



Summary of Personal Income Tax Budget Legislation Enacted in 2019

This memorandum briefly discusses personal income tax changes that were part of the 2019-2020 New York State budget.

The following tax law provisions were amended:

- [Charitable contributions itemized deduction](#)
- [New York State driver's license suspension program](#)
- [Retroactive modifications for fiduciary filers](#)
- [Tax preparer penalties](#)
- [Treatment of certain gambling winnings](#)

The following tax law provisions were extended:

- [Electronic filing and payment mandates](#)
- [Tax shelter provisions](#)
- [Top personal income tax bracket and rate](#)

For information on how the 2019-2020 New York State budget impacts certain corporation tax and personal income tax credits, see [TSB-M-19\(4\)C, \(5\)I](#), *Summary of Tax Credit Budget Legislation Enacted in 2019*.

Amended tax law provisions

Charitable contributions itemized deduction

For tax years beginning on or after January 1, 2018, the New York itemized deduction for charitable contributions is the amount allowed under Internal Revenue Code (IRC) § 170, reduced by any donations included in such amount that were used to claim the farm donations to food pantries credit. If your New York adjusted gross income (AGI) is over \$1 million and no more than \$10 million, or your New York AGI is over \$10 million, your total New York itemized deduction (including charitable contributions) is limited to 50% or 25% of your federal deduction for charitable contributions, respectively.

The itemized deduction limitation for individuals with New York AGI of more than \$10 million was due to expire but has been extended through tax year 2024.

[Part Q of Chapter 59 of the Laws of 2019; Tax Law §§ 615(g) and 11-1715(g)]

New York State driver's license suspension program

As of July 11, 2019, the criteria for challenging a driver's license suspension by the Tax Department is expanded to include taxpayers who:

- receive public assistance or supplemental security income, **or**
- can demonstrate that the suspension of their driver's license will cause them undue economic hardship.

See [Driver's license suspension](#) for more information, or visit the Tax Department's website at www.tax.ny.gov.

[Part EEE of Chapter 59 of the Laws of 2019; Tax Law § 171-v]

Retroactive modifications for fiduciary filers

For tax years beginning on or after January 1, 2018, estates and trusts must, when computing their New York fiduciary adjustment, make the modifications described below:

- add back the qualified business income deduction allowed under IRC § 199A;
- subtract certain state and local taxes disallowed federally; and
- subtract certain miscellaneous itemized deductions disallowed federally.

For more information on how to compute and report these modifications, see the instructions for Form IT-225, *New York State Modifications*.

If you filed your 2018 Form IT-205, *Fiduciary Income Tax Return*, without making these required modifications, then you **must** file an amended 2018 Form IT-205. See [Personal income tax up-to-date information for 2018](#), or visit the Tax Department's website at www.tax.ny.gov.

[Part BBB of Chapter 59 of the Laws of 2019; Tax Law §§ 619(b) and 619(e)]

Tax preparer penalties

Tax preparer penalties relating to an understatement of liability or failure to sign a return or claim for refund have been updated to:

- clarify the penalties and penalty amounts that may be imposed, effective April 12, 2019, against preparers who take positions on returns or credit claims that are not properly supported by the Tax Law; and
- ensure that the penalties for failing to sign a return and for failing to provide a required identification number on a return apply to all tax preparers, for returns filed or required to be filed for tax years beginning on or after January 1, 2019, regardless of whether the preparer is required to be registered with the Tax Department pursuant to Tax Law § 32.

[Part O of Chapter 59 of the Laws of 2019; Tax Law §§ 685(aa) and 685(u)]

Treatment of certain gambling winnings

For tax years beginning on or after January 1, 2019:

- New York State withholding is required from any gambling winnings from a wagering transaction within New York State if the proceeds from the wager are subject to federal withholding.

- The New York source income of a nonresident individual must now include gambling winnings in excess of \$5,000 from wagering transactions within New York State.

[Part M of Chapter 59 of the Laws of 2019; Tax Law §§ 631(b)(1)(D-1) and 671(b)(2)(E)]

Extended tax law provisions

Electronic filing and payment mandates

The electronic filing and payment mandates have been extended through December 31, 2024.

See [Tax return preparer e-file mandate](#) or [E-file requirement for individual taxpayers](#) for more information, or visit the Tax Department's website at www.tax.ny.gov.

[Part A of Chapter 59 of the Laws of 2019; Part G of Chapter 60 of the Laws of 2016]

Tax shelter provisions

The tax shelter penalty and reporting requirements have been extended through July 1, 2024.

For more information on New York State tax shelter provisions, see:

- [TSB-M-05\(4\)](#), *Disclosure of Certain Transactions and Related Information Regarding Tax Shelters*
- [TSB-M-05\(4.1\)](#), *Supplement to the Disclosure of Certain Transactions and Related Information Regarding Tax Shelters*
- [TSB-M-05\(4.2\)](#), *Additional Supplement to the Disclosure of Certain Transactions and Related Information Regarding Tax Shelters*.

[Part O of Chapter 59 of the Laws of 2019; Part M of Chapter 60 of the Laws of 2016]

Top personal income tax bracket and rate

The top tax bracket, tax rate, and tax table benefit recapture provisions were extended through tax year 2024.

[Part P of Chapter 59 of the Laws of 2019; Tax Law §§ 601(a)(1)(B), 601(b)(1)(B), 601(c)(1)(B), 601(d-1)(1)(D), 601(d-1)(2)(C), and 601(d-1)(3)(C)]

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