

New York State Department of Taxation and Finance
Taxpayer Services Division
Technical Services Bureau

TSB-M-94 (1) I
Income Tax
April 15, 1994

1993 AMENDMENTS TO INCOME TAX LAWS

This memorandum contains brief summaries of the 1993 Personal Income Tax Law changes. It is not intended to be, nor should it be relied upon as, a complete authoritative interpretation.

Article 22

(New York State Personal Income Tax)

<u>Law Section</u>	<u>Chapter</u>	<u>Bill Section</u>	<u>Brief Summary</u>
601(a) (1)-(3) (b) (1)-(3) (c) (1)-(3)	57	1-9	<p>Provides that the original tax rate schedules for 1993 for each filing status will now apply for 1994. Establishes new tax rate schedules for 1993 by extending the current rate tables applicable to 1992 to include tax year 1993.</p> <p>These amendments are made in conjunction with amendments to Section 699 of the Tax Law. Section 699 provides transitional provisions for tax year 1994 imposing a blended highest effective rate of tax in each tax rate schedule for the entire 1994 taxable year of 7.59375 percent. Effective 4/15/93.</p>
606(a) (2) (A)	57	128	<p>Provides that the definition of "goods" in relation to the investment tax credit will not include electricity. Accordingly, the investment tax credit will no longer be allowed for property used to generate electricity.</p> <p>Effective 4/15/93 and shall apply to property placed in service on or after 4/1/93.</p>

TSB-M-94 (1) I
Income Tax
April 15, 1994

606(b) (1)	57	10	<p>Extends the allowance of the household credit to taxable years beginning before 1996. However, the credit allowable for taxable years beginning in 1995 will be 50% of the credit otherwise allowed.</p> <p>Effective 4/15/93.</p>
606(j) (2)	57	129	<p>Provides that the definition of "goods" in relation to the EDZ investment tax credit will not include electricity. Accordingly, the EDZ investment tax credit will no longer be allowed for property used to generate electricity.</p> <p>Effective 4/15/93 and applies to property placed in service on or after 4/1/93.</p>
606(j) (2)	708	25	<p>Expands the definition of property for purposes of the EDZ investment credit to include industrial waste treatment facilities and air pollution control facilities used in a trade or business, research and development property and property used to service and repair production property.</p> <p>Also defines research and development property, industrial waste treatment facilities and air pollution control facilities.</p> <p>Effective 8/6/93 and applicable to taxable years beginning on or after 1/1/94.</p>
606(j) (4)	708	25	<p>Provides that, in lieu of a carryover of the EDZ investment tax credit, a taxpayer who qualifies as the owner of a new business may receive 50% of such carryover as a refund.</p>

TSB-M-94 (1) I
Income Tax
April 15, 1994

			<p>Effective 8/6/93 and applicable to taxable years beginning on or after 1/1/94.</p>
606(j) (6) (G)	708	26	<p>Adds a new subparagraph (G) which provides for a recapture of the EDZ investment tax credit if industrial waste treatment facilities or air pollution control facilities, are no longer in qualified use.</p> <p>Effective 8/6/93 and applicable to taxable years beginning on or after 1/1/94.</p>
606(k) (2) (A)	708	26-a	<p>Provides, in general, that wages for purposes of the EDZ wage credit shall include wages paid within four years after the expiration of the zone's designation.</p> <p>Effective 8/6/93 and applicable to taxable years beginning on or after 1/1/94.</p>
606(k) (2) (C)	708	27	<p>Repeals subparagraphs (C), (D), (E) & (F) and subparagraph (G) is relettered (C). Also eliminates an obsolete definition of "full time employee" for purposes of the EDZ wage tax credit.</p> <p>Effective 8/6/93 and applicable to taxable years beginning on or after 1/1/94.</p>
606(k) (3),(4)&(5)	708	28	<p>Replaces provisions relating to the computation of the EDZ wage credit with new computation provisions. Also provides that, in lieu of a carryover credit, a taxpayer who qualifies as the owner of a new business may receive 50% of such carryover as a refund.</p> <p>Effective 8/6/93 and applicable</p>

TSB-M-94 (1) I
Income Tax
April 15, 1994

to taxable years beginning on or after 1/1/94.

606(1) 708 29

Eliminates the EDZ capital corporation credit and provides for a new EDZ capital tax credit equal to 25% of the sum of qualified investments made in or contributions in the form of donations made to, one or more EDZ capital corporations, qualified investments in a certified zone business and contributions of money to community development projects. The maximum credit is \$100,000 for each category with a total credit of \$300,000 for all taxable years.

