

Standard Deduction and Personal Exemptions
1985 Legislation

Chapter 29 of the Laws of 1985, signed into law on April 8, 1985, amends various statutory provisions concerning the New York standard deduction and the personal exemptions.

Standard Deduction

Sections 614, 634 and 654(f) of the New York State Personal Income Tax Law and sections T46-114.0 and T46-154.0 of the Administrative Code of the City of New York, as amended, provide for an increase in the standard deduction. In addition, the standard deduction is a uniform amount and it is no longer calculated as a percentage of income with a minimum and a maximum. The new standard deduction schedule is as follows:

	<u>1985</u>	<u>1986</u>	<u>1987</u>
Single	\$2,500	\$2,600	\$2,800
Married, Head of Household, or Surviving Spouse	\$2,750	\$3,000	\$3,800

For taxable years beginning on or after January 1, 1985, section 634, as amended, requires nonresidents to allocate the standard deduction using the limitation percentage that previously applied only to itemized deductions and personal exemptions.

The limitation percentage is computed using the following formula:

$$\frac{\text{Total NY nonresident income}}{\text{Total NY income determined as if a resident}} = \%$$

The limitation percentage applies only if the nonresident has New York adjusted gross income (determined as if a resident) exceeding his New York adjusted gross income (determined as a nonresident), by more than \$100.

For taxable years beginning on or after January 1, 1985, section 654(f), as amended, requires that where two returns are required to be filed due to a change of residence, the standard deduction for each return is the amount allowed pursuant to the provisions of section 614 (resident) or section 634 (nonresident) and then prorated according to the period covered by each such return.

Personal Exemption

Section 616(a) of the New York State Personal Income Tax Law and section T46-116.0 of the Administrative Code of the City of New York, as amended, provide for an increase in the personal exemption from \$800 in 1984 to:

1985	\$850
1986	\$850
1987	\$900