

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

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Income Tax
August 1, 1994

Important Information for Estimated Tax Filers

Due to recent tax law changes, the 1993 New York State and New York City tax rates and standard deduction amounts (listed below) have been retained for 1994. In addition, the state and city estimated tax provisions have been amended to conform to the new federal rules concerning the use of the prior year's tax. An explanation of these changes follows.

1. 1994 New York State Tax Rate Schedules

Taxpayers with New York adjusted gross income of \$100,000 or less will compute their 1994 New York State estimated tax using the following tax rate schedules.

Taxpayers with New York adjusted gross income of more than \$100,000 will use the following rate schedules and the appropriate tax computation worksheet on page 3 of Form IT-2105-I or Form IT-2105-I-F, Instructions for Form IT-2105, Estimated Income Tax Payment Voucher. When completing either worksheet, the new rate of 7.875% (.07875) should be used in place of the old rate of 7.59375% (.0759375).

Married Filing Jointly and Qualifying Widow(er)				
If New York State taxable income is:				
over	but not over	The tax is:		
\$ 0	\$11,000	4%	of NY taxable income	
11,000	16,000	\$ 440 plus 5%	of the excess over	\$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 New York State taxable income is:				
over	but not over	The tax is:		
\$ 0	\$ 5,500	4%	of NY taxable income	
5,500	8,000	\$ 220 plus 5%	of the excess over	\$ 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 Household				
If New York State taxable income is:				
over	but not over	The tax is:		
\$ 0	\$ 7,500	4%	of NY taxable income	
7,500	11,000	\$ 300 plus 5%	of the excess over	\$ 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

2. 1994 New York City Tax Rate Schedules

Married Filing Jointly and Qualifying Widow(er)				
If New York City taxable income is:				
over	but not over	The tax is:		
\$ 0	\$14,400	2.51%	of NYC taxable income	
14,400	15,500	\$ 361 plus 3.08%	of the excess over	\$ 14,400
15,500	27,000	395 plus 3.66%	“ ” “	15,500
27,000	45,000	816 plus 4.28%	“ ” “	27,000
45,000	108,000	1,587 plus 4.40%	“ ” “	45,000
108,000		4,359 plus 4.46%	“ ” “	108,000

Single, Married Filing Separately and Estates and Trusts				
If New York City taxable income is:				
over	but not over	The tax is:		
\$ 0	\$ 8,000	2.51%	of NYC taxable income	
8,000	9,000	\$ 201 plus 3.08%	of the excess over	\$ 8,000
9,000	15,000	232 plus 3.66%	“ ” “	9,000
15,000	25,000	451 plus 4.28%	“ ” “	15,000
25,000	60,000	879 plus 4.40%	“ ” “	25,000
60,000		2,419 plus 4.46%	“ ” “	60,000

Head of Household				
If New York City taxable income is:				
over	but not over	The tax is:		
\$ 0	\$ 8,800	2.51%	of NYC taxable income	
8,800	16,500	\$ 221 plus 3.66%	of the excess over	\$ 8,800
16,500	27,500	503 plus 4.28%	“ ” “	16,500
27,500	66,000	974 plus 4.40%	“ ” “	27,500
66,000		2,668 plus 4.46%	“ ” “	66,000

3. 1994 Standard Deduction

The 1993 New York State and New York City standard deduction amounts are retained for 1994 - \$6,000 for single taxpayers, \$9,500 for married taxpayers filing a joint return (\$4,750 each if separate returns are filed), and \$7,000 for taxpayers claiming head of household. The standard deduction for dependent filers is \$2,800.

4. Use of Prior Year's Tax

The recent tax law changes repealed the former limitation on the use of the prior year's tax, and replaced it with a new rule which is similar to the federal 110% rule. This is effective for tax years beginning after 1993. Under this rule, individuals, estates and trusts, except

farmers and fishermen, whose New York adjusted gross income in the prior year is more than \$150,000 (\$75,000 if married filing separate) must pay 110% of the prior year's state, and if applicable, city resident or nonresident tax, or 90% of the current year's tax, to avoid a penalty for underpayment of estimated tax. However, see *Waiver of Penalty for Underpayment of Estimated Tax* below for a special waiver provision applicable to 1994. The estimated tax rules are unchanged for farmers and fishermen.

Because of this new legislation, Publication 150, Estimated Tax Rules Limiting the Use of Prior Year's Tax, is obsolete for tax years beginning after 1993.

Waiver of Penalty for Underpayment of Estimated Tax

Taxpayers who based their 1994 estimate on the original 1994 rates and standard deduction amounts will not be subject to a penalty on any underpayment due to the rate and deduction changes if the amount of any shortfall in the April 15, 1994, June 15, 1994, and September 15, 1994, payments is included with the January 16, 1995, payment.

Taxpayers who are subject to the new 110% rule will not be subject to a penalty on any underpayment due to the new rule if the amount of any shortfall in the April 15, 1994, and June 15, 1994, payments is included with the September 15, 1994, payment.

The preceding changes may require taxpayers to amend their original New York State, New York City or Yonkers estimates, or to begin making estimated tax payments. However, taxpayers who based their estimates on 100% of the prior year's tax and are not subject to the new 110% rule need not amend their estimates. To amend an original estimate, use the Amended Estimated Tax Worksheet in Form IT-2105-I or Form IT-2105-I-F, the instructions for Form IT-2105.

If you have any questions, call toll free (from New York State only) 1 800 CALL TAX (1 800 225-5829). From areas outside New York State, call (518) 438-8581.