Also provides for a carryover of the EDZ capital credit and for a recapture of all or a portion of the credit previously allowed if an investment is disposed of within 36 months of the end of the taxable year in which the credit was allowed.

Effective 8/6/93 and applicable to taxable years beginning on or after 1/1/94.

612(b) (32) 374 7

Adds a new paragraph (32) that requires certain career pension plan members of the New York City Employees' Retirement System and New York City Board of Education Retirement System to add back the IRC 125 amount deducted from their salaries for the health insurance and welfare benefit fund surcharge.

Effective 7/21/93.

TSB-M-94 (1) I
Income Tax
April 15, 1994

612(c) (30)	638	4	<p>Provides that payments made to a viatical settlement fund are to be subtracted from federal adjusted gross income.</p> <p>Effective 8/4/93.</p>
614	57	11	<p>Extends the current 1992 standard deduction amounts for each filing status to tax year 1993 and provides that the original 1993 amounts will now apply to 1994.</p> <p>Effective 4/15/93.</p>
615(c) (1)	648	1	<p>Extends through 1995 the itemized deduction for the portion of the New York City nonresident earnings tax attributable to the higher rates.</p> <p>Effective 8/4/93.</p>
671(b) (2) (E)	528	1	<p>Repeals the provisions which required withholding on proceeds from wagering in a pari-mutuel pool with respect to horse races.</p> <p>Effective 7/26/93.</p>
671(b) (2) (G)	374	11	<p>Adds a new subparagraph (G) to provide that the term "wages" for withholding tax purposes shall include any amount that an employee's salary is reduced pursuant to section 12-126.1(b) of the Administrative Code of the City of New York. (See 612(b) (32) modification added by Section 7 of Chapter 374 of the Laws of 1993.)</p> <p>Effective 7/21/93.</p>

TSB-M-94 (1) I
Income Tax
April 15, 1994

Unconsolidated (Affects Section 685(c))	57	24	<p>Provides that no addition to tax shall be made with respect to the portion of any underpayment of the April, June and September 1993 installments of estimated tax attributable to the changes in the 1993 tax rates and standard deduction amounts, if any shortfall in those payments is included with the January 18, 1994 payment.</p> <p>Effective 4/15/93.</p>
685(c) (5) (C)	246	1	<p>Conforms the definition of farmer/fisherman for estimated tax purpose to the federal definition based on gross income.</p> <p>Effective 7/6/93 and applicable to taxable years beginning after 1992.</p>
697(e) (3)	55	33	<p>Provides for the furnishing of additional information between the Department of Taxation and Finance and the Department of social Services.</p> <p>Effective 7/1/93.</p>
697(e) (3)	491	2	<p>Provides for an expanded cooperative agreement between the Department of Taxation and Finance and the Department of Social Services.</p> <p>Effective 7/26/93 and expires on 6/30/94.</p>

699	57	12, 13 & 14	<p>These amendments are in conjunction with the amendments to Sections 601(a) (1)-(3) of the Tax Law by Sections 1-9 of Chapter 57 of the Laws of 1993. Provides transitional tax rate schedules for taxable years beginning in 1995, and also provides for a blended highest effective rate of tax in each tax rate schedule for the entire 1994 taxable year of 7.59375 percent.</p> <p>Effective 4/15/93.</p>
-----	----	----------------	--

Article 8
(Department of Taxation and Finance)

<u>Law Section</u>	<u>Bill Chapter</u>	<u>Section</u>	<u>Brief Summary</u>
171-a(3) (a) (i) & (ii)	491	1	<p>Provides for an expanded cooperative agreement between the Department of Taxation and Finance and the Department of Social Services.</p> <p>Effective 7/26/93 and expires on 6/30/94.</p>
171-b(3) & (5)	253	10	<p>Renumbers subdivisions (3) and (4) to be (4) and (5), respectively, adds a new subdivision (3) and amends subdivision (5).</p> <p>Provides that the Tax Department verify whether a tenant living in a rent regulated unit had total annual income of more than \$250,000 in the two preceding calendar years and submit this information to the New York City Commissioner of the Division of Housing and Community Renewal.</p> <p>Effective 7/6/93.</p>

