

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

TSB-M-85 (10)I
Income Tax
July 18, 1985

Household Credit and Real Property Tax Credit
1985 Legislation

Chapter 29 of the Laws of 1985, signed into law on April 8, 1985, amends the household credit and the real property tax credit.

Household Credit

For taxable years beginning on or after January 1, 1986, section 606(b)(2) of the New York State Personal Income Tax Law, as amended, increases the household credit and extends the income level for eligibility to single taxpayers with income up to \$28,000 and all others with income up to \$32,000. The revised household credit schedule is as follows:

Household Credit - 1986
Single Individuals

<u>If household gross income is:</u>		<u>Household credit is:</u>
Over	But not over	
\$ 0	\$ 5,000	\$75
5,000	6,000	60
6,000	7,000	50
7,000	20,000	45
20,000	25,000	40
25,000	28,000	20

Household Credit - 1986
Married, Head of Household, or Surviving Spouse

<u>If household gross income is:</u>		<u>Household credit is:</u>
Over	But not over	
\$ 0	\$ 5,000	\$90 + (\$15 x [number of exemptions less 1])
5,000	6,000	75 + (\$15 x [number of exemptions less 1])
6,000	7,000	65 + (\$15 x [number of exemptions less 1])
7,000	20,000	60 + (\$15 x [number of exemptions less 1])
20,000	22,000	60 + (\$10 x [number of exemptions less 1])
22,000	25,000	50 + (\$10 x [number of exemptions less 1])
25,000	28,000	40 + (\$ 5 x [number of exemptions less 1])
28,000	32,000	20 + (\$ 5 x [number of exemptions less 1])

Example:

A husband and wife have New York household gross income of \$29,000 and claim 4 federal exemptions. The exemptions are shown on the New York income tax return as 3 exemptions in the husband's column and 1 exemption in the wife's column.

Computation of the credit is as follows:

	<u>Household credit</u>
1. Household gross income of \$29,000 is over \$28,000 but not over \$32,000; from table on page 1, enter	\$ 20.00
2. Subtract 1 exemption from the taxpayers' total number of exemptions claimed: 4 - 1 = 3	
3. Multiply the answer from Step 2 by \$5: \$5 per exemption x 3 exemptions	<u>15.00</u>
4. Total household credit (add lines 1 and 3)	\$ 35.00

The household credit must be divided equally between the husband and the wife when separate returns are filed either on one form or separate forms. The unused portion of either spouse's household credit may not be claimed by the other spouse.

Real Property Tax Credit

For taxable years beginning on or after January 1, 1985, section 606(e) of the New York State Personal Income Tax, as amended, makes the real property tax credit permanent and expands the benefits as follows:

- a. Household gross income limit for claiming the credit is increased from \$16,000 to \$18,000.
- b. The current market value of all real property (house, garage, land, etc.) owned is increased from \$65,000 to \$85,000.
- c. The maximum adjusted rent is increased from \$300 in any one month to an average of \$450 a month during the rental period in the taxable year. However, you must occupy the same New York residence for six months or more in order to claim the rent paid for the real property tax credit.
- d. No distinction is made between owners and renters with regard to the computation of the credit.
- e. A new section 14(a) provides that the real property tax credit is the lesser of the maximum credit or 50% of excess real property taxes. However, if the qualified taxpayer elects to include the real property taxes not paid due to the exemption for persons 65 or older under section 467 of the Real Property Tax Law, the credit is the lesser of the maximum credit or 25% of the excess real property taxes (see chart on page 3).

The following table shows the new household gross income brackets and the new rates used to compute the excess real property taxes. The excess real property taxes are the excess of real property tax or real property tax equivalent over the sum of household gross income multiplied by the applicable percentage.

Excess Real Property Tax Table

<u>If household gross income is:</u>	<u>Rate is:</u>
\$ 0 to \$ 3,000	33½%
3,001 to 5,000	4 %
5,001 to 7,000	4½%
7,001 to 9,000	5 %
9,001 to 11,000	5½%
11,001 to 14,000	6 %
14,001 to 18,000	6½%

- f. The maximum credit for individuals 65 or older is increased from \$250 to \$375 and for individuals under 65 from \$45 to \$75. The chart shows the new household gross income brackets and maximum credit for each group.

Maximum Real Property Tax Credit

<u>If household gross income is:</u>	<u>Maximum credit is:</u>	
	65 or older	under 65
\$ 0 to \$ 1,000	\$375	\$75
1,001 to 2,000	358	73
2,001 to 3,000	341	71
3,001 to 4,000	324	69
4,001 to 5,000	307	67
5,001 to 6,000	290	65
6,001 to 7,000	273	63
7,001 to 8,000	256	61
8,001 to 9,000	239	59
9,001 to 10,000	222	57
10,001 to 11,000	205	55
11,001 to 12,000	188	53
12,001 to 13,000	171	51
13,001 to 14,000	154	49
14,001 to 15,000	137	47
15,001 to 16,000	120	45
16,001 to 17,000	103	43
17,001 to 18,000	86	41

Cross References:

Household Credit - TSB-M-78-(6)-I and TSB-M-81-(8)-I

Real Property Tax Credit - TSB-M-78-(5)-I(Rev), TSB-M-80-(12)-I, and
TSB-M-81-(9)-I