

1984 AMENDMENTS TO
INCOME TAX LAWS

Article 22

<u>Law Section</u>	<u>Chapter</u>	<u>Bill Section</u>	<u>Brief Summary</u>
601-C(a)	606	4	<p>Technical amendment to include reference to new subsection (i) of Section 606 thereby providing that the flow through credits permitted by this new subsection not be allowed against the separate tax on the ordinary income portion of lump sum distributions.</p> <p>Applies to taxable years beginning after 12/31/82.</p>
601-D(b)	606	5	<p>Technical amendment to include reference to new subsection (i) of Section 606 thereby providing that the flow through credits permitted by this new subsection not be allowed against the separate tax relating to the termination of a qualified higher education fund.</p> <p>Applies to taxable years beginning after 12/31/82.</p>
606(a)(9)	606	6	<p>This section which provided for the flow through of the investment credit to shareholders of subchapter S corporations where the election under Section 660 is made is REPEALED.</p> <p>A new subsection (i) has been added to Section 606 to provide for the flow through of the investment credit, the retail enterprise credit, the special additional mortgage recording tax credit and the research and development credit.</p> <p>Applies to taxable years beginning after 12/31/82.</p>

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606(i)	606	7	<p>Reletters current subsection (2) (cross references) to be subsection (j) and adds a new subsection (i) to provide for the flow through of the investment credit, the retail enterprise credit, the special additional mortgage recording tax credit and the research and development credit to shareholders of electing New York S corporations. The credits are determined under the Corporation Tax Law provisions. The amount of the shareholder's credit is such shareholder's pro rata share of the corporation's credit.</p> <p>If the amount of the credit under this subsection exceeds the taxpayer's tax for the taxable year, the excess may be carried over to the following year or years. If the S corporation qualifies as a new business under Section 210.12(j), the excess may be refunded.</p> <p>There are provisions for the recapture of any credit allowed by this new subsection.</p> <p>Applies to taxable years beginning after 12/31/82.</p>
606(j)	606	7	Relettered cross references.
612(b)(18)	606	8	Requires shareholders of an electing New York S corporation to increase their FAGI by an amount equal to their pro rata share of the corporation's reduction for taxes pursuant to paragraphs (2) and (3) of Section 1366(f) of the Internal Revenue Code (relating to Federal minimum tax (Code Section 56), Federal tax on certain capital gains (Code Section 1374) and Federal tax on certain passive investment income (Code Section 1375)). If the Federal reduction for taxes affects the determination of a net capital gain, the modification required by this paragraph is limited to forty percent of the Federal reduction for taxes.

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			<p>Subparagraph (B) of this paragraph provides that where a New York S corporation election terminates pursuant to Section 660(c)(3) (new shareholder affirmatively refusing to consent to election) on a day other than the first day of the taxable year of the S corporation, then, the amount of the modification required by this paragraph must be determined under the provisions of Section 612(s).</p> <p>Applies to taxable years beginning after 12/31/82.</p>
6t2(b)(19)	606	8	<p>Requires shareholders of <u>non-electing</u> New York S corporations to increase their FAGI by any item of loss or deduction of the S corporation included in FAGI pursuant to Code Section 1366. If any such item of loss or deduction affects the determination of a net capital gain, the modification required by this paragraph is limited to forty percent of such items.</p> <p>Subparagraph (B) of this paragraph provides that where a New York S corporation election terminates pursuant to Section 660(c)(3) (new shareholder affirmatively refusing to consent to election) on a day other than the first day of the taxable year of the S corporation, then, the amount of the modification required by this paragraph must be determined under the provisions of Section 612(s).</p> <p>See NOTE under Section 612(e)</p> <p>Applies to taxable years beginning after 12/31/82.</p>
612(b)(20)	606	8	<p>Requires the inclusion of distributions received by a shareholder of an S corporation which are not included in FAGI pursuant to Code Sections 1368, 1371(e) and 1379(c) which represent income not previously subject to NYS personal income tax</p>

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			<p><u>because the election under Section 660 had not been made.</u> If any such distribution is treated as a capital gain for Federal income tax purposes (Code Section 1368(b)(2)), the distribution will be treated as ordinary income for NYS personal income tax purposes.</p> <p>See NOTE under Section 612(e)</p> <p>Applies to taxable years beginning after 12/31/82.</p>
612(b)(21)	606	8	<p>This section and Section 612(c)(21) provide for an addition or subtraction (as the case may be) from FAGI upon the disposition of stock of a corporation which was a Federal S corporation for any taxable year beginning after 12/31/80. The amount to be added or subtracted, as the case may be, is determined under Section 612(n).</p> <p>If the disposition affects the determination of a net capital gain for Federal income tax purposes, the modifications required by this section and Section 612(c)(21) are limited to forty percent.</p> <p>See NOTE under Section 612(e)</p> <p>Applies to taxable years beginning after 12/31/82.</p>
612(c)(3-b)	71	1	<p>Provides for the subtraction of Social Security benefits and Tier 1 Railroad Retirement benefits to the extent includible in Federal gross income.</p> <p>Applies to benefits received after 12/31/83.</p>
612(c)(3-b) & (3-c)	961	1	<p>Renumbers paragraph (3-b) to (3-c) and adds a new paragraph (3-b) to provide for the subtraction of disability income to the extent includible in Federal gross income.</p>

