



Department of Taxation and Finance

Important:

The New York City nonresident earnings tax was eliminated for New York State nonresidents on or after July 1, 1999 as the result of a New York State Court of Appeals decision. Accordingly, this TSB-M cannot be relied upon for issues related to the nonresident earnings tax on or after July 1, 1999.

For information concerning other nonresident income taxes, see [Filing information for New York State nonresidents \(ny.gov\)](#).

[See *City of New York, et al., v. State of New York, et al.*, NY Court of Appeals, 94 NY2d 577, 709 NYS2d 122; Chapter 5 of the Laws of 1999.]

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

TSB-M-90- (5) I
Income Tax
December 7, 1990

Taxation of New York City Residents and Nonresidents Personal Income and Earnings Tax Rates, Personal Income Tax Surcharge and Household Credit Amounts for Taxable Years Beginning After 1989

Chapters 344 and 345 of the Laws of 1990 and New York City Local Law No. 42 of 1990 amended various provisions of the General City Law, the New York State Tax Law and the Administrative Code of the City of New York concerning the tax rates to be used in computing the New York City personal income and nonresident earnings taxes, to impose a surcharge on the city taxable income of residents and to revise the amount of household credit allowed to residents. An explanation of the new law follows.

New York City Resident Personal Income Tax and Resident Personal Income Tax Surcharge

Chapter 345 amended the Tax Law and the Administrative Code to freeze the 1990 personal income tax rates imposed upon resident individuals, estates and trusts at the 1989 levels, and to enact new tax rate schedules applicable to taxable years beginning in 1991, 1992 and 1993. As a result, the tax rates originally scheduled to take effect for taxable years beginning after 1990 will now apply to taxable years beginning after 1993.

In addition to the tax freeze and revised rate schedules, Chapter 344 and New York City Local Law No. 42 amended, respectively, the Tax Law and the Administrative Code to impose a tax surcharge on the city taxable income in excess of threshold amounts of every resident individual, estate and trust. The surcharge will apply to taxable years beginning in 1990, 1991 and 1992.

The tax rate schedules for 1990, 1991 and after, shown in TSB-M-87-(14)I, are now obsolete. The new rate schedules, shown on the following pages, reflect the revised New York City resident income tax rates provided for under section 11-1701(a) and the tax surcharge provided for under section 11-1704 of the Administrative Code. However, for taxable years beginning after 1991, the city must obtain legislative approval to continue to impose the higher rates under section 11-1701(a). If the city fails to obtain approval to continue to impose the higher rates, the lower city resident income tax rates under section 11-1701(b), plus the surcharge, will apply for taxable years beginning after 1991.

1990

The New York City resident income tax, which includes the surcharge, is to be computed using the following schedules.

Married Filing Jointly and Surviving Spouse

If the New York City taxable income is:
over not over tax

\$ 0	\$ 14,400	2.20%	of amount over	\$ 0
14,400	15,500	\$ 317 plus 2.70%	" " "	14,400
15,500	27,000	347 plus 3.21%	" " "	15,500
27,000	45,000	716 plus 3.75%	" " "	27,000
45,000	108,000	1,391 plus 3.86%	" " "	45,000
108,000		3,823 plus 3.91%	" " "	108,000

Single, Married Filing Separately and Estates and Trusts

If the New York City taxable income is:
over not over tax

\$ 0	\$ 8,000	2 20%	of amount over	\$ 0
8,000	9,000	\$ 176 plus 2 70%	" " "	8,000
9,000	15,000	203 plus 3 21%	" " "	9,000
15,000	25,000	396 plus 3 75%	" " "	15,000
25,000	60,000	771 plus 3 86%	" " "	25,000
60,000		2,122 plus 3 91%	" " "	60,000

Head of a Household

If the New York City taxable income is:
over not over tax

\$ 0	\$ 8,800	2.20%	of amount over	\$ 0
8,800	16,500	\$ 194 plus 3.21%	" " "	8,800
16,500	27,500	441 plus 3.75%	" " "	16,500
27,500	66,000	854 plus 3.86%	" " "	27,500
66,000		2,340 plus 3.91%	" " "	66,000

1991

The New York City resident income tax, which includes the surcharge, is to be computed using the following schedules.

