



Important Notice

September 2004

Important Personal Income Tax Information for Nonresidents Who Sold or Will Sell Shares of Stock in a Cooperative Housing Corporation in 2004

Nonresidents who sold or will sell shares of stock in a cooperative housing corporation in 2004 may have to adjust their 2004 estimated income tax payments as described below. This is due to recent legislation that will require nonresident individuals, estates, and trusts (nonresidents) to include in their New York source income any gain from certain sales, conveyances, or other dispositions (sales or transfers) of shares of stock in a cooperative housing corporation. The gain will be includable in New York source income if the gain is includable in federal adjusted gross income for the year, and the gain is in connection with the grant or transfer of a proprietary leasehold by the owner of the shares, where the cooperative unit represented by the shares is located in New York State. New York source income is the numerator of the income percentage that is used to determine the New York State personal income tax of a nonresident. The new law applies to sales or transfers of cooperative housing corporation stock that occur on or after January 1, 2004.

As part of the new law, effective for sales or transfers covered by the new law that occur on or after November 18, 2004, nonresidents will be required to pay New York estimated income tax on the gain related to the sale or transfer **within 15 days of the date of the sale or transfer** unless an exemption applies. The estimated income tax payments will be made with new Form IT-2664, *Nonresident Cooperative Unit Estimated Income Tax Payment Form*.

However, nonresidents who sold or transferred shares in 2004 prior to November 18, or who are exempt from the 15-day estimated income tax payment rule for sales or transfers on or after November 18, will not have paid this estimated income tax. Accordingly, to take into account the increase in their New York personal income tax attributable to the inclusion of the gain in their New York source income, these taxpayers may have to adjust their **September 15, 2004**, or January 15, 2005, estimated income tax payments, or may have to begin making estimated income tax payments on September 15 or January 15. For information on how to amend your estimated income tax payments or to begin making estimated income tax payments, see Form IT-2105-I, *Instructions for Form IT-2105*.

New Form IT-2664 and a TSB-M containing more detailed information concerning the estimated income tax rules and exemptions that take effect on November 18 will be issued prior to the November 18 effective date.