171-g	59	32	<p>Adds a new Section 171-g which provides for the furnishing of additional information between the Department of Taxation and Finance and the Department of Social Services.</p> <p>Effective 7/1/93.</p>
-------	----	----	--

Article 30

(Enabling Act for the New York City Personal Income Tax)

<u>Law Section</u>	<u>Bill Chapter</u>	<u>Section</u>	<u>Brief Summary</u>
1301(a)	265	2	<p>Provides that the higher City of New York personal income tax rates and the New York City minimum income tax will remain in effect through 1995.</p> <p>Effective 7/15/93.</p>
1301-A(a)	265	3	<p>Provides that the higher New York City minimum income tax rate will remain in effect through 1995.</p> <p>Effective 7/15/93.</p>
1304-(a) (1) (A), (B),(C),(D),(E)& (F)(a) (2) (A),(B), (C),(D),(E)&(F) (a) (3) (A),(B), (C) , (D) , (E) & (F)	57	15	<p>Enables New York City to extend the 1992 tax rates to 1993.</p> <p>Effective 4/15/93.</p>
1304-(b)	265	4	<p>Provides that the tax rate schedules under this subsection will be applicable to taxable years beginning after 1995.</p> <p>Effective 7/15/93.</p>
1304-A(b) (1)(A)& (B)(b) (2) (A)& (B) (b) (3) (a) &(B)	57	16	<p>Enables New York City to extend the 1992 tax surcharge rates to 1993.</p> <p>Effective 4/15/93.</p>

TSB-M-94 (1) I
Income Tax
April 15, 1994

1304-A(d) (1)	186	2	Reduces the percentages of nonachievement in uniformed forces staffing levels that would invoke a similar reduction in the New York City surcharge rates to 20% for FYE 6/30/93 and to 5% for FYE 6/30/94 and 6/30/95. Effective 6/30/93.
1304-B(a)	265	5	Enables the city to impose the additional 14% tax for taxable years 1994 and 1995. Effective 4/15/93.
1310-(d) (2)	57	17	Enables New York City to extend the 1992 household credit amounts to taxable years beginning before 1995. The increase or decrease in such amounts, as the case may be, will now apply to taxable years beginning after 1994. Effective 4/15/93.

Article 30-A

(Enabling Act for the Yonkers Resident Income Tax Surcharge)

<u>Law Section</u>	<u>Bill Chapter</u>	<u>Section</u>	<u>Brief Summary</u>
1321(a)	265	24	Extends the authority of Yonkers to impose the income tax surcharge to taxable years beginning before 1996. Effective 7/15/93.
1321(c)	265	25	Makes technical amendment relating to the extension of the income tax surcharge. Effective 7/15/93.

Article 30-B

(Enabling Act for the Yonkers Nonresident Earnings Tax)

<u>Law Section</u>	<u>Bill Chapter</u>	<u>Section</u>	<u>Brief Summary</u>
1340(b)	265	26	<p>Extends the enabling provisions for the Yonkers nonresident earnings tax to taxable years beginning before 1996.</p> <p>Effective 7/15/93.</p>
1340(c)	265	27-a	<p>Makes technical amendment to the model local law to impose the city earnings tax on nonresidents for taxable years beginning before 1/1/96.</p> <p>Effective 7/15/93.</p>
1340(c) (1)(c)	374	12	<p>Provides that wages subject to the earnings tax shall include the same IRC 125 amount required to be added to federal adjusted gross income pursuant to Section 612(b) (32) of the Tax Law. (See amendment to Article 22 of the Tax Law made by Bill Section 7 of Chapter 374 of the Laws of 1993.)</p> <p>Effective 7/21/93.</p>

State General City Law

Article 2-E

Section 25-m

(Enabling Act for the New York City Nonresident Earnings Tax)

<u>Law Section</u>	<u>Bill Chapter</u>	<u>Section</u>	<u>Brief Summary</u>
l(d)	374	10	Provides that wages subject to the earnings tax shall include the same IRC 125 amount which is required to be added to federal adjusted gross income pursuant to Section 612(b) (32) of the Tax Law. (See amendment to Article 22 of the Tax Law by Bill Section 7 of Chapter 374 of the Laws of 1993.) Effective 7/21/93.
2-A(a)	648	2	Provides that the higher New York City earnings tax rates on nonresidents will remain in effect through 1995. Effective 8/4/93.

