

Income/Franchise:

New York City: Public Input Sought on Proposed Rules Implementing Business Corporation Tax

Notice: Business Corporation Tax Regulations, N.Y.C. Dept. of Fin. (4/25/24). The New York City (City) Department of Finance (Department) announced that it will host two virtual discussion sessions in May to “hear feedback from tax practitioners and policy advocates” as it develops regulations to implement the City’s business corporation tax (BCT), which was enacted in 2015 and applies for tax years beginning on or after January 1, 2015. In doing so, the Department notes that the New York State Department of Taxation and Finance published a new set of regulations on December 27, 2023 to implement its Article 9-A business corporation franchise tax and that while the City’s new regulations will be “substantially similar” to the State’s, there will be “several notable differences.” The Department’s posted “detailed description of the issues” provides a brief summary of the “major areas” in which the City may depart from State policies, listing the following:

URL: <https://www.nyc.gov/site/finance/business/business-corporation-tax.page>

URL: <https://www.nyc.gov/assets/finance/downloads/pdf/24pdf/bct-regs-write-up.pdf>

- Allocation of flow-through income from partnerships;
- Clear and convincing evidence;
- Allocation of income from passive investment customers;
- Billing address safe harbor; and
- Real estate mortgage investment conduits.

The Department’s two virtual discussion sessions are scheduled to be held on May 14, 2024 at 10:00 am, and May 15, 2024 at 2:00 pm. Participants must register to attend these virtual sessions and may submit written comments prior to them. According to the Department, participants may comment on the differences between the City’s forthcoming proposed regulations and the State’s regulations, or any other matter related to the City’s proposed regulations. Please contact us with any questions.

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