

The facts state about four office days a year and wages of \$92,000, which gives a small Massachusetts workday share, but they do not state the Massachusetts dollar amount, total 2026 workdays, filing status, the personal exemption amount for 2026, other Massachusetts source income, or total income computed as if a resident. The comparison required by the rule therefore cannot be made on a number.

Conclusion and grade. Because the exemption is prorated by the Massachusetts source income ratio, a small Massachusetts workday share produces a small apportioned exemption, and the lesser of the two figures can be well under \$8,000. A Massachusetts return can therefore be required even on a modest workday amount.

If any part of January 2026 was a Massachusetts resident period, the same Form 1-NR/PY is used for a combined part-year and nonresident year, with Schedule R/NR used to divide income between the resident and nonresident periods. Grade: VERIFIED as to the filing test. The application to a dollar figure is left open.

The retrieved material does not set out the working day apportionment provision itself, so the mechanics of computing the Massachusetts workday fraction should not be stated to the client from this memorandum.

Issue 4. New York residence for 2026, compared with Massachusetts. Authority: N.Y. Tax Law section 605.

Rule. Under section 605(b), an individual is a New York resident for a taxable year if domiciled in New York, subject to the Group A and Group B exceptions, or if the individual "maintains a permanent place of abode in this state and spends in the aggregate more than one hundred eighty-three days of the taxable year in this state, whether or not domiciled in this state for any portion of the taxable year, unless such individual is in active service in the armed forces of the United States."

Under section 605(b)(5), a part-year resident is an individual who is neither a resident nor a nonresident for the entire taxable year. New York counts any part of a day as a day. The statutory residence test also carries a requirement that the abode be maintained for substantially all of the taxable year, which Audit Division policy beginning with tax year 2022 states as a period exceeding 10 months, applied as a general rather than absolute rule.

Massachusetts separately treats an individual as a resident if domiciled in Massachusetts, or if the individual maintains a permanent place of abode in Massachusetts and spends more than 183 days in the aggregate in the state (Mass. DOR, 2025 Form 1 Instructions).

Application. For New York domicile, the facts state a move to New York in January 2026 for personal reasons and full time work from a New York apartment. That is consistent with a change of domicile but does not by itself establish one, because the facts do not state abandonment of the Massachusetts home, family and economic ties.

For New York statutory residence, a full time apartment suitable for year round use would in substance be a permanent place of abode if she maintains it, and working from it full time with about four Massachusetts days a year suggests, but does not establish, a New York day count above 183; the lease or occupancy start date needed for the substantially all of the year element is not stated.

For Massachusetts, she does not meet the abode plus days test on the stated four days, so the Massachusetts question turns on domicile and on the date domicile changed.

Conclusion and grade. If she changed domicile to New York during January 2026, she is a New York part-year resident under section 605(b)(5), unless she also meets the statutory residence test, in which case she would be taxed as a New York resident for the full year. The Group A and Group B exceptions apply only to a New York domiciliary and do not appear to be in issue. Grade: VERIFIED as to the statutory tests.

The characterization in each state cannot be fixed without the move date, the abandonment facts and a day count. The retrieved authority does not address how New York computes tax on those wages, New York withholding, or the resident credit, so no position is stated on those points.

Conclusion

On the authority retrieved, three things can be stated to the firm. First, the company should not continue withholding Massachusetts tax on the full \$92,000. It remains an employer required to withhold, but it may withhold on the Massachusetts workday portion, provided it keeps payroll and attendance records reflecting work location or uses another reasonable method with retained documentation, including a good faith estimate based on a signed employee certification (830 CMR 62C.25.1).

Second, the employee may have a Massachusetts filing obligation on Form 1-NR/PY even on a small Massachusetts amount, because the test is the lesser of \$8,000 and the apportioned personal exemption (830 CMR 62.5A.1). Third, her 2026 status is likely Massachusetts part-year resident and New York resident or part-year resident, determined by domicile and, in New York, by the permanent place of abode plus more than 183 days test (N.Y. Tax Law section 605; Mass. DOR, 2025 Form 1 Instructions).

The dollar computation of the Massachusetts source portion of the \$92,000, the New York withholding set up, and the operation of the New York resident credit are not settled by the authority retrieved and are carried forward as open questions below. No outcome is promised and nothing here should be sent to the client or to any tax agency until the firm's professional has validated it.

What the firm must confirm

- Massachusetts source income of the nonresident telecommuter. The retrieved citation for the sourcing computation under 830 CMR 62.5A.1 did not survive the text check, so no position is stated on how much of the \$92,000 is Massachusetts source. The firm should read 830 CMR 62.5A.1(5) and (6) directly, in the text in force for 2026, before stating any apportionment mechanics, and should also read 830 CMR 62.5A.1(3)(h) in full on the casual, isolated or inconsequential exception.
- Whether any Massachusetts authority issued after the materials retrieved here adopts a convenience of the employer rule, and the current status and effective period of 830 CMR 62.5A.3, the pandemic era telecommuting sourcing rule, including the date the Massachusetts COVID-19 state of emergency notice took effect.

