

1978 Legislation  
Investment Credit  
Phase Out of Unincorporated Business Tax

Chapter 69 of the Laws of 1978 amends Sections 606(a)(1) and 701(d)(1) and adds Section 701(a)(6) of the New York State Tax Law.

- A. The Investment credit in Section 606(a)(1) of Article 22 and in Section 701(d)(1) of Article 23 is increased to 3% for certain tangible personal property acquired, constructed, reconstructed or erected after December 21, 1977 and prior to January 1, 1979. The Credit is 4% after December 31, 1978.

For Personal Income Tax purposes the investment credit may be claimed after the allowance of:

Resident Tax Credit (Section 620)  
Accumulation Distribution Credit (Sections 621 and 640)  
Household Credit (Section 606(b))  
Child Care and Disabled Dependent Care Credit (Section 606(c))  
Credit for N.Y.S. Sales Tax Paid on Catalysts (Section 606(d))

The Real Property Tax Circuit Breaker Credit is claimed after allowance of any investment credit.

For Unincorporated Business Tax purposes the credit is allowed after the allowance of the Business Tax Credit (Section 701(b)), the Credit for Eligible Business Facilities (Section 701(c)), and the Credit for N.Y.S. Sales Tax Paid on Catalysts (Section 701(f)).

- B. Paragraph 6 is added to Section 701(a) to provide for the phasing out of Unincorporated Business Tax. The Tax rate will be gradually reduced as follows:

<u>For taxable years beginning in</u>	<u>The rate of tax shall be</u>
1978	5 %
1979	4½%
1980	4 %
1981	0 %

For taxable years beginning after December 31, 1981, no tax will be imposed.

- C. Chapter 69 of the Laws of 1978 also provides for the repeal of Article 23 of the New York State Tax Law effective December 31, 1982.