



## Summary of Budget Bill Corporation Tax Changes Enacted in 2012

This memorandum contains a summary of the corporation tax changes that are part of the fiscal 2012-2013 New York State budget (Chapter 59 of the Laws of 2012). The following legislative changes are summarized in this memo:

- [Electronic filing and electronic payment mandate changes](#)
- [Extension of the biofuel production credit](#)
- [Extension of the Empire State commercial production credit](#)
- [Extension and modification of the transitional provisions for the federal Gramm-Leach-Bliley Act](#)
- [Low-income housing credit](#)
- [New York Youth Works Tax Credit Program](#)

### Electronic filing and electronic payment mandate changes

The sunset date for the revised electronic filing and electronic payment mandate provisions for tax preparers established under section 23 of Part U of Chapter 61 of the Laws of 2011 has been extended through 2013. The e-file mandate rules that were in effect before the revised provisions established under Chapter 61 of the Laws of 2011 will be restored as of January 1, 2014.

In addition to the extension of the revised mandate, the new law changed several provisions of the revised e-file mandate. These changes are summarized below.

***Tax preparer e-file mandate.*** The e-file mandate threshold has changed for tax preparers who first become subject to the mandate for tax years beginning on or after January 1, 2012, and before January 1, 2014. A tax preparer who prepares tax documents for more than ten different taxpayers during any calendar year, and in a succeeding year prepares one or more authorized returns using tax software, must file all authorized tax documents electronically in that succeeding tax year as well as each year thereafter.

The tax preparer e-file mandate previously was based on the number of authorized tax documents prepared by a tax preparer using tax software. Tax preparers who met the prior e-file mandate requirement by preparing more than five authorized tax documents in a previous year must still electronically file all authorized tax documents in succeeding tax years if they prepare one or more returns using tax software.

***Definition of authorized tax document.*** The definition of an *authorized tax document* has been changed to **exclude** any return or report that includes one or more tax documents that cannot be filed electronically. This change is effective as of March 30, 2012.

For the most up-to-date information on the e-file mandate for tax preparers, see the Tax Department Web site ([www.tax.ny.gov](http://www.tax.ny.gov)).

(Tax Law sections 29(a)(1), 29(b)(2), 29(e)(2), and 29(e)(4))

### **Extension of the biofuel production credit (Articles 9 and 9-A)**

The biofuel production credit has been extended through tax years beginning before January 1, 2020. Under the prior law, the credit expired December 31, 2012.

(Tax Law sections 28, 187-c, and 210.38)

### **Extension of the Empire State commercial production credit (Article 9-A)**

The Empire State commercial production credit has been extended through tax years beginning before January 1, 2015. Under existing law, this credit expired on December 31, 2011.

The Governor's Office for Motion Picture and Television Development is authorized to issue \$7 million in credits annually in 2012 through 2014 to taxpayers meeting certain thresholds of commercial production activity. The new law changes how this credit amount is allocated for calendar years beginning on or after January 1, 2012. The new credit allocation is as follows:

- \$1 million is allocated to the incremental cost component. The credit is distributed on a pro rata basis among all credit applicants, although no individual company may receive an annual allocation greater than \$300,000.
- \$3 million is allocated to eligible production companies that film or record qualified commercials within the metropolitan commuter transportation district (MCTD).
- \$3 million is allocated to eligible production companies that film or record qualified commercials outside of the MCTD. If the total amount authorized for this credit component exceeds the amount of credits claimed, the excess will be allocated to the incremental cost component.

For more information on the Empire State commercial production credit, see the New York State Governor's Office for Motion Picture and Television Development Web site at [www.nylovesfilm.com](http://www.nylovesfilm.com).

(Tax Law sections 28 and 210.38)

### **Extension and modification of the transitional provisions for the federal Gramm-Leach-Bliley Act (Articles 9-A and 32)**

The transitional provisions for financial holding companies contained in section 1452(m) of the Tax Law have been extended for two years. The provisions will now expire for tax years beginning on or after January 1, 2015. The provisions were scheduled to expire for tax years beginning on or after January 1, 2013.

The combined reporting requirements of the transitional provisions contained in section 1462(f)(2)(iv) of the Tax Law were also extended for the same two-year period.

Furthermore, under the new law, only corporations that meet the definition of a banking corporation in section 1452(a) of the Tax Law during the taxable year will be allowed to remain an Article 32 taxpayer under the transitional provisions. This provision took effect as of March 30, 2012.

For more information on the provisions that were extended, see page 6 of [TSB-M-02\(1\)C](#), *Summary of Legislative Changes Enacted in 2001*, and page 7 of [TSB-M-08\(1\)C](#), *Summary of Corporation Tax Legislative Changes Enacted in 2007 and Expiring Tax Law Provisions*.

(Tax Law sections 1452(m) and 1462(f)(2)(iv))

### **Low-income housing credit (Articles 9-A, 32, and 33)**

The New York State Low-Income Housing Tax Credit Program was established in 2000 to promote the construction and rehabilitation of low-income housing in New York State. The credit is similar to the federal low-income housing credit and is administered by the New York State Division of Housing and Community Renewal.

Effective March 30, 2012, the Public Housing Law has been amended to increase the statewide aggregate dollar amount of low-income housing tax credits that may be used for qualifying low-income housing projects from \$32 million to \$40 million. Additionally, effective April 1, 2013, the statewide aggregate dollar amount of low-income housing tax credits that may be used for qualifying low-income housing projects will be increased from \$40 million to \$48 million.

(Public Housing Law section 22(4))

### **New York Youth Works Tax Credit Program (Article 9-A)**

The New York Youth Works Tax Credit Program was established to provide tax incentives to qualified businesses employing at-risk youths in full-time and part-time positions. The program is administered by the Department of Labor.

Chapter 59 of the Laws of 2012 made several amendments to the program. These amendments extend certain program deadlines and clarify the tax year(s) for which the separate components of the tax credit will be allowed. For more information, see [TSB-M-12\(5\)C, 12\(4\)I](#), *Legislative Amendments to the New York Youth Works Tax Credit Program*.

(Labor Law section 25-a and Tax Law section 210.44)

NOTE: A TSB-M is an informational statement of existing department policies or of changes to the law, regulations or department policies. It is accurate on the date issued. Subsequent changes in the law or regulations, judicial decisions, Tax Appeal Tribunal decisions, or changes in department policies could affect the validity of the information presented in a TSB-M.