Chapter 17 of Title 11
of the Administrative Code
of the City of New York

(New York City Personal Income Tax)

<u>Law Section</u>	<u>Bill Chapter</u>	<u>Section</u>	<u>Brief Summary</u>
11-1701	265	12	Provides that the higher City of New York personal income tax rates will remain in effect through 1995. Effective 7/15/93.

TSB-M-94 (1) I
Income Tax
April 15, 1994

ll-1701(a)	57	18	<p>Provides that the City of New York personal income tax rates applicable to 1992 will remain in effect for taxable years beginning in 1993, and that the 1993 rates will apply to 1994.</p> <p>Effective 4/15/93.</p>
ll-1701(b)	265	13	<p>Provides that the lower City of New York personal income tax rates will apply to taxable years beginning after 1995.</p> <p>Effective 7/15/93.</p>
1-1702	265	14	<p>Same as amendment to Section 1301-A(a) of Article 30 of the Tax Law by Bill Section 3 of Chapter 265 of the Laws of 1993.</p> <p>Effective 7/15/93.</p>
11-1704(b)	57	19	<p>Provides that the 1992 City of New York tax surcharge rates will remain in effect for taxable years beginning in 1993 and that the 1993 rates will apply to 1994.</p> <p>Effective 4/15/93.</p>
11-1704(d) (1)	186	3	<p>Same as amendment to Section 1304-A(d) (1) of Article 30 of the Tax Law by Bill Section 2 of Chapter 186 of the Laws of 1993.</p> <p>Effective 6/30/93.</p>
11-1704.1	265	15	<p>Same as amendment to Section 1304-B(a) of Article 30 of the Tax Law by Bill Section 5 of Chapter 265 of the Laws of 1993.</p> <p>Effective 7/15/93.</p>

TSB-M-94 (1) I
Income Tax
April 15, 1994

11-1706(b) (2)	57	20	Provides that the current City of New York household credit amounts are to remain in effect for taxable years beginning before 1995. Effective 4/15/93.
11-1712(b) (32)	374	8	Same as amendments to Section 612(b) (32) of Article 22 of the Tax Law by Bill Section 7 of Chapter 374 of the Laws of 1993. Effective 7/21/93.
11-1712(c) (30)	638	5	Same as amendment to Section 612(c) (30) of Article 22 of the Tax Law by Bill Section 4 of Chapter 638 of the Laws of 1993. Effective 8/4/93.
11-1714	57	21	Same as amendments to Section 614(a)-(e) of Article 22 of the Tax Law by Bill Section 11 of Chapter 57 of the Laws of 1993. Effective 4/15/93.
11-1771(b) (2) (E)	528	2	Same as amendment to Section 671(b) (2) (E) of Article 22 of the Tax Law by Bill Section 1 of Chapter 528 of the Laws of 1993. Effective 7/26/93.
11-1771(b) (2) (G)	374	13	Same as amendment to Section 671(b) (2) (G) of Article 22 of the Tax Law by Bill Section 11 of Chapter 374 of the Laws of 1993. Effective 7/21/93.
11-1785(c) (5) (C)	246	2	Same as amendment to Section 685(c) (5) (C) of Article 22 of the Tax Law by Bill Section 1 of Chapter 246 of the Laws of 1993.

TSB-M-94 (1) I
Income Tax
April 15, 1994

Effective 7/6/93 and applicable to
taxable years beginning after 1992.

Chapter 19 of Title 11
of the Administrative Code
of the City of New York
(New York city Nonresident Earnings Tax)

<u>Law</u> <u>Section</u>	<u>Bill</u> <u>Chapter</u>	<u>Section</u>	<u>Brief Summary</u>
11-1901(e)	374	9	Same as amendment to Section l(d) of Section 25-m of Article 2-E of the General City Law by Bill Section 10 of Chapter 374 of the Laws of 1993. Effective 7/21/93.
11-1902(a)	648	3	Extends the imposition of the New York City earnings tax on nonresidents at the higher rates through 1995. Effective 8/4/93.

Article X of the
Codes and Ordinances of the
City of Yonkers
(Yonkers Nonresident Earnings Tax)

<u>Law</u> <u>Section</u>	<u>Bill</u> <u>Chapter</u>	<u>Section</u>	<u>Brief Summary</u>
92-98(c)	374	14	Same as amendment to Section 1340(c) (1) (C) of Article 30-B of the Tax Law by Bill Section 12 of Chapter 374 of the Laws of 1993. Effective 7/21/93.