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			<p>Internal Revenue Code Section 105(d) was repealed and this amendment permits a disability income exclusion for New York State and City of New York personal income tax purposes for taxable years beginning after 12/31/83.</p> <p>The amount of the disability income exclusion for New York purposes is computed as if Section 105(d) of the Internal Revenue Code had continued in effect for taxable years commencing after 12/31/83.</p> <p>The sum of the disability income excluded and pension and annuity excluded under Tax Law Section 612(3-a) cannot exceed \$20,000 per taxpayer.</p> <p>For New York tax purposes, either Joint or separate returns may be filed to claim this modification.</p> <p>For Federal purposes, a credit for the permanently and totally disabled is allowed for taxable years beginning after 12/31/83. (See Code Section 37).</p> <p>Applies to taxable years beginning after 12/31/83.</p>
612(c)(21)	606	9	See the amendment to Section 612(b)(21).
612(c)(22)	606	9	<p>Provides that a shareholder of a <u>non-electing</u> New York S corporation may subtract from FAGI any item of income of the corporation included in FAGI pursuant to Code Section 1366. If the item of income affects the determination of a net capital gain for Federal income tax purposes, this modification is limited to forty percent of the item.</p> <p>Subparagraph (B) of this paragraph provides that where a New York S corporation election terminates pursuant to Section 660(c)(3) (new</p>

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			<p>shareholder affirmatively refusing to consent to election) on a day other than the first day of the taxable year of the S corporation, then, the amount of the subtraction under this paragraph must be determined under the provisions of Section 612(s).</p> <p>See NOTE under Section 612(e)</p> <p>Applies to taxable years beginning after 12/31/82.</p>
612(e)	606	10	<p>Extends the provisions of this section to certain shareholders of S corporations.</p> <p>Requires shareholders of <u>electing</u> New York S corporations or resident shareholders of foreign S corporations which are not subject to Article 9-A tax to make the modifications under Section 612, as determined under Section 617, which relate to S corporation items of income, loss or deduction.</p> <p>NOTE: A resident shareholder of a foreign S corporation (an S corporation that is not incorporated in New York State) <u>that does not do business in New York State</u> is required to make any of the modifications in Sections 612(b) and 612(c) that relate to the S corporation's items of income, loss and deduction. However, such shareholder is not required to make the modifications required by Sections 612(b)(19), 612(b)(20), 612(b)(21), 612(c)(21) and 612(c)(22).</p> <p>A resident shareholder of a foreign S corporation (an S corporation that is not incorporated in New York State) <u>that does business in New York State</u>, or an S corporation incorporated in New York State, which <u>can</u> make the election provided for by Section 660 <u>but does not</u>, is not subject to the provisions</p>

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			<p>of this subsection. The S corporation would be subject to Article 9-A tax and the shareholder would be required to make the modifications required by Sections 612(b)(19), 612(b)(20), 612(b)(21), 612(c)(21) and 612(c)(22).</p> <p>Applies to taxable years beginning after 12/31/82.</p>
612(f)	71	2	<p>This amendment provides that where a joint Federal return is filed and separate State returns are filed: (1) the amount of unemployment compensation taxable for State purposes is to be determined in the same joint manner as for Federal purposes and that such unemployment compensation be attributable to the spouse who would have been required to report such unemployment compensation had separate Federal returns been filed; and (2) any deductions for contributions to individual retirement plans be determined for State purposes in the same joint manner as for Federal purposes and that any such deduction be attributable to the spouse in whose name the individual retirement plan is established.</p> <p>Applies to taxable years beginning after 12/31/83,</p>
612(h)(1)(B)	972	5	<p>Extends the modification relating to air pollution control facilities to acid rain equipment and facilities.</p> <p>Effective 8/6/84.</p>
612(n)	606	11	<p>Provides plus and minus modifications where a shareholder of an S corporation disposes of stock or indebtedness of the S corporation and gain or loss is recognized for Federal purposes.</p>

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			<p>FAGI must be increased (see Section 612(b)(21)) by an amount equal to the increase in the basis of the stock or indebtedness in the S corporation required by Code Sections 1376(a) (as such section was in effect for taxable years beginning before 1/1/83) and 1367(a)(1)(A) and (B) for each taxable year of the S corporation beginning after 12/31/80 that the S corporation did not have an election under Section 660 in effect.</p> <p>FAGI may be reduced (see Section 612(c)(21)) by an amount equal to the reduction in the basis of the stock or indebtedness in the S corporation required by Code Sections 1376(5) (as such section was in effect for taxable years beginning before 1/1/83) and 1367 (a) (2) (B) and (C) for each taxable year of the S corporation beginning after 12/31/80 that the S corporation did not have an election under Section 660 in effect. Further, FAGI may also be reduced by the total of any Section 612(b)(20) modifications with respect to the stock or indebtedness.</p> <p>Applies to taxable years beginning after 12/31/82.</p>
612(s)	606	12	<p>Provides that where a New York S corporation election terminates pursuant to Section 660(c)(3) (new shareholder affirmatively refusing to consent to election), an equal portion of the S corporation's items of income, loss and deduction included in the shareholder's FAGI, itemized deductions, and any modifications attributable to such items are allocated to the short period the election under Section 660 was in effect by multiplying such items by a fraction the numerator of which is the number of days the election under Section 660 was in effect and the denominator of</p>

