

Income/Franchise:

New York Department of Taxation and Finance Reminds of March 15 Deadline for New PTE Tax

NYS Tax Department: Coming soon – PTET return and extension applications, N.Y. Dept. of Tax. & Fin. (1/26/22). Additional implementation guidance posted by the New York Department of Taxation and Finance (Department) addresses New York's new elective pass-through entity-level tax (PTET), which was enacted under New York's 2021-2022 Budget Act in response to the \$10,000 cap on the federal individual income tax deduction for state and local taxes that was part of the 2017 federal tax overhaul legislation known as the Tax Cuts and Jobs Act (*i.e.*, P.L. 115-97) [see previously issued Multistate Tax Alert (June 7, 2021) for more details on New York's new pass-through entity tax, as well as TSB-M-21(1)C, (1)I, N.Y. Dept. of Tax. & Fin. (8/25/21) and previously issued Multistate Tax Alert (October 7, 2021) for additional PTET implementation guidance] – providing that applications for taxable year 2021 will be available for electing entities “in early February 2022,” and that electing entities must file an annual PTET return or request an extension using the return or extension application on or before March 15, 2022. When filing a PTET return, the Department also explains that the electing entity must report certain member, partner, and shareholder information as part of the filing process.

URL: <https://content.govdelivery.com/accounts/NYTAX/bulletins/3068f39>

URL: <https://www2.deloitte.com/content/dam/Deloitte/us/Documents/Tax/us-tax-mta-overview-of-new-yorks-new-pass-through-entity-tax.pdf>

URL: <https://www.tax.ny.gov/pdf/memos/ptet/m21-1c-1i.pdf>

URL: <https://www2.deloitte.com/content/dam/Deloitte/us/Documents/Tax/us-tax-multistate-tax-alert-recent-guidance-addressing-new-yorks-new-pass-through-entity-tax.pdf>

The PTET is an optional tax that partnerships or New York S corporations may annually elect to pay on certain income for tax years beginning on or after January 1, 2021. If a partnership or New York S corporation elects to pay the PTET, partners, members, or shareholders of an electing partnership or New York S corporation who are subject to tax in New York under Article 22 may be eligible for a PTET credit on their New York State income tax returns. Please contact us with any questions.

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