Married Filing Jointly and Surviving Spouse

If the New York City taxable income is:
over not over tax

\$ 0	\$ 14,400	2.25%	of amount over	\$ 0
14,400	14,800	\$ 324 plus 2.80%	" " "	14,400
14,800	27,000	335 plus 3.31%	" " "	14,800
27,000	45,000	739 plus 3.75%	" " "	27,000
45,000	108,000	1,414 plus 3.86%	" " "	45,000
108,000		3,846 plus 3.91%	" " "	108,000

Single, Married Filing Separately and Estates and Trusts

If the New York City taxable income is:
over not over tax

\$ 0	\$ 8,000	2.25%	of amount over	\$ 0
8,000	8,700	\$ 180 plus 2.80%	" " "	8,000
8,700	15,000	200 plus 3.31%	" " "	8,700
15,000	25,000	409 plus 3.75%	" " "	15,000
25,000	60,000	784 plus 3.86%	" " "	25,000
60,000		2,135 plus 3.91%	" " "	60,000

Head of a Household

If the New York City taxable income is:
over not over tax

\$ 0	\$ 7,800	2.25%	of amount over	\$ 0
7,800	8,800	\$ 176 plus 2.67%	" " "	7,800
8,800	16,500	203 plus 3.31%	" " "	8,800
16,500	27,500	458 plus 3.75%	" " "	16,500
27,500	66,000	871 plus 3.86%	" " "	27,500
66,000		2,357 plus 3.91%	" " "	66,000

1992

The New York City resident income tax, which includes the surcharge, is to be computed using the following schedules.

Married Filing Jointly and Surviving spouse

If the New York City taxable income is:
over not over tax

\$ 0	\$ 14,400	2.25%	of amount over	\$ 0
14,400	27,000	\$ 324 plus 3.36%	" " "	14,400
27,000	45,000	747 plus 3.85%	" " "	27,000
45,000	108,000	1,440 plus 3.86%	" " "	45,000
108,000.		3,872 plus 3.91%	" " "	108,000

Single, Married Filing Separately and Estates and Trusts

If the New York City taxable income is:
over not over tax

\$ 0	\$ 8,000	2.25%	of amount over	\$ 0
8,000	8,400	\$ 180 plus 2.85%	" " "	8,000
8,400	15,000	191 plus 3.36%	" " "	8,400
15,000	25,000	413 plus 3.85%	" " "	15,000
25,000	60,000	798 plus 3.86%	" " "	25,000
60,000.		2,149 plus 3.91%	" " "	60,000

Head of a Household

If the New York City taxable income is:
over not over tax

\$ 0	\$ 7,350	2.25%	of amount over	\$ 0
7,350	9,200	\$ 165 plus 2.67%	" " "	7,350
9,200	17,250	214 plus 3.36%	" " "	9,200
17,250	28,750	484 plus 3.85%	" " "	17,250
28,750	69,000	927 plus 3.86%	" " "	28,750
69,000.		2,481 plus 3.91%	" " "	69,000

1993

The New York City resident income tax is to be computed using the following schedules.

Married Filing Jointly and Surviving spouse

If the New York City taxable income is:

over	not over	tax	of amount over	
\$ 0	\$ 14,400	2.6%		\$ 0
14,400	27,000	\$ 374 plus 3%	" " "	14,400
27,000	45,000	752 plus 3.3%	" " "	27,000
45,000	108,000	1,346 plus 3.35%	" " "	45,000
108,000		3,457 plus 3.4%	" " "	108,000

Single, Married Filing Separately and Estates and Trusts

If the New York City taxable income is:

over	not over	tax	of amount over	
\$ 0	\$ 8,000	2.6%		\$ 0
8,000	15,000	\$ 208 plus 3%	" " "	8,000
15,000	25,000	418 plus 3.3%	" " "	15,000
25,000	60,000	748 plus 3.35%	" " "	25,000
60,000		1,920 plus 3.4%	" " "	60,000

Head of a Household

If the New York City taxable income is:

over	not over	tax	of amount over	
\$ 0	\$ 9,600	2.6%		\$ 0
9,600	18,000	\$ 250 plus 3%	" " "	9,600
18,000	30,000	502 plus 3.3%	" " "	18,000
30,000	72,000	898 plus 3.35%	" " "	30,000
72,000		2,305 plus 3.4%	" " "	72,000

1994 and thereafter

The New York City resident income tax is to be computed using the following schedules.