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			<p>which is the number of days in the S corporation's termination year. However, if <u>all</u> the shareholders during the period the election under Section 660 was in effect elect, any allocation to the short period the election under Section 660 was in effect may be determined based on normal accounting rules.</p> <p>The shareholder's pro rata share of the S corporation items of income, loss and deduction (including his allocated pro rata share of any reduction for taxes required to be added by Section 612(b)(18)) attributable to the short period New York S year is to be included in such shareholder's taxable year that includes the last day of the S corporation's Federal tax year. The balance of such shareholder's pro rata share of the S corporation's items included in FAGI and itemized deductions is attributable to the period the election under Section 660 is <u>not</u> in effect and such shareholder must make the modifications which pertain to shareholders of non-electing New York S corporations (i.e. Sections 612(b)(19) and (20), 612(c)(22) and 615(c) (6)).</p> <p>Applies to taxable years beginning after 12/31/82.</p>
615(c)(1)	982	2	Technical amendment to reflect the extension of the increased City tax rates through 1985.
615(c)(6)	606	13	Requires shareholders of <u>non-electing</u> New York S corporations to reduce Federal itemized deductions by an amount equal to any S corporation items included therein.
			See NOTE under Section 615(e).

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			<p>Subparagraph (B) of this paragraph provides that where a New York S corporation election terminates pursuant to Section 660(c)(3) (new shareholder affirmatively refusing to consent to election) on a day other than the first day of the taxable year of the S corporation, then, the amount of the modification required by this paragraph must be determined under the provisions of Section 612(s).</p> <p>See NOTE under Section 615(e).</p> <p>Applies to taxable years beginning after 12/31/82.</p>
615(e)	606	14	<p>Extends the provisions of this section to certain shareholders of S corporations.</p> <p>Requires shareholders of <u>electing</u> New York S corporations or resident shareholders of foreign S corporations which are not subject to Article 9-A tax to make the modifications under Sections 615(c) and 615(d)(2) and (3), as determined under Section 617, which relate to S corporation items included in Federal itemized deductions.</p> <p>NOTE: A resident shareholder of a foreign S corporation (an S corporation that is not incorporated in New York State) <u>that does not do business in New York State</u> is required to make any of the modifications under Sections 615(c) and 615(d)(2) or (3) that relate to the S corporation's items included in Federal itemized deductions. However, such shareholder is not required to make the modification required by Section 615(c)(6).</p> <p>A resident shareholder of a foreign S corporation (an S corporation that is not incorporated in New York State) <u>that does business in New York State</u>, or an S corporation incorporated in New York State,</p>

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			<p>which can make the election provided for by Section 660 <u>but does not</u>, is not subject to provisions of this subsection. The S corporation would be subject to Article 9-A tax and the shareholder would be required to make the modification required by Section 615(c)(6).</p> <p>Applies to taxable years beginning after 12/31/82.</p>
617(a)	606	15	<p>Extends the provisions of Section 617 to certain shareholders of S corporations.</p> <p>Requires shareholders of <u>electing</u> New York S corporations or resident shareholders of foreign S corporations which are not subject to Article 9-A tax to make the modifications under Sections 612(b), 612(c), 612(d), 615(c), and 615(d)(2) or (3) which relate to an S corporation item of income, loss or deduction in accordance with their pro rata share of the item to which the modification relates.</p> <p>Where a New York S corporation election terminates pursuant to Section 660(c)(3) (a new shareholder affirmatively refusing to consent to election) on a day other than the first day of the taxable year of the S corporation, the shareholder's pro rata share of any item must be determined under the provisions of Section 612(s).</p> <p>Also see NOTE under Sections 612(e) and 615(e).</p> <p>Applies to taxable years beginning after 12/31/82.</p>
617(b)	606	15	<p>Provides that the character of each item of S corporation income, loss or deduction for the shareholder will be same for New York purposes as it is for Federal purposes. If an item is not characterized for</p>

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			<p>Federal income tax purposes, the item will have the same character for the shareholder as if realized directly from the source from which it was realized by the S corporation, or incurred in the same manner as incurred by the S corporation.</p> <p>Applies to taxable years beginning after 12/31/82.</p>
622(a)(2)	606	16	<p>Technical amendment to include reference to subsection (i) of Section 606 thereby providing that the flow through credits permitted by such subsection (i) must be subtracted from New York State personal income tax in arriving at New York minimum taxable income.</p> <p>Applies to taxable years beginning after 12/31/82.</p>
622(d)	606	17	<p>Technical amendment to include reference to subsection (i) of Section 606 thereby providing that the flow through credits permitted by such subsection (1) not be allowed against New York minimum income tax.</p> <p>Applies to taxable years beginning after 12/31/82.</p>
632(a)(1), (B) and (C)	606	18	<p>Reletters subparagraph (B) to be subparagraph (C) and adds a new subparagraph (B) to provide that where the election under Section 660 is in effect, a nonresident's NYAGI includes his pro rata share of S corporation income, loss and deduction as determined under Section 637.</p> <p>Applies to taxable years beginning after 12/31/82.</p>
632(a)(2)	606	19	<p>Subjects a nonresident shareholder of an electing New York S corporation to the 612(b) and (c) modifications which relate to income derived from New York State sources.</p>

