

STATEMENT IN LIEU OF A REGULATORY  
FLEXIBILITY ANALYSIS FOR SMALL BUSINESSES  
AND LOCAL GOVERNMENTS

A Regulatory Flexibility Analysis for Small Businesses and Local Governments is not being submitted with this rule because this rule will not impose any adverse economic impact or reporting, recordkeeping, or other compliance requirements on small businesses or local governments. The rule does not distinguish between different types and sizes of regulated parties. The rule does not distinguish between regulated parties located in different geographical areas.

The purpose of these amendments is to update the Personal Income Tax regulations concerning the New York deduction used in computing the New York taxable income of a resident individual. As part of the update, these amendments provide for a reflection in the regulations of the Tax Appeals Tribunal decision in the Matter of James R. Shorter, Jr. The Shorter decision held that regulation section 115.2(g) is invalid for purposes of determining the amount of the Tax Law section 615(c) subtraction modification for State and local income taxes, and that the Internal Revenue Code section 68 reduction should be allocated on a pro rata basis.

The following organizations were notified that the Department was in the process of developing this rule and were given an opportunity to participate in its development: the Small Business Council of the New York State Business Council, the Division for Small Business of Empire State Development, the National Federation of Independent Businesses, the Retail Council of New York State, the New York State Association of Counties, the Association of Towns of New York State, the New York Conference of Mayors, and the Office of Local Government and Community Services of the New York State Department of State.