

3885

2009-2010 Regular Sessions

I N S E N A T E

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Introduced by Sens. C. JOHNSON, DIAZ, DILAN, ONORATO, SAVINO -- (at request of the Department of Taxation and Finance) -- 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 payment methods permitted for use by taxpayers under the electronic funds transfer programs prescribed by sections 9 and 10 of such law

THE PEOPLE OF THE STATE OF NEW YORK, REPRESENTED IN SENATE AND ASSEMBLY, DO ENACT AS FOLLOWS:

1 Section 1. Paragraph 1 of subdivision (b) of section 9 of the tax law,
2 as amended by chapter 166 of the laws of 1991, is amended to read as
3 follows:
4 (1) Subject to the requirements contained in subdivisions (c) and (d)
5 of this section, the commissioner shall require by regulation that any
6 payment of tax made by a taxpayer who is required, for either of the
7 semi-annual periods ending June thirtieth or December thirty-first, to
8 deduct and withhold an