

## Income/Franchise:

### New York Department of Taxation and Finance Provides List of States with Taxes Substantially Similar to PTE Tax

*States with a tax substantially similar to PTET*, N.Y. Dept. of Tax. & Fin. (1/3/24). Guidance posted by the New York Department of Taxation and Finance (Department) addresses New York's 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) – explaining that for tax years beginning on or after January 1, 2021, resident partners, members, or shareholders are allowed a resident tax credit against their New York State personal income tax for any pass-through entity tax imposed by another state, local government, or the District of Columbia, that is substantially similar to the PTET imposed under Article 24-A paid by a partnership or New York S corporation to another jurisdiction on income derived from that jurisdiction and subject to tax under Article 22. According to the guidance, this includes any taxes paid by a limited liability company (LLC) treated as a partnership or S corporation for New York tax purposes. A current list of those states that impose a pass-through entity tax that is substantially similar to New York's PTET is included in the guidance, which incorporates "all legislation enacted as of December 15, 2023." Please contact us with any questions.

**URL:** <https://www.tax.ny.gov/bus/ptet/substantially-similar.htm>

— Don Roveto (New York)  
Partner  
Deloitte Tax LLP  
droveto@deloitte.com

Mary Jo Brady (Jericho)  
Senior Manager  
Deloitte Tax LLP  
mabrady@deloitte.com

Josh Ridiker (New York)  
Senior Manager  
Deloitte Tax LLP  
jridiker@deloitte.com

Olivia Schulte (Washington, DC)  
Manager  
Deloitte Tax LLP  
oschulte@deloitte.com

Roburt Waldow (Minneapolis)  
Principal  
Deloitte Tax LLP  
rwaldow@deloitte.com

Shirley Wei (Los Angeles)  
Senior Manager  
Deloitte Tax LLP  
shiwei@deloitte.com

Alyssa Keim (Philadelphia)  
Senior Manager  
Deloitte Tax LLP  
jridiker@deloitte.com

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