

New York State's Tax Reform and Reduction Act of 1987
Income Tax Rate Reduction

This memorandum is the first in a series of Technical Services Bureau Memoranda to be issued relating to the Tax Reform and Reduction Act of 1987. Future memoranda will cover changes made to other areas of the Tax Law, such as the standard deduction, itemized deductions, exemptions and credits.

The Tax Reform and Reduction Act of 1987 amends various sections of the Tax Law and adds a new section to reduce the income tax rates imposed upon individuals, estates and trusts by Article 22 of the Tax Law.

Income Tax Rate Reduction Phased In Over Four Years

Section 602 (rate of tax) is repealed and Section 601 (imposition of tax) is amended to include the new tax rate changes. A new Section 699 (transition provision) is added to implement and administer the income tax rate changes and the amounts of taxable income subject to each rate. Section 601 establishes three separate rate tables for the taxation of (1) married individuals filing jointly and surviving spouses, (2) heads of household and (3) single individuals, married individuals filing separately, and estates and trusts.

The taxpayer's filing status determines the income tax rate table to use. The new law provides benefits in the Joint tax rate tables to married couples, and eliminates filing separately on one return. A New York taxpayer's filing status will conform to the federal, except that a husband's and wife's filing status will not conform to the federal where the following conditions occur:

1. If one spouse is a resident for the entire year and the other is a nonresident for the entire year, each spouse must file separately unless both elect to file Jointly as if both were residents for the entire year.
2. A husband and wife who have a change of resident status during the tax year must file separate returns if they change residence at different times.

1987

New paragraph (4) of Section 601(a),(b) and (c) lowers the highest income tax rate from 13% to 8.5%. The amendment is effective July 1, 1987 for the 1987 calendar year and the first day of the seventh month for a fiscal year beginning in 1987. For implementation purposes, an 8.75% top tax rate is effective for the full year of 1987, whether or not such taxable year is a taxable year of twelve months.

The only difference in the tax rate schedules contained in Section 601(imposition of tax) and the rate schedules contained in Section 699 (transition provisions) is the 8.75% rate in the top bracket. All other brackets are the same.

The 1987 income tax is to be computed using the following schedules:

Married Filing Jointly and Surviving Spouse*

If the New York taxable income is:

over	not over	tax	of amount over	-0-
\$ 0	\$ 1,700	2%		
1,700	5,000	\$ 34 plus 3%	" " "	\$ 1,700
5,000	8,300	133 plus 4%	" " "	5,000
8,300	11,700	265 plus 5%	" " "	8,300
11,700	15,000	435 plus 6%	" " "	11,700
15,000	18,300	633 plus 7%	" " "	15,000
18,300	23,300	864 plus 8%	" " "	18,300
23,300		1,264 plus 8.75%	" " "	23,300

Single, Married Filing Separately and Estates and Trusts

If the New York taxable income is:

over	not over	tax	of amount over	-0-
\$ 0	\$ 1,000	2%		
1,000	3,000	\$ 20 plus 3%	" " "	\$ 1,000
3,000	5,000	80 plus 4%	" " "	3,000
5,000	7,000	160 plus 5%	" " "	5,000
7,000	9,000	260 plus 6%	" " "	7,000
9,000	11,000	380 plus 7%	" " "	9,000
11,000	14,000	520 plus 8%	" " "	11,000
14,000		760 plus 8.75%	" " "	14,000

Head of a Household

If the New York taxable income is:

over	not over	tax	of amount over	-0-
\$ 0	\$ 1,200	2%		
1,200	3,400	\$ 24 plus 3%	" " "	\$ 1,200
3,400	5,600	90 plus 4%	" " "	3,400
5,600	7,800	178 plus 5%	" " "	5,600
7,800	10,000	288 plus 6%	" " "	7,800
10,000	12,400	420 plus 7%	" " "	10,000
12,400	15,400	588 plus 8%	" " "	12,400
15,400		828 plus 8.75%	" " "	15,400

*The income tax forms and instructions refer to surviving spouse as qualifying widow(er) with dependent child.

1988

New paragraph (3) of Section 601(a), (b) and (c) lowers the highest income tax rate from 8.5% to 8%. The amendment is effective October 1, 1988 for the 1988 calendar year and the first day of the tenth month for a fiscal year beginning in 1988. For implementation purposes, an 8.375% top tax rate is effective for the full year of 1988.

The rate schedules contained in Section 601(imposition of tax) reflect the 8% top tax rate. The tax rate schedules contained in Section 699 (transition provisions) contain an additional bracket with different income ranges, and the top tax rate is 8.375%. All other brackets are the same.

The 1988 income tax is to be computed using the following schedules:

Married Filing Jointly and Surviving Spouse

If the New York taxable income is:

over	not over	tax	of amount over	
\$ 0	\$ 6,000	3%		-0-
6,000	10,200	\$ 180 plus 4%	" " "	\$ 6,000
10,200	14,600	348 plus 5%	" " "	10,200
14,600	18,800	568 plus 6%	" " "	14,600
18,800	24,800	820 plus 7%	" " "	18,800
24,800	34,000	1,240 plus 8%	" " "	24,800
34,000		1,976 plus 8.375%	" " "	34,000

