

New York City Tax Rate Reduction

Chapter 184 of the Laws of 2000 amended section 1304-B of the New York State Tax Law to give New York City the authority to reduce the 14% additional personal income tax on residents authorized by section 1304-B and imposed by section 11-1704.1 of the Administrative Code of the City of New York (the Code)¹.

On December 4, 2000, New York City enacted Local Law #68, which amended section 11-1704.1 of the Code to reduce the additional tax to 7% on certain levels of taxable income. The reduction applies to tax years beginning in 2001,² and is applied as follows:

For resident married individuals filing joint returns and resident surviving spouses,

- if the city taxable income is equal to or less than \$90,000, the additional tax is 7% of the tax computed under section 11-1701 of the Code;
- if the city taxable income is over \$90,000, the additional tax is 7% of the tax computed under section 11-1701 of the Code on the city taxable income up to and including \$90,000, plus 14% of the tax computed under section 11-1701 of the Code on the city taxable income over \$90,000.

For single and married filing separately individuals and for estates and trusts,

- if the city taxable income is equal to or less than \$50,000, the additional tax is 7% of the tax computed under section 11-1701 of the Code;
- if the city taxable income is over \$50,000, the additional tax is 7% of the tax computed under section 11-1701 of the Code on the city taxable income up to and including \$50,000, plus 14% of the tax computed under section 11-1701 of the Code on the city taxable income over \$50,000.

For head of household individuals,

- if the city taxable income is equal to or less than \$60,000, the

¹ The additional tax is imposed in addition to the regular New York City personal income tax imposed under section 11-1701 of the Code.

²The additional tax expires for tax years beginning after 2001 unless the city obtains authority from the state to continue the tax.

additional tax is 7% of the tax computed under section 11-1701 of the Code;

— if the city taxable income is over \$60,000, the additional tax is 7% of the tax computed under section 11-1701 of the Code on the city taxable income up to and including \$60,000, plus 14% of the tax computed under section 11-1701 of the Code on the city taxable income over \$60,000.

Based on the above, the New York City 2001 combined tax rate schedules for the regular tax and the additional tax are as follows:

Married filing jointly and qualifying widow(er)

If city taxable income is:

| | |
|--|--|
| Not over \$21,600..... | 2.7285% of the city taxable income |
| Over \$21,600 but not over \$45,000..... | \$589 plus 3.317% of excess over \$21,600 |
| Over \$45,000 but not over \$90,000..... | \$1,365 plus 3.3705% of excess over \$45,000 |
| Over \$90,000..... | \$2,882 plus 3.648% of excess over \$90,000 |

Single, married filing separately, and estates and trusts

If city taxable income is:

| | |
|--|---|
| Not over \$12,000..... | 2.7285% of the city taxable income |
| Over \$12,000 but not over \$25,000..... | \$327 plus 3.317% of excess over \$12,000 |
| Over \$25,000 but not over \$50,000..... | \$758 plus 3.3705% of excess over \$25,000 |
| Over \$50,000..... | \$1,601 plus 3.648% of excess over \$50,000 |

Head of Household

If city taxable income is:

| | |
|--|---|
| Not over \$14,400..... | 2.7285% of the city taxable income |
| Over \$14,400 but not over \$30,000..... | \$393 plus 3.317% of excess over \$14,400 |
| Over \$30,000 but not over \$60,000..... | \$910 plus 3.3705% of excess over \$30,000 |
| Over \$60,000..... | \$1,921 plus 3.648% of excess over \$60,000 |