



Changes to the Metropolitan Commuter Transportation Mobility Tax

This TSB-M explains amendments to the metropolitan commuter transportation mobility tax (MCTMT) made by Chapter 59 of the Laws of 2014 (Part DD).

Chapter 59 of the Laws of 2014 (Part DD) amended the Tax Law with regard to the metropolitan commuter transportation mobility tax (MCTMT). The new law changes the MCTMT payment and filing due dates for self-employed individuals to conform to personal income tax due dates. New enforcement actions were also added to the law, applying to both self-employed individuals and employers.

Article 23 of the Tax Law imposes the MCTMT on certain employers and self-employed individuals engaging in business within the Metropolitan Commuter Transportation District (MCTD). For general information on the MCTMT, visit the department Web site (www.tax.ny.gov).

Individuals with net earnings from self-employment allocated to the MCTD

For purposes of the MCTMT, self-employed individuals include:

- Sole proprietors
- Partners in partnerships
- Members of limited liability companies (LLCs) treated as partnerships for federal income tax purposes (hereafter, members will be referred to as partners.)
- Single-member LLCs treated as disregarded entities (sole proprietorships) for federal income tax purposes

Section 804(b) of the Tax Law, which requires individuals with net earnings from self-employment to make estimated MCTMT payments and to file annual MCTMT returns for the tax year, was amended to conform the MCTMT payment and filing due dates to personal income tax payment and filing due dates.

Effective for tax years beginning on or after January 1, 2015, estimated MCTMT payments are due on the dates specified in section 685(c)(1) of the Tax Law (April 15, June 15, September 15, and January 15) and annual MCTMT returns must be filed by the 15th day of the fourth month following the close of the tax year. Prior to the amendment, quarterly estimated MCTMT payments were due on April 30, July 31, October 31, and January 31 and annual MCTMT returns were due on the 30th day of the fourth month following the close of the tax year. Note: The payment and filing due dates for employers have not changed.

In addition, new section 806(b) of the Tax Law allows the Tax Department to require estimated MCTMT payments to be combined with payments of estimated personal income tax, and annual MCTMT return information to be reported on personal income tax returns. Accordingly, beginning with the payment due on April 15, 2015, revised Form IT-2105, *Estimated Tax Payment Voucher for Individuals*, requires self-employed individuals to include estimated MCTMT payments on Form IT-2105. In addition, beginning with tax year 2015, the department will require self-employed individuals to include annual MCTMT information on their personal income tax returns.

Payments of tax. For tax years beginning on or after January 1, 2015, self-employed individuals must remit a single payment of combined MCTMT and personal income tax with Form IT-2105 or with personal income tax returns, where applicable. Prior to the new law, MCTMT payments could not be combined with personal income tax payments.

Special rules for partnerships engaging in business within the MCTD

Resident and part-year resident partners. For tax years beginning on or after January 1, 2015, resident and part-year resident partners must make individual estimated MCTMT payments using Form IT-2105 and report annual MCTMT information on their individual personal income tax returns.

Nonresident partners. For tax years beginning on or after January 1, 2015, nonresident partners must make individual estimated MCTMT payments using Form IT-2105 **unless** the partnership has made estimated MCTMT payments on the partners' behalf (see *Estimated MCTMT payments made by partnerships on behalf of nonresident individual partners* below). In addition, nonresident partners must report annual MCTMT information on their individual personal income tax returns **except** for partners who elect to participate in a personal income tax group return. (See *Personal income tax group return for nonresident partners* on page 3).

Estimated MCTMT payments made by partnerships on behalf of nonresident individual partners. Partnerships doing business within the MCTD must make estimated MCTMT payments on behalf of partners who are nonresident individuals of New York State except in the following circumstances:

- The estimated MCTMT required to be paid for the tax year by the partnership on the nonresident partner's behalf is \$300 or less¹.
- The partnership is authorized to file a personal income tax group return and the partner has elected to be included on the group return (see *Personal income tax group return for nonresident partners* on page 3).
- The partner submits the appropriate exemption certificate to the partnership.