- New York taxation of the wages as a resident, New York withholding registration and rules, and the operation and computation of the New York resident credit for tax paid to Massachusetts. No authority on these points was retrieved, and they are unsupported in this memorandum.
- The exact date in January 2026 that the employee moved, the date the New York apartment was first leased or occupied, and the date she became a New York resident.
- Whether Massachusetts domicile was abandoned, using the domicile factors (home, family, social, economic, political and religious ties, voter registration, driver license, vehicle registration, bank and professional relationships, location of personal property, the New York lease or deed, and intention not to return).
- Whether she retains any Massachusetts dwelling available to her and whether it is a permanent place of abode.
- A contemporaneous day count for 2026 of Massachusetts days and New York days, including the roughly four office days, any other travel days, and any day of which only part is spent in the state.
- Her total 2026 working days and the exact count of compensated Massachusetts workdays, and whether the four planning meeting days are compensated workdays or non-working travel.
- Whether the payroll provider can report an exact Massachusetts wage figure or issue a corrected Form W-2 breakdown, which under the Form 1-NR/PY instructions would displace apportionment.
- Whether the company will obtain and retain a signed employee certification or telework agreement as contemplated by 830 CMR 62C.25.1, and whether a new or revised Massachusetts Form M-4 is needed.
- Whether the national payroll provider can apply a fixed Massachusetts workday percentage across semi-monthly runs or must be instructed pay period by pay period, and whether a New York withholding account has been opened.
- Whether she lives in New York City or Yonkers, which would add a local resident tax and local withholding. No authority on local tax was retrieved.
- Her 2026 filing status, spouse, dependents and other income, and any other Massachusetts source income.
- Whether any compensation other than base wages is paid (bonus, equity, deferred amounts), since allocation rules can differ by type of pay. No authority on those types was retrieved.
- Whether the Massachusetts withholding already taken in 2026 on the full wage amount will be corrected within the year or resolved on the 2026 returns.
- That the 2026 editions of the Massachusetts Form 1 and Form 1-NR/PY instructions carry the same tests and dollar thresholds as the 2025 editions retrieved here, and that the statutory definitions at G.L. c. 62, section 1(f) and (m) and TIR 95-7 are read directly.
- That the New York Audit Division policy on the substantially all of the year element still states a period exceeding 10 months for 2026, and that the text of N.Y. Tax Law section 605 as retrieved is current for 2026.
- Massachusetts withholding mechanics under M.G.L. c. 62B against current Department of Revenue withholding guidance, before any payroll change is made.

Authorities relied on

Mass. DOR, 2025 Form 1 Instructions

• PROCEDURAL

"You are a full-year resident if your residence (domicile) is in Massachusetts or if you maintain a permanent place of abode in Massachusetts and during the year spend more than 183 days, in the aggregate, in the state."

Mass. DOR, 2025 Form 1-NR/PY Instructions

• CPA TO CONFIRM

Corroborating authority; not independently text-checked for this letter.

Mass. Dept. of Rev. TIR 19-15

• CPA TO CONFIRM

Corroborating authority; not independently text-checked for this letter.

830 CMR 62.5A.1

• VERIFIED

"An individual non-resident whose Massachusetts source income exceeds \$8,000 or the personal exemption to which the non-resident is entitled after apportionment, whichever is the lesser, is required to file with the Commissioner a return on Form 1-NR/PY."

830 CMR 62.5A.3

• CPA TO CONFIRM

Corroborating authority; not independently text-checked for this letter.

Mass. Dept. of Rev. DD 21-1

• CPA TO CONFIRM

Corroborating authority; not independently text-checked for this letter.

830 CMR 62C.25.1

• VERIFIED

"For an employer that withholds income tax from wages paid to a non-resident employee based on the employee's workdays in and out of Massachusetts, payroll and attendance records that accurately reflect the location from which the employee works."

Mass. Dept. of Rev. LR 08-8

• CPA TO CONFIRM

Corroborating authority; not independently text-checked for this letter.

830 CMR 62B.2.1

• CPA TO CONFIRM

Corroborating authority; not independently text-checked for this letter.

N.Y. Tax Law § 605

• VERIFIED

"who maintains a permanent place of abode in this state and spends in the aggregate more than one hundred eighty-three days of the taxable year in this state, whether or not domiciled in this state for any portion of the taxable year, unless such individual is in active service in the armed forces of the United States."

NY DTF Instructions for Form IT-203, Nonresident and Part-Year Resident Return (2025)

• CPA TO CONFIRM

Corroborating authority; not independently text-checked for this letter.

Research and drafting for a licensed professional. Every grade is an evidence label, not an eligibility ruling; the reviewing professional validates each conclusion before relying on it.