

STATE OF NEW YORK
DEPARTMENT OF TAXATION AND FINANCE
SUBSTANCE OF THE PROPOSED RULE

This proposal amends the New York State Personal Income Tax regulations, as published in Title 20 NYCRR. Article 2 of the Personal Income Tax regulations deals with the taxation of residents. The purpose of these amendments is to update Parts 113, 114 and 115 of this Article, which concern the deductions subtracted by a resident individual from New York adjusted gross income in arriving at New York taxable income. These parts are amended to remove incorrect language and material which either mirrors the statute or only serves to illustrate the statute where no additional guidance is needed. To compensate for the removal of the statutory material, references to the Tax Law are added.

The proposal includes the following sections.

Section 1 of the proposal repeals section 113.1 and adds a new section 113.1 (New York Deduction of a Resident Individual). The section is shortened by removing unnecessary material and includes references to Tax Law sections.

Sections 2 and 3 amend section 114.1 (New York Standard Deduction of a Resident Individual). The section is shortened by removing some material which mirrors the statute and includes references to the Tax Law.

Sections 5 and 6 repeal sections 115.2 (Modifications reducing Federal itemized deductions) and 115.3 (Modifications increasing Federal itemized deductions), respectively, and add new sections in their place. Some of the material in repealed section 115.2 provided for the computation of subtraction modifications under the method invalidated by the Tax Appeals Tribunal in the Matter of James R. Shorter, Jr. decision. New section 115.2 sets forth the computation of subtraction modifications on a pro rata basis, as mandated by the decision and in accordance with our Personal Income Tax forms and instructions. The listing of other subtraction modifications in repealed section 115.2 was removed because it only mirrored or illustrated the statute.

New section 115.3 refers to statutory material regarding addition modifications in place of repealed section 115.3, which had included a listing of some addition modifications.

Sections 4 and 7 of the proposal amend sections 115.1 and 115.4, respectively, to change cross-references and to direct readers to the law or correct regulation section.