



**A Husband and Wife, Head of a Household  
or Surviving Spouse**

The credit is determined by multiplying the number of exemptions the taxpayer (in the case of a husband and wife, taxpayers) is entitled to for federal income tax purposes by the appropriate credit factor for the taxable year as specified in the following table.

If household gross income is:

The credit factor is:

		For taxable years beginning in				For taxable years beginning after
<u>over</u>	<u>but not over</u>	<u>1987</u>	<u>1988</u>	<u>1989</u>	<u>1990</u>	<u>1990</u>
\$ 0	\$ 12,500	\$ 30	\$ 50	\$ 50	\$ 45	\$ 30
12,500	15,000	20	40	50	45	30
15,000	17,500	10	20	25	25	25
17,500	20,000	0	15	15	15	15
20,000	22,500	0	0	0	10	10

**Definitions and Limitations**

"Household gross income" is the total federal adjusted income of a household. "Household" means a husband and wife, a head of a household, a surviving spouse, or an individual who cannot be claimed as a dependent on another taxpayer's return.

Household gross income is computed as if each member of the household were a resident for the entire year. The household gross income of a husband and wife is computed jointly regardless of whether they file joint or separate city resident income tax returns. If a husband and wife are required to file separate city resident income tax returns, each spouse is allowed only one-half of the credit.

The amount of the household credit cannot exceed the New York City resident tax for the taxable year, reduced by the amount of any city accumulation distribution credit allowable for the taxable year. Any amount of unused household credit is not refundable and cannot be carried over to subsequent tax years.

**Change of Resident Status**

If a taxpayer changes city resident status during the tax year, the household credit is first computed as if the taxpayer were a city resident for the entire tax year, and is then prorated according to the number of months in the resident period. In the case of a husband and wife, if either or both change resident status and separate returns are required to be filed, the household credit is computed as if both were residents for the entire year. The resulting amount is divided equally between them and then prorated based upon the number of months each spouse was a city resident.

**Examples**

Example 1: For tax year 1987, a husband and wife file a joint federal income tax return on which they report federal adjusted gross income (AGI) of \$16,000 and claim four personal exemptions. Their household credit is computed as follows:

Household gross income (federal AGI)	\$16,000
Applicable credit factor from table	\$10
Personal exemptions claimed on federal return	<u>x4</u>
Household credit	\$40

Example 2: For tax year 1987, a husband and wife file a joint federal income tax return on which they report federal adjusted gross income of \$14,000 and claim four personal exemptions. The husband was a city resident for the entire year and the wife was a city resident for only six months. Since they have different periods of city residence, they must file separate city income tax returns. Their household credit is computed as follows:

Household gross income (determined as if both spouses were city residents for the entire year)	\$14,000
Applicable credit factor from table	\$20
Personal exemptions claimed on federal return	<u>x 4</u>
Household credit for entire year	\$80
Amount allocated to each spouse (1/2 x 80)	\$40
Net credit allowed each spouse:	
Husband - city resident for entire year	\$40
Wife - city resident for six months (6/12 x 40) =	\$20

**Capital Gain Credit**

The capital gain credit applies to tax years beginning in 1987 only.

The amount of the credit is one-half of one percent (.005) of the taxpayer's net capital gain includible in New York City adjusted gross income. The term "net capital gain" means the excess of the net long-term capital gain for the taxable year over the net short-term capital loss for the year.

The credit cannot exceed the New York City resident personal income tax for the taxable year, reduced by the amount of any city accumulation distribution credit or household credit allowable for the taxable year. Any amount of unused capital gain credit is not refundable and cannot be carried over to subsequent tax years.