<u>Law Section</u>	<u>Chapter</u>	<u>Bill Section</u>	<u>Brief Summary</u>
			Applies to taxable years beginning after 12/31/82.
632(b)(1)(C)	606	20	Provides that a nonresident's items of income, gains, losses and deductions from New York State sources include those items attributable to the ownership of shares of stock issued by an electing New York S corporation to the extent determined under Section 637. Applies to taxable years beginning after 12/31/82.
632(b)(4)	606	21	This paragraph which provided that a nonresident's income from a non-electing subchapter S corporation was not from New York State sources is REPEALED. This paragraph is no longer needed due to the addition of a new subparagraph (B) to Section 632(a)(1). Applies to taxable years beginning after 12/31/82.
637(a)(2) & (3)	606	23	Extends the provisions of Section 637 to certain shareholders of S corporations. Renumbers paragraph (2) to be paragraph (3) and adds a new paragraph (2) which provides that in determining the NYAGI of a nonresident shareholder of an electing New York S corporation there shall only be included the nonresident shareholder's pro rata share of the S Corporation items of income, losses and deductions, increased by the reductions for taxes described in Code Sections 1366(f)(2) and 1366(f)(3) (see Section 612(b)(I8)), to the extent derived from or connected with New York State sources. In determining the portion derived from or connected with New York State sources, the applicable methods and rules for allocation under Article 9-A

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			are to be used.
			Applies to taxable years beginning after 12/31/82.
637(a)(3) (as renumbered by Bill Section 23 of Chapter 606)	606	24	Extends the provisions relating to the computation of the New York itemized deduction of a nonresident partner to nonresident shareholders of electing New York S corporations.
			Applies to taxable years beginning after 12/31/82.
637(c)	606	22	Requires nonresident shareholders of <u>electing</u> New York S corporations to make any of the modifications under Section 612(b) and 612(c) that relate to an S corporation item of income, loss or deduction in accordance with their pro rata share of the item to which the modification relates.
			Applies to taxable years beginning after 12/31/82.
637(e)	606	22	Extends the provisions relating to application of rules for resident partners to nonresident partners to include application of rules for resident shareholders of electing New York S corporations to nonresident shareholders of electing New York S corporations.
			Applies to taxable years beginning after 12/31/82.
641(a)(2)	606	25	Technical amendment to include reference to subsection (i) of Section 606 thereby providing that the flow through credits permitted by such subsection (i) must be subtracted from New York State personal income tax in arriving at New York minimum taxable income.
			Applies to taxable years beginning after 12/31/82.

<u>Law Section</u>	<u>Chapter</u>	<u>Bill Section</u>	<u>Brief Summary</u>
641(d)	606	26	<p>Technical amendment to include reference to subsection (i) of Section 606 thereby providing that the flow through credits permitted by such subsection (i) not be allowed against New York minimum income tax.</p> <p>Applies to taxable years beginning after 12/31/82.</p>
651(b)(4)(B)	559	4	<p>Technical amendment to include reference to defaulted State University loans and new Section 171-e thereby providing that where married individuals file separately on one form, an overpayment by a spouse may be credited against defaulted State University loans owed by the other spouse (see Section 171-e of Article 8) unless the return of the spouse not liable includes a demand that the overpayment and interest thereon not be credited against the defaulted State University loan owed by the other spouse.</p> <p>Applies to overpayments for taxable years beginning after 12/31/83.</p>
651(b)(5)(iii)	559	5	<p>Technical amendment to include reference to defaulted State University loans and new Section 171-e thereby providing that where a joint return is filed and only one spouse is liable for a defaulted State University loan (see Section 171-e of Article 8), then an overpayment and any interest will be credited against the defaulted State University loan unless the spouse not liable demands that his or her portion of the overpayment and any interest not be credited against the defaulted State University loan owed by the other spouse.</p> <p>Applies to overpayments for taxable years beginning after 12/31/83.</p>

<u>Law Section</u>	<u>Chapter</u>	<u>Bill Section</u>	<u>Brief Summary</u>
655(1)	285	1	<p>No declaration of estimated tax shall be required under Section 655 for taxable years beginning after 12/31/84. See the amendment to Section 656 with regard to the requirement to pay estimated tax.</p> <p>Applies to taxable years beginning after 12/31/84.</p>
656(g)	285	2	<p>Provides that, for taxable years beginning after 12/31/84, in determining if estimated tax must be paid, the filing requirements of Section 655 shall be applied to Section 656 as if Section 655 had remained in effect.</p> <p>The amount of estimated tax that must be paid under Section 656 is the same amount as required to avoid penalty (Sections 685(c)(t) and 685 (d)).</p> <p>Applies to taxable years beginning after 12/31/84.</p>
658(c)(I) and (2)	606	27	<p>Numbers present Section 658(c) to be paragraph (1) and adds a new paragraph (2) which requires every electing New York S corporation to file an information return showing all items of income, loss and deduction and such other pertinent information that may be required. The information return required by this new paragraph is due on or before the fifteenth day of the third month following the close of each taxable year.</p> <p>Failure to comply with this new paragraph will result in a penalty being imposed pursuant to Section 685 (h) (2).</p> <p>Applies to taxable years beginning after 12/31/82.</p>

