

# Anchin Alert

**Anchin, Block & Anchin LLP**  
**Accountants and Advisors**



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## **New York Announces Passage of State Budget**

Governor Andrew M. Cuomo announced the passage of the 2018 State Budget (“Budget”) which includes some interesting tax provisions.

### **Income Tax Rate Changes**

The Budget continues to lower the income tax rates on certain New Yorkers. For taxpayers with taxable income less than \$300,000, prior tax rate decreases will continue until rates drop to 6.0% when fully phased in. The existing millionaire’s tax surcharge has been extended another two years, meaning a top tax rate of 8.82% until at least the end of 2019.

### **Other Individual Income Tax Changes**

The child and dependent care tax credits have increased significantly for middle class taxpayers with adjusted gross incomes (AGI) between \$50,000 and \$150,000. Current provisions that limit charitable contribution deductions for individuals with Adjusted Gross Income over \$1,000,000 were set to expire after 2017. Unfortunately these rules have been extended for those taxpayers.

### **Certain Tax Credits**

The Excelsior jobs program has been expanded to include life science companies. The Budget also adds and enhances two tax credits for life science companies - a refundable research and development tax credit and an angel investor’s tax credit.

The Empire State Film Production Tax Credit and Post Production Tax Credit have been extended through 2022.

Other tax credit provisions include extending the youth jobs program credits, creating an Empire State apprenticeship program, and extending the alternative fuels and electric vehicle charging credit.

### **Other Provisions**

A sales and use tax deferral technique has been eliminated. The Budget prohibits related parties from using the resale exemption to defer sales tax for purchases of tangible property.

The sale of certain partnership interests by nonresidents may now be taxable.

The Investment Tax Credit (ITC) rules have been changed, restricting the availability of the credit on certain types of property.

A Single Member LLC (SMLLC) is treated as a disregarded entity for New York State income tax purposes. The budget bill clarifies that a SMLLC and its sole member/owner are treated as one for determining eligibility for New York State tax credits. The provision applies retroactively to tax years that are still open under the statute of limitations, which will create refund opportunities.

For more information, contact your Anchin relationship partner or Clarence G. Kehoe, Leader of Anchin's Tax Department at 212.840.3456.



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