Single, Married Filing Separately and Estates and Trusts

If the New York taxable income is:

over	not over	tax	of amount over	
\$0	\$3,000	3%		-0-
3,000	5,100	\$ 90 plus 4%	" " "	\$ 3,000
5,100	7,300	174 plus 5%	" " "	5,100
7,300	9,400	284 plus 6%	" " "	7,300
9,400	12,400	410 plus 7%	" " "	9,400
12,400	17,000	620 plus 8%	" " "	12,400
17,000		988 plus 8.375%	" " "	17,000

Head of a Household

If the New York taxable income is:

over	not over	tax	of amount over	
\$0	\$ 3,800	3%		-0-
3,800	6,000	\$ 114 plus 4%	" " "	\$ 3,800
6,000	8,300	202 plus 5%	" " "	6,000
8,300	10,500	317 plus 6%	" " "	8,300
10,500	13,600	449 plus 7%	" " "	10,500
13,600	18,300	666 plus 8%	" " "	13,600
18,300		1,042 plus 8.375%	" " "	18,300

*The income tax forms and instructions refer to surviving spouse as qualifying widow(er) with dependent child.

1989

New paragraph (2) of Section 601(a), (b) and (c) lowers the highest income tax rate from 8% to 7.5%. The amendment is effective October 1, 1989 for the 1989 calendar year and the first day of the tenth month for a fiscal year beginning in 1989. For implementation purposes, an 7.875% top tax rate is effective for the full year of 1989.

The only difference in the tax rate schedules contained in Section 601 (imposition of tax) and the rate schedules contained in Section 699 (transition provisions) is the 7.875% rate in the top bracket. All the other brackets are the same.

The 1989 income tax is to be computed using the following schedules:

Married Filing Jointly and Surviving Spouse

If the New York taxable income is:

over	not over	tax		of amount over	
\$ 0	\$ 11,000	4%			-0-
11,000	16,000	\$ 440 plus 5%		" " "	\$ 11,000
16,000	22,000	690 plus 6%		" " "	16,000
22,000	26,000	1,050 plus 7%		" " "	22,000
26,000.....		1,330 plus 7.875%		" " "	26,000

Single, Married Filing Separately and Estates and Trusts

If the New York taxable income is:

over	not over	tax		of amount over	
\$ 0	\$ 5,500	4%			-0-
5,500	8,000	\$ 220 plus 5%		" " "	\$ 5,500
8,000	11,000	345 plus 6%		" " "	8,000
11,000	13,000	525 plus 7%		" " "	11,000
13,000.....		665 plus 7.875%		" " "	13,000

Head of a Household

If the New York taxable income is:

over	not over	tax		of amount over	
\$ 0	\$ 7,500	4%			-0-
7,500	11,000	\$ 300 plus 5%		" " "	\$ 7,500
11,000	15,000	475 plus 6%		" " "	11,000
15,000	17,000	715 plus 7%		" " "	15,000
17,000.....		855 plus 7.875%		" " "	17,000

*The income tax forms and instructions refer to surviving spouse as qualifying widow(er) with dependent child.

1990

New paragraph (1) of Section 601(a), (b) and (c) lowers the highest income tax rate from 7.5% to 7%. This amendment is effective October 1, 1990 for the 1990 calendar year and the first day of the tenth month of a fiscal year beginning in 1990. For implementation purposes, an 7.375% top tax rate is effective for the full year of 1990.

The rate schedules contained in Section 601 (imposition of tax) reflect the 7% top tax rate. The tax rate schedules contained in Section 699 (transition provisions) contains two additional brackets and the top tax rate is 7.375%.

The 1990 income tax is to be computed using the following schedules:

Married Filing Jointly and Surviving Spouse

If the New York taxable income is:

over	not over	tax	of amount over	
\$ 0	\$ 16,000	5%		-0-
16,000	25,000	\$ 800 plus 6%	" " "	\$ 16,000
25,000	32,000	1,340 plus 7%	" " "	25,000
32,000		1,830 plus 7.375%	" " "	32,000

Single, Married Filing Separately and Estates and Trusts

If the New York taxable income is:

over	not over	tax	of amount over	
\$ 0	\$ 8,000	5%		-0-
8,000	12,500	\$ 400 plus 6%	" " "	\$ 8,000
12,500	16,000	670 plus 7%	" " "	12,500
16,000		915 plus 7.375%	" " "	16,000

Head of a Household

If the New York taxable income is:

over	not over	tax	of amount over	
\$ 0	\$ 12,000	5%		-0-
12,000	18,250	\$ 600 plus 6%	" " "	\$ 12,000
18,250	24,250	975 plus 7%	" " "	18,250
24,250		1,395 plus 7.375%	" " "	24,250

*The income tax forms and instructions refer to surviving spouse as qualifying widow(er) with dependent child.

1991

For taxable years beginning after 1990, there are two permanent income tax rates (5.5% and 7%) and two income brackets.

The 1991 income tax is to be computed using the following schedules:

Married Filing Jointly and Surviving Spouse

If the New York taxable income is:

over	not over	tax		of amount over	
\$ 0	\$ 27,000	5.5%		" "	-0-
27,000		\$1,485 plus 7%		" "	\$27,000

Single, Married Filing Separately and Estates and Trusts

If the New York taxable income is:

over	not over	tax		of amount over	
\$ 0	\$12,500	5.5%		" "	-0-
12,500		\$688 plus 7%		" "	\$12,500

Head of a Household

If the New York taxable income is:

over	not over	tax		of amount over	
\$ 0	\$19,500	5.5%		" "	-0-
19,500		\$1,073 plus 7%		" "	\$19,500

*The income tax forms and instructions refer to surviving spouse as qualifying widow(er) with dependent child.