<u>Law Section</u>	<u>Chapter</u>	<u>Bill Section</u>	<u>Brief Summary</u>
660(a)	606	28	<p>Provides that where all the shareholders of a Federal S corporation elect, the S corporation will be exempt from the taxes imposed by Article 9-A (except for the annual maintenance fee imposed on foreign corporations authorized to do business in New York State and recapture of investment credit, retail enterprise credit and research and development credit) and the shareholder (both resident and nonresident) will be taxable on their pro rata share of the S corporation's items of income, loss and deduction.</p> <p>This amendment applies to taxable years beginning after 12/31/82.</p> <p>NOTE: Any election made under Section 660 as such section was in effect for taxable years beginning before 1/1/83 will be treated as an election made under Section 660 as amended (see Section 660(d)).</p>
660(b)	606	28	<p>Provides for requirements of making the election under subsection (a) of Section 660, when to make the election, when the election is treated as being made and years for which the election is effective. This amendment applies to taxable years beginning after 12/31/82.</p> <p>See NOTE under Section 660(a).</p>

<u>Law Section</u>	<u>Chapter</u>	<u>Bill Section</u>	<u>Brief Summary</u>
660(c)	606	28	<p>Provides for when and how the election under subsection (a) of Section 660 ceases to be effective.</p> <p>This amendment applies to taxable years beginning after 12/31/82.</p> <p>See NOTE under Section 660(a).</p>
660(d)	606	28	<p>Provides a transitional rule whereby any election made under Section 660 as such section was in effect for taxable years beginning before 1/1/83 will be treated as an election made under Section 660 as amended.</p>
Effects Section 660	606	40	<p>Provides that, notwithstanding any provision of Section 660 to the contrary:</p> <p>(1) an election under such Section 660 can be made at any time before 10/25/84 for taxable years of the S corporation beginning after 12/31/82; and</p> <p>(2) a revocation by one or more of the shareholders can be made at any time before 10/25/84 for taxable years of an S corporation beginning after 12/31/82.</p>
674(a)(1) through (7)	301	1	<p>Renumbers paragraphs (1) through (6) to be paragraphs (2) through (7) and adds a new paragraph (1) providing for an <u>annual</u> filing and payment (by January 31 of the following calendar year) of withheld taxes where the aggregate amount of such withheld taxes can reasonably be expected to be <u>less than \$200</u> for each semiannual period ending on June 30 and December 31.</p> <p>Applies to taxes required to be deducted and withheld on or after January 1, 1986.</p>

<u>Law Section</u>	<u>Chapter</u>	<u>Bill Section</u>	<u>Brief Summary</u>
674(a)(2)	301	2	<p>The amendment to renumbered paragraph (2) provides for <u>semiannual</u> filing and payment (by July 31 and January 31) of withheld taxes where the aggregate amount of such withheld taxes can reasonably be expected to be <u>\$200 or more</u> for either of the semiannual periods ending on June 30 and December 31 but <u>less than \$800</u> for each semiannual period.</p> <p>Applies to taxes required to be deducted and withheld on or after January 1, 1986.</p>
674(a)(3)	301	3	<p>The amendment to renumbered paragraph (3) provides for <u>monthly</u> filing and payment (by the fifteenth day of the following month for each month from January through November and on or before January 31 of the following calendar year for the month of December) of withheld taxes where the aggregate amount of such withheld taxes can reasonably be expected to be <u>\$800 or more</u> for either of the semiannual periods ending on June 30 and December 31 but <u>less than \$7500</u> for each semiannual period.</p> <p>Applies to taxes required to be deducted and withheld on or after January 1, 1986.</p>
685(c)	285	3	<p>Numbers present Sections 685(c) to be paragraph (1) and makes technical amendments to newly numbered paragraph (1).</p> <p>Adds a new paragraph (2) to Section 685(c) to provide that no penalty for an underpayment of estimated tax may be imposed if an individual had</p>

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			<p>no tax liability for the preceding taxable year, provided such taxable year was a 12 month taxable year and the individual was a resident of New York State for the entire taxable year or a nonresident of New York State who had New York adjusted gross income.</p> <p>Applies to taxable years beginning after 12/31/84.</p>
	606	41	<p>This bill section <u>does not amend</u> Sections 685(c) or T46-185.0(c). However, this bill section provides that notwithstanding the provisions of these sections the underpayment penalty imposed by these sections will not be imposed with respect to any installment the due date for the payment of which is prior to 7/27/84 for that portion of any underpayment attributable solely to the provisions of Chapter 606 of the Laws of 1984.</p>
685(h)(1) and (2)	606	29	<p>Numbers present Section 685(h) to be paragraph (1) and adds a new paragraph (2) which imposes a penalty for failure to file the information return required by Section 658(c) (returns of information with regard to partnerships and S corporations) or for failure to furnish the information required by such section.</p> <p>The penalty is to be paid by the partnership or S corporation.</p> <p>The amount of the penalty is \$20 per partner or shareholder per month or fraction of a month that the failure continues, not to exceed five months.</p>

<u>Law Section</u>	<u>Chapter</u>	<u>Bill Section</u>	<u>Brief Summary</u>
			<p>The penalty can be waived if it can be shown that the failure is due to reasonable cause and not to willful neglect.</p> <p>Applies to returns or statements required to be filed after 12/31/84 (determined without regard to extensions of time).</p>
685(1)	606	29	<p>Technical amendment to include reference to subsection (h) of Section 685.</p> <p>Applies to returns or statements required to be filed after 12/31/84 (determined without regard to extensions of time).</p>
686(a)	559	6	<p>Technical amendment to include reference to defaulted State University loans and new Section 171-e of Article 8 thereby expanding the Tax Commission's authority to credit an overpayment of personal income tax against a default in repayment of a State University loan.</p> <p>Applies to overpayments for taxable years beginning after 12/31/83.</p>
688(f)	559	7	<p>Technical amendment to include reference to defaulted State University loans and new Section 171-e of Article 8 thereby providing that an overpayment of tax (or portion thereof) will cease to bear interest on the date on which the Tax Commission certifies to the Comptroller the amount of the overpayment to be offset against defaulted State University loans.</p> <p>Applies to overpayments for taxable years beginning after 12/31/83.</p>