Married Filing Jointly and Surviving Spouse

If the New York City taxable income is:

over	not over	tax		of amount over	
\$ 0	\$ 21,600	2.7%			\$ 0
21,600	45,000	583 plus 3.3%	" "	"	21,600
45,000	90,000	1,355 plus 3.35%	" "	"	45,000
90,000		2,863 plus 3.4%	" "	"	90,000

Single, Married Filing Separately and Estates and Trusts

If the New York City taxable income is:

over	not over	tax		of amount over	
\$ 0	\$12,000	2.7%			\$ 0
12,000	25,000	324 plus 3.3%	" "	"	12,000
25,000	50,000	753 plus 3.35%	" "	"	25,000
50,000		1,591 plus 3.4%	" "	"	50,000

Head of a Household

If the New York City taxable income is:

over	not over	tax		of amount over	
\$ 0	\$14,400	2.7%			\$ 0
14,400	30,000	389 plus 3.3%	" "	"	14,400
30,000	60,000	904 plus 3.35%	" "	"	30,000
60,000		1,909 plus 3.4%	" "	"	60,000

New York City Nonresident Earnings Tax

The new law continues the imposition of the higher New York City nonresident earnings tax rates provided for in section 11-1902(a)(2) of the Administrative Code for taxable years beginning before 1992. Under prior law, the higher rates would not have applied to taxable years beginning after 1990.

Section 615(c)(1) of Article 22 of the Tax Law was also amended to extend to taxable years beginning before 1992 the provision that allows taxpayers to retain as part of their New York itemized deduction the difference between the amount of nonresident earnings tax due at the higher rates and the amount that would be due using the lower rates.

The lower earnings tax rates provided for in section 11-1902(a)(1) of the Administrative Code will now apply to taxable years beginning after 1991, unless future legislation continues the higher rates.

New York City Minimum Income Tax

The minimum income tax has been extended to taxable years beginning before 1992. Under prior law, the minimum tax would not have applied to taxable years beginning after 1990.

New York City Household Credit

Chapter 345 amended section 1310 of the Tax Law and section 11-1706 of the Administrative Code to continue the 1989 household credit amounts for taxable years beginning in 1990, 1991 and 1992, and to establish new household credit tables for taxable years beginning after 1992. The household credit amounts for taxable years beginning after 1989 shown in the tables in TSB-M-87-(18)I are now obsolete. The following tables are to be used for computing the household credit for taxable years beginning after 1989.

Single Individual

If household gross
income is:

The credit is:

<u>over</u>	<u>but not over</u>	<u>For taxable years beginning after 1989 and before 1993</u>	<u>For taxable years beginning after 1992</u>
\$ 0	\$ 7,500	\$15	\$15
7,500	10,000	10	15
10,000	12,500	0	10

A Husband and Wife, Head of 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:

<u>over</u>	<u>but not over</u>	<u>For taxable years beginning after 1989 and before 1993</u>	<u>For taxable years beginning after 1992</u>
\$ 0	\$12,500	\$50	\$30
12,500	15,000	50	30
15,000	17,500	25	25
17,500	20,000	15	15
20,000	22,500	0	10

1990 Estimated Tax

There is no provision in the new law to waive the penalty for underpayment of estimated tax if the underpayment results solely from enactment of the new tax rates and surcharge. Therefore, in order to avoid owing a penalty, taxpayers who based their 1990 estimate on the original 1990 rates should have amended their September 17, 1990, estimated tax payments and should also amend their January 15, 1991, estimated tax payments to take into account the new rates and surcharge. Any

shortfall in the April 16, 1990, and June 15, 1990, payments should have been made up with the September 17 payment. However, taxpayers who based their 1990 estimate on 100% of their 1989 tax need not amend their 1990 estimate. In addition, the new rates and surcharge may result in taxpayers being required to begin making estimated tax payments.

For information concerning the requirements for paying estimated tax and on amending an original estimate, see Estimated Tax Voucher Form IT-2105, IT-2105.6 and instructions.

1990 Withholding

New withholding tables to reflect the surcharge will take effect October 1, 1990. However, since the surcharge is in effect for the entire 1990 tax year, taxpayers may need to adjust their city withholding to avoid being underpaid for the year. In addition, in those instances where withholding is required at the highest effective rate (such as in supplemental wages and lottery and certain gambling winnings), the rate of 3.91% will apply for 1990.