

Income/Franchise:

New York Budget Bill Includes Increased Corporate Tax Rates and Passthrough Entity-Level Tax

S2509C / A3009C, passed Assembly 4/7/21 and Senate 4/6/21. The New York FY 2021-2022 State Budget Bill, which Governor Cuomo is expected to sign, contains significant tax law changes – including the following provisions:

URL: https://nyassembly.gov/leg/?default_fld=&leg_video=&bn=S02509&term=2021&Summary=Y&Actions=Y&Text=Y

URL: https://nyassembly.gov/leg/?default_fld=&leg_video=&bn=A03009&term=2021&Summary=Y&Actions=Y&Text=Y

- Article 9-A business corporation franchise tax rate on business income base increases from 6.5% to 7.25% for taxpayers with a business income base for the taxable year of more than \$5 million, effective for taxable years beginning on or after January 1, 2021 and before January 1, 2024 (Part HHH);
- Article 9-A business corporation franchise tax increased rate of 0.1875% on capital base applies to certain non-manufacturing taxpayers for taxable years beginning on or after January 1, 2021 and before January 1, 2024 (Part HHH);
- Elective passthrough entity-level taxation effective for taxable years beginning January 1, 2021 (Part C);
- New York State personal income tax rate increases effective as of January 1, 2021, for single filers reporting over \$1.1 million and joint filers reporting over \$2.2 million (from 8.82% to 9.65%), as well as additional income tax brackets and increased rates for those reporting over \$5 million (10.3%) and over \$25 million (10.9%), in income (Part A);
- Decoupling some state and local taxes – including New York State and City personal income taxes, Article 9-A business corporation franchise tax, New York City business corporation tax (BCT) and New York City general corporation tax (GCT) – from a federal provision excluding/deferring gain due to investment in a qualified opportunity fund under Internal Revenue Code section 1400z-2(a)(1)(A) (Part DDD); and
- Addresses the effect of the COVID-19 pandemic and remote workers on certain tax incentives that are based on maintaining presence within New York State or within specific areas of New York State (Part NN).

Please contact us with any questions.

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