

STATE OF NEW YORK
DEPARTMENT OF TAXATION AND FINANCE
SUBSTANCE OF THE PROPOSED RULE

Section 620 of the Tax Law provides for a credit for residents against the New York State personal income tax for any income tax imposed by another state of the United States, a political subdivision of such state, the District of Columbia, or a province of Canada on income both derived from such political jurisdiction and subject to New York State personal income tax. Section 620-A provides for a similar credit against the separate tax imposed by section 603 of the Tax Law on the ordinary income portion of a lump sum distribution both derived from another political jurisdiction and subject to tax under section 603.

Part 120 of the Personal Income Tax Regulations provides guidance for both of these credits.

The primary purpose of this rule is to amend Part 120 to change Department policy by eliminating the requirement of the submission of a copy of the tax return of another political jurisdiction outside New York State when a taxpayer claims the resident tax credit for the income tax imposed by the other political jurisdiction. This rule also updates Part 120 to reflect legislative changes to sections 620 and 620-A of the Tax Law. Among these are the inclusion of income taxes imposed by a province of Canada as being available for the resident credit and the rule for Subchapter S corporation shareholders claiming the resident credit. The rule also shortens the sections by removing obsolete and unnecessary material, including several examples, which are deleted because the limitations demonstrated in the examples are adequately explained in the text. The rule also contains technical and clarifying amendments.