<u>Law Section</u>	<u>Chapter</u>	<u>Bill Section</u>	<u>Brief Summary</u>
697(e)	559	8	<p>This amendment permits the Tax Commission to furnish information to the State University of New York or the Attorney General on its behalf regarding the amount of overpayment of tax and interest thereon to be credited against a defaulted State University loan as well as furnishing the name and social security number of the taxpayer who made the overpayment.</p> <p>Applies to overpayments for taxable years beginning after 12/31/83.</p>
697(k)	889	2	<p>Requires this Department to provide certain information to the Commissioner of Education, appropriate district superintendents and appropriate school district superintendents for the sole purpose of verifying the legal residence and school district of a taxpayer in determining the distribution of state aid for education. These provisions also impose restrictions on the right of the Commissioner of Education and the superintendents to disclose the information provided them by the Tax Department.</p> <p>Effective 8/5/84.</p>

Article 30

<u>Law Section</u>	<u>Chapter</u>	<u>Bill Section</u>	<u>Brief Summary</u>
1304 (a), (b) and (d)	982	3	Increased City tax rates remain in effect through 1985.
1309	301	4	Technical amendment to include reference to paragraphs (4) and (5) of Section 674(a) of Article 22. Applies to taxes required to be deducted and withheld on or after January 1, 1986.
1313	559	9	Technical amendment to include reference to defaulted State University loans and new Section 171-e of Article 8 requirement that certain overpayments be paid over to the State University of New York to be applied against a defaulted State University loan. Applies to overpayments for taxable years beginning after 12/31/83.

Article 30-A

<u>Law Section</u>	<u>Chapter</u>	<u>Bill Section</u>	<u>Brief Summary</u>
1320 through 1333	345	2	<p>Provides the <u>authority</u> for cities with a population of more than 190,000 but less than 215,000 (Yonkers) to impose a City Income Tax Surcharge on its residents at a rate not to exceed 15% of Net State Tax.</p> <p>Net State Tax means the sum of all taxes under Article 22 less any credits (other than the credit for tax withheld).</p> <p>New Article 30-A provides for the following sections:</p> <ul style="list-style-type: none">1320 - Short title.1321 - Authority to impose city income tax surcharge.1322 - Persons subject to the city income tax surcharge.1323 - Net state tax.1325 - City resident and city nonresident defined.1326 - Returns and liabilities.1327 - Change of resident status during year.1328 - Estimated tax.1329 - Requirement of withholding tax from wages.1330 - Credit for tax withheld.1331 - Enforcement with other taxes.1332 - Administration, collection and review.1333 - Deposit and disposition of revenues.

The City Income Tax Surcharge, which may be imposed pursuant to the authority of Article 30-A, may be imposed for taxable years beginning after 12/31/83 and before 1/1/89.

Law
Section

Chapter

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Brief Summary

See Article IX of Chapter 92 of the Codes and Ordinances of the City of Yonkers for the Local Law which imposes the City Income Tax Surcharge on residents of the City of Yonkers.

Article 30-B

<u>Law Section</u>	<u>Chapter</u>	<u>Bill Section</u>	<u>Brief Summary</u>
1340 through 1343	345	3	<p>Provides the <u>authority</u> for cities with a population of more than 190,000 but less than 215,000 (Yonkers) to impose an earnings tax on its nonresidents at a rate not to exceed one-half of one percent.</p> <p>Section 1340(c) provides for a model local law which essentially follows the format of the model local law provided by Article 2-E of the State General City Law and certain provisions of Title U of the Administrative Code of the City of New York. Therefore, the Yonkers earnings tax on nonresidents is essentially the same as the City of New York earnings tax on nonresidents. The only exception is the rate of tax.</p> <p>The City earnings tax on nonresidents, which may be imposed pursuant to the authority of Article 30-B, may be imposed for taxable years beginning after 12/31/83 and before 1/1/89.</p> <p>See Article X of Chapter 92 of the Codes and Ordinances of the City of Yonkers for the Local Law which <u>imposes</u> the City earnings tax on nonresidents of the City of Yonkers.</p>

Article 8

<u>Law Section</u>	<u>Chapter</u>	<u>Bill Section</u>	<u>Brief Summary</u>
Subdivision Twenty-fifth of Section 171	889	1	<p>Requires the State Tax Commission to develop and implement, by 11/15/84, an appeal process to resolve disputes between local school districts and this Department in regard to a school district's evaluation of total New York AGI, as determined by this Department for use in determining State aid to education.</p> <p>This Chapter also requires the Commissioner of Tax and Finance, the Commissioner of Education and the Director of the Budget to enter into a cooperative agreement, no later than 45 days after the effective date of this Chapter, with respect to the validation and correction of total New York AGI of identified school districts for use in designing and developing the appeal process</p> <p>This Chapter also creates a temporary task force on income"verification to conduct a study of alternatives for the establishment of a Statewide address match and income verification system for purposes of improving and modifying the data used in distributing school aid to local school districts.</p> <p>Effective 8/5/84.</p>
171-a.1 (Deposit and Deposition of Revenue)	65	4	<p>Technical amendment deleting reference to Section 182 in the exception, thereby providing that any taxes collected under Section 182 be subject to the provisions of Section 171-a.</p>
	559	1	<p>Technical amendment to include reference to defaulted State University loans and new Section 171-e regarding the requirement that certain overpayments of tax be paid over to the State University of New York to be applied against a defaulted State University loan.</p>

