

Important Notice
New York City Tax Rate Reduction

On June 18, 2001, New York City enacted Local Law #37, which amended section 11-1704.1 of the Administrative Code of the City of New York (the Code) to reduce the additional tax on residents that is imposed under that section¹. The reduction applies to tax years beginning in 2001, and is applied as follows.

For married individuals filing joint returns, and surviving spouses:

- if the city taxable income is equal to or less than \$90,000, the additional tax is 5.25% of the tax computed under section 11-1701 of the Code;
- if the city taxable income is over \$90,000, the additional tax is 5.25% of the tax computed under section 11-1701 of the Code on the city taxable income up to and including \$90,000, plus 12.25% of the tax computed under section 11-1701 of the Code on the city taxable income over \$90,000.

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

- if the city taxable income is equal to or less than \$50,000, the additional tax is 5.25% of the tax computed under section 11-1701 of the Code;
- if the city taxable income is over \$50,000, the additional tax is 5.25% of the tax computed under section 11-1701 of the Code on the city taxable income up to and including \$50,000, plus 12.25% 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 additional tax is 5.25% of the tax computed under section 11-1701 of the Code;
- if the city taxable income is over \$60,000, the additional tax is 5.25% of the tax computed under section 11-1701 of the Code on the city taxable income up to and including \$60,000, plus 12.25% of the tax computed under section 11-1701 of the Code on the city taxable income over \$60,000.

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

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:	The tax is:
Not over \$21,600.....	2.683875% of the city taxable income
Over \$21,600 but not over \$45,000.....	\$580 plus 3.26275% of excess over \$21,600
Over \$45,000 but not over \$90,000.....	\$1,343 plus 3.315375% of excess over \$45,000
Over \$90,000.....	\$2,835 plus 3.592% of excess over \$90,000

Single, married filing separately, and estates and trusts

If city taxable income is:	The tax is:
Not over \$12,000.....	2.683875% of the city taxable income
Over \$12,000 but not over \$25,000.....	\$322 plus 3.26275% of excess over \$12,000
Over \$25,000 but not over \$50,000.....	\$746 plus 3.315375% of excess over \$25,000
Over \$50,000.....	\$1,575 plus 3.592% of excess over \$50,000

Head of Household

If city taxable income is:	The tax is:
Not over \$14,400.....	2.683875% of the city taxable income
Over \$14,400 but not over \$30,000.....	\$386 plus 3.26275% of excess over \$14,400
Over \$30,000 but not over \$60,000.....	\$895 plus 3.315375% of excess over \$30,000
Over \$60,000.....	\$1,890 plus 3.592% of excess over \$60,000

Note: As a result of this new legislation, the New York City tax rates for 2001 set forth in TSB-M-01(2)I, and in the 2001 versions of Forms IT-2105-I (individuals) or IT-2105-I-F (fiduciaries), *Instructions for Form IT-2105*, are no longer applicable.

Estimated Tax Filers

Taxpayers who based their 2001 New York City estimated tax on the original 2001 rates may wish to take the new combined rates into account when determining the amount of estimated taxes paid on September 17, 2001 and January 15, 2002. Taxpayers who based their 2001 estimated tax on 100% (or 110%, if applicable) of the prior year's tax need not revise their 2001 estimate. For more information on how to amend your estimate, see Form IT-2105-I (individuals) or Form IT-2105-I-F (fiduciaries), *Instructions for Form IT-2105*. These instructions can be obtained from our Web site at www.tax.state.ny.us, from the fax on demand system at 1 800 748-3676, using code # 10012 (individuals) or 10013 (fiduciaries), or by calling 1 800 462-8100.