Beginning with the estimated MCTMT payment due on April 15, 2015, estimated MCTMT payments made on behalf of nonresident partners must be combined with any

¹ Nonresident partners are still required to make individual estimated MCTMT payments if they owe any MCTMT.

estimated income tax payments required under section 658(c)(4) of the Tax Law². Accordingly, beginning with the payment due on April 15, 2015, partnerships must include estimated MCTMT payments made on behalf of nonresident partners on Form IT-2658, *Report of Estimated Tax for Nonresident Individual Partners and Shareholders*.

Group MCTMT return for partners. For tax years beginning **before** January 1, 2015, a partnership engaging in business within the MCTD may file Form MTA-599, *Application for Permission to Make Metropolitan Commuter Transportation Mobility Tax Group Estimated Tax Payments and File a Group Return*, to request permission to make group estimated MCTMT payments and file a group MCTMT return on behalf of its qualified individual New York State resident and nonresident partners. If permission is granted, qualified partners who elected to participate in the MCTMT group return are not required to make individual estimated MCTMT payments or to file individual annual MCTMT returns.

However, for tax years beginning on or after January 1, 2015, the department requires MCTMT information to be reported on personal income tax returns. Therefore, any partnership that previously filed Form MTA-599 and received permission to file a group MCTMT return has that permission revoked for tax years beginning on or after January 1, 2015.

Partnerships should notify partners that elected to participate in MCTMT group returns that estimated MCTMT payment and filing requirements have changed for tax years beginning on or after January 1, 2015.

Personal income tax group return for nonresident partners

A partnership that has any income derived from or connected with New York sources may be granted approval to file a personal income tax group return (group return) on behalf of its qualified electing nonresident partners. The group return is considered a group of individual personal income tax returns that meet the New York State and Yonkers return filing requirements. Accordingly, if a qualified partner elects to participate in the group return, the partner is not required to file an individual New York State or Yonkers personal income tax return or nonresident earnings tax return for the tax year.

For tax years beginning on or after January 1, 2015, revised Form IT-203-GR, *Group Returns for Nonresident Partners*, requires partnerships to include annual MCTMT information on the group return.

For general information about group returns, see the [instructions for Form IT-203-GR](#).

² Section 658(c)(4) of the Tax Law requires partnerships (other than publicly traded partnerships as defined in section 7704 of the Internal Revenue Code) that have income from New York sources to make estimated income tax payments on behalf of partners who are nonresident individuals.

MCTMT enforcement actions

New section 807 of the Tax Law provides for certain enforcement and collection actions of the MCTMT. The enforcement actions apply to self-employed individuals and employers as described below:

- Where a single payment of tax (MCTMT and New York State, New York City, and Yonkers income tax) is required for an individual with net earnings from self-employment, the single payment will be deemed to be made with respect to the taxes in proportion to the total amount of the combined taxes due. This includes tax, penalties, interest, and any additions to tax.
- Where the department must take action to collect any tax due under Article 22 (personal income tax), Article 30 (New York City personal income tax), Article 30-A (City of Yonkers income tax surcharge), or Article 30-B (City of Yonkers earnings tax on nonresidents), the department, whenever possible and necessary, will accompany that collection action with a similar action (joint action) to collect any MCTMT due. In addition, any moneys collected by joint action will be deemed to have been collected in proportion to the amounts due, including tax, penalties, interest, and any additions to tax.
- Where the department takes action with respect to a deficiency of tax due under Article 22, 30, 30-A, or 30-B of the Tax Law, the department may accompany that action with a similar action for any deficiency of MCTMT.

The enforcement provisions apply to tax years beginning on or after January 1, 2015.

NOTE: A TSB-M is an informational statement of existing department policies or of changes to the law, regulations, or department policies. It is accurate on the date issued. Subsequent changes in the law or regulations, judicial decisions, Tax Appeals Tribunal decisions, or changes in department policies could affect the validity of the information presented in a TSB-M.