<u>Law Section</u>	<u>Chapter</u>	<u>Bill Section</u>	<u>Brief Summary</u>
			Applies to overpayments for taxable years beginning after 12/31/83,
Effects 171-a (Wage Reporting)	37	1	Extends the wage reporting system provisions through 3/31/87. This Bill amends Sections 6 and 7 of Chapter 545 of the Laws of 1978.
171(c)(8)(a) & (b)	793	3	Present paragraph (8) is amended to be subparagraph (a) and amends such subparagraph (a) and adds a new subparagraph (b). This amendment conforms the definition of "past due support" to the amendments to the Social Services Law which provides what past due support may include. Effective 9/1/84.
171-d(4)(i)(E)	559	2	Technical amendment to include reference to defaulted State University loans and new Section 171-e of the Tax Law thereby providing an order for applying an overpayment of tax.
171-e	559	3	Applies to overpayments for taxable years beginning after 12/31/83. Provides that certain overpayments of income tax may be applied against specified defaulted State University loans. Applies to overpayments for taxable years beginning after 12/31/83.

STATE ADMINISTRATIVE
PROCEDURE ACT

Chapter 17

This Chapter repeals Section 202 of the State Administrative Procedure Act (SAPA) and enacts a new Section 202. The new Section 202 simply recodifies the provisions of this statute in a clearer and more concise manner. This recodification makes no significant change in law except that it removes the five-day grace period the old Section 202 allowed for the filing of a notice when an agency adopted a rule on an emergency basis.

This Chapter also makes conforming clarifying and correcting amendments to other provisions of SAPA and to the provisions of other laws (The Executive Law and the Workers' Compensation Law).

The provisions of this Chapter take effect on July 11, 1984 (120 days after enactment). However, rules and regulations necessary for its implementation must be promulgated prior to that date.

Chapter 698

Changes the name of the Office of Business Permits to the Office of Business Permits and Regulatory Assistance (hereinafter referred to as "Office").

Adds a new Section 202-c to SAPA requiring the submission of proposed regulations, regulatory impact statements and regulatory flexibility analyses to the "Office" for review. Criteria for review are specified and agencies must respond to the "Office" when it concludes any of these criteria have not been met before rules may be adopted. A public hearing will be required where the "Office" again concludes the proposed rule does not meet the criteria after reviewing the agency response.

The public comment period available under Section 202 of SAPA may be extended by the "Office" by 15 days in order to provide sufficient time for interested parties to analyze and comment on a proposed rule.

Amends Section 203 of SAPA to extend the effective date of a rule to 21 days after filing when substantive changes in the rule as adopted in comparison with the rule as proposed have been made, or where a revised regulatory impact statement or flexibility analyses is submitted.

Effective October 1, 1984.

Chapter 699

This is a Chapter amendment to Chapter 698. This Chapter amends SAPA to allow an agency to "consider utilizing" rather to "utilize" approaches designed to avoid undue deleterious economic effects or overly burdensome impacts of the rule.

Effective the same day as Chapter 698.

STATE FINANCE LAW

<u>Law Section</u>	<u>Chapter</u>	<u>Bill Section</u>	<u>Brief Summary</u>
88	64	1	Postpones, until fiscal years beginning on or after 4/1/85, the requirement that receipts from Article 22 of the Tax Law (up to a maximum of 225 million dollars in any one fiscal year) be paid into the transportation improvement fund.

Title T of the
Administrative Code of the
City of New York

<u>Law Section</u>	<u>Chapter</u>	<u>Bill Section</u>	<u>Brief Summary</u>
T46-112.0 (b)(I9)	606	30	Same as the amendment to Section 612(b)(18) by Bill Section 8 of Chapter 606.
T46-112.0 (b) (20)	606	30	Same as the amendment to Section 612(b)(19) by Bill Section 8 of Chapter 606.
T46-112.0 (b) (21)	606	30	Same as the amendment to Section 612(b)(20) by Bill Section 8 of Chapter 606.
T46-112.0 (b) (22)	606	30	Same as the amendment to Section 612(b)(21) by Bill Section 8 of Chapter 606.
T46-112.0 (c) (3-b)	71	3	Same as the amendment adding new paragraph (3-b) to Section 6t2(c) by Bill Section 1 of Chapter 71.
T46-112.0 (c) (3-b) & (3-c)	961	2	Same as the amendments to Section 612(c)(3-b) and (3-c) by Bill Section 1 of Chapter 961.
T46-112.0 (c)(20)	606	31	Same as the amendment to Section 612(c)(22) by Bill Section 9 of Chapter 606.
T46-112.0 (c) (22)	606	31	Same as the amendment to Section 612(c)(21) by Bill Section 9 of Chapter 606.
T46-112.0(e)	606	32	Same as the amendment to Section 612(e) by Bill Section 10 of Chapter 606.

