

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

TSB-M-83 (20)-I
Income Tax
December 30, 1983

**Professional Service Corporations
1983 Legislation**

Chapter 648 of the Laws of 1983 amended Article 22 of the Tax Law to extend the provisions of Section 612(b)(7), (8) and (9) and Section 612(c)(12) to foreign professional service corporations authorized to do business in New York State under Article 15-A of the Business Corporation Law.

Accordingly, shareholders of such corporations (as well as professional service corporations organized under Article 15 of the Business Corporation Law) are required to make the following adjustments to the total income on their New York returns:

- 1) Section 612(b)(7) - Requires the addition of certain contributions to pension and other deferred compensation plans.
- 2) Section 612(b)(8) - Requires the addition of Old-Age, Survivors and Disability Insurance paid by the corporation on wages of a shareholder-employee.
- 3) Section 612(b)(9) - Requires the addition of amounts paid by the corporation on behalf of the shareholder-employee for the purchase of life, accident or health insurance policies.
- 4) Section 612(c)(12) - Provides for the subtraction of amounts properly included in federal adjusted gross income that were previously taxed by New York State due to the addition required by section 612(b)(7).

In addition, Chapter 648 of the Laws of 1983 amended Section 658(f) to authorize the Tax Commission to require corporations authorized to do business in this state under Article 15-A of the Business Corporation Law to file Form IT-2102.1-PC, Professional Service Corporation Information Return with New York State and to give each shareholder a copy of it.

These amendments are effective October 17, 1983 for any payments described above made on or after that date.

The Administrative Code of the City of New York, Title T, has been correspondingly amended to conform to the amendments made to Article 22 of the Tax Law.