

STATE OF NEW YORK

4401

2017-2018 Regular Sessions

IN SENATE

February 13, 2017

Introduced by Sen. TEDISCO -- read twice and ordered printed, and when printed to be committed to the Committee on Investigations and Government Operations

AN ACT to amend the tax law, in relation to establishing a tax credit for low income individuals subject to the federal self-employment tax

The People of the State of New York, represented in Senate and Assembly, do enact as follows:

1 Section 1. Legislative intent. The legislature recognizes the need to
2 alleviate the tax burden of low income individual taxpayers whose income
3 is largely derived from self-employment and therefore affected by federal
4 self-employment taxes to a degree disproportionate with such taxpayers'
5 level of disposable income. This circumstance hinders many newly
6 started businesses in the state. Therefore, this act provides a state-
7 level credit to provide relief to these taxpayers.

8 § 2. Section 606 of the tax law is amended by adding a new subsection
9 (ccc) to read as follows:

10 (ccc) Self-employed taxpayer credit. (1) General. A qualified self-
11 employed taxpayer shall be allowed a credit against the tax imposed by
12 this article equal to twenty-five percent of his or her federal self-em-
13 ployment tax liability for the year, but not exceeding a maximum amount
14 of five hundred dollars, and subject to phase-out as provided under
15 paragraph three of this subsection.

16 (2) Definition of "qualified self-employed taxpayer". A qualified
17 self-employed taxpayer is an individual taxpayer, whose federal gross
18 income for the tax year is below forty thousand dollars, and whose busi-
19 ness income in the year is an amount of at least seventy percent of his
20 or her federal gross income. Business entities shall not be qualified.

21 (3) Maximum credit phase-out. The maximum allowed credit of five
22 hundred dollars shall be reduced dollar for dollar for each dollar
23 beyond thirty-nine thousand five hundred dollars of federal gross

EXPLANATION--Matter in italics (underscored) is new; matter in brackets
[-] is old law to be omitted.

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1 income, such that the credit is completely phased out upon reaching
2 forty thousand dollars of federal gross income.
3 § 3. This act shall take effect immediately and shall apply to taxable
4 years beginning on or after January 1, 2018.