<u>Law Section</u>	<u>Chapter</u>	<u>Bill Section</u>	<u>Brief Summary</u>
T46-112.0(f)	71	4	Same as the amendments to Section 612(f) by Bill Section 2 of Chapter 71.
T46-112.0(m)	606	33	Same as the amendment to Section 612(n) by Bill Section 11 of Chapter 606.
T46-112.0(r)	606	34	Same as the amendment to Section 612(s) by Bill Section 12 of Chapter 606.
T46-115.0(c)(4)	606	35	Same as the amendment adding new paragraph (6) to Section 615(c) by Bill Section 13 of Chapter 606.
T46-115.0(e)	606	36	Same as the amendment to Section 615(e) by Bill Section 14 of Chapter 606.
T46-117.0(a)	606	37	Same as the amendment to Section 617(a) by Bill Section 15 of Chapter 606.
T46-117.0(b)	606	37	Same as the amendment to Section 617(b) by Bill Section 15 of Chapter 606.
T46-151.0(b)(5)(B)	559	10	Same as the amendment to Section 651(b)(4)(B) by Bill Section 4 of Chapter 559.
T46-151.0(h)(6)(ii)	559	11	Same as the amendment to Section 651(b)(5)(iii) by Bill Section 5 of Chapter 559.
T46-155.0(1)	285	4	Same as the amendment adding new subsection (1) to Section 655 by Bill Section 1 of Chapter 285.
T46-156.0(g)	285	5	Same as the amendment adding new subsection (g) to Section 656 by Bill Section 2 of Chapter 285.

<u>Law Section</u>	<u>Chapter</u>	<u>Bill Section</u>	<u>Brief Summary</u>
T46-158.0(c) (1) and (2)	606	38	Same as the amendment to Section 658(c)(1) and (2) by Bill Section 27 of Chapter 606.
T46-174.0(a)(1) through (8)	301	6	Renumbers paragraphs (1) through (7) to be paragraphs (2) through (8) and adds a new paragraph (1). The amendments made by this Bill Section have the same intent as the amendments made to Section 674(a)(1) through (7) by Bill Section 1 of Chapter 301.
T46-174.0(a)(2)	301	7	Same as the amendment to Section 674(a)(2) by Bill Section 2 of Chapter 301.
T46-174.0(a)(3)	301	8	Same as the amendment to Section 674(a)(3) by Bill Section 3 of Chapter 301.
T46-174.0(a)(8)	301	9	Technical amendment to include reference to paragraphs (4) and (5) of Section T46-174.0(a). Applies to taxes required to be deducted and withheld on or after January 1, 1986.
T46-185.0(c)	285	6	Same as the amendments to Section 685(c) by Bill Section 3 of Chapter 285.
T46-185.0 (h) (1) and (2)	606	39	Same as the amendment to Section 685(h)(1) and (2) by Bill Section 29 of Chapter 606.
T46-185.0(1)	606	39	Same as the amendment to Section 685(1) by Bill Section 29 of Chapter 606.
T46-186.0(a)	559	12	Same as the amendment to Section 686(a) by Bill Section 6 of Chapter 559.
T46-188.0(f)	559	13	Same as the amendment to Section 688(f) by Bill Section 7 of Chapter 559.
T46-197.0(a)	559	14	Same as the amendment to Section 697(a) by Bill Section 8 of Chapter 559.

Title U of the
Administrative Code of the
City of New York

<u>Law Section</u>	<u>Chapter</u>	<u>Bill Section</u>	<u>Brief Summary</u>
U46-6.0(1)	285	7	<p>No declaration of estimated tax shall be required under Section U46-6.0 for taxable years beginning after 12/31/84. See the amendment to Section U46-7.0 with regard to the requirement to pay estimated tax.</p> <p>Applies to taxable years beginning after 12/31/84.</p>
U46-7.0(g)	285	8	<p>Provides that, for taxable years beginning after 12/31/84, in determining if estimated tax must be paid, the filing requirements of Section U46-6.0 shall be applied to Section U46-7.0 as if Section U46-6.0 had remained in effect. The amount of estimated tax that must be paid under Section UA6-7.0 is the same amount as required to avoid penalty.</p> <p>Applies to taxable years beginning after 12/31/84.</p>
U46-8.1	301	10	<p>Technical amendment to include reference to paragraphs (4) and (5) of Section 674(a) of Article 22</p> <p>Applies to taxes required to be deducted and withheld on or after January 1, 1986.</p>
U46-21.0(b)	559	15	<p>Technical amendment to include reference to defaulted State</p> <p>University loans and Section 171-e of Article 8 of the State Tax Law</p>

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thereby providing that an overpayment by a spouse may be credited against a defaulted State University loan owed by the other spouse unless the return of the spouse not liable includes a demand that the overpayment and interest thereon not be credited against the defaulted State University loan owed by the other spouse.

Applies to overpayments for taxable years beginning after 12/31/83.

State General City Law

Section 25-m

<u>Law Section</u>	<u>Chapter</u>	<u>Bill Section</u>	<u>Brief Summary</u>
2-A(a)	982	1	Increased City tax rates remain in effect through 1985.
8-A	301	5	Technical amendment to include reference to paragraphs (4) and (5) of Section 674(a) of Article 22. Applies to taxes required to be deducted and withheld on or after January 1, 1986.