

**New York State Department of Taxation and Finance  
Taxpayer Services Division  
Technical Services Bureau**

TSB-M-79-(6)-I  
Income Tax  
July 5, 1979

Interest on Federal, State and Municipal Bonds and Obligations

Modifications to Federal Adjusted Gross Income

Generally, the taxation of interest income for New York State purposes follows the federal determination, by conformity. In the case of certain bonds or obligations issued by United States Government, states, or municipalities, there are exceptions. In some cases the interest may be taxable for Federal income tax purposes or for New York State Personal Income Tax purposes, but not both, (Tax Law, Section 612(b)(c); Regs. sections 116.2 and 116.3).

For convenient reference, a tabulation has been prepared, of government or governmental agency obligations, the tax treatment of which have been the subjects of prior inquiries to the Counsel's office or the Technical Services Bureau. This listing considers only the treatment of the interest income for New York State income tax purposes.

<u>Agency</u>	<u>Subject to N.Y.S. Tax</u>
Banks for Cooperatives - Interest on bonds and debentures	No
Bonds and Obligations of States other than New York	Yes
Export-Import Bank of the United States ("Eximbank"):	
a) Series 1978 - B debentures	No
b) Participation certificates (reversal of Counsel opinion dated 8/29/67)	Yes
Farmers Home Administration - Notes:	
Interest Paid by Maker	Yes
Interest Paid by US Govt.	No
Federal Home Loan Bank - Interest on bonds and debentures	No
Federal Housing Authority Debentures	No
Federal Intermediate Credit Banks - Interest on bonds and debentures	No
Federal Land Bank - Interest on bonds and debentures	No

<u>Agency</u>	<u>Subject to N.Y.S. Tax</u>
Federal National Mortgage Association:	
a) Interest on bonds and debentures (all tax years)	Yes
b) Guaranteed Participation Certificates	
1. Tax years beginning prior to 1/1/77	No
2. Tax years beginning after 12/31/76	Yes
General Services Administration Participation Certificates	No
Government National Mortgage Association	Yes
Grace Lines, SS Santa Lucia Bonds (Prud. Grace Line)	Yes
Home Owners Loan Corporation	No
Housing and Urban Development for Wash. D.C	Yes
Housing Finance Agency - New York State	No
Inter-American Development Bank Bonds	Yes
International Bank for Reconstruction & Development (International Bank Bonds)( World Bank)	Yes
Jonathan Development Corp. (Obligations guaranteed under New Communities Act of 1968 (42 USCA 3902)	Yes
Lake Placid Housing Development Funding Corporation	No
Niagara Hydro Housing, Corp. Bonds	Yes
Panama Canal Bonds specifically exempt from tax by U.S.C. §744 & § 745 - Interest on bonds	No
Port Authority of New York	No
"Project Notes" (Housing & Urban Development):	
Issued by other States	Yes
Issued by U.S. Territories and Possessions	No
Puerto Rico Water Resources - 4.2% bonds due 1/1/89 Interest on bonds	No
Puerto Rico, Government of, or by its authority	No
Small Business Administration Bonds	Yes
Student Loan Marketing Assn.	Yes
Tennessee Valley Authority	No

<u>Agency</u>	<u>Subject to N.Y.S. Tax</u>
U. S. Savings Bonds	No
U.S. Treasury Bills - (Gains on sale treated as Interest)	No
U.S. Retirement Bonds (Purchases under Self-Emp. or IRA Plan)	No
U.S. Treasury Notes: Interest	No
Gain on sale	Yes
Washington Metropolitan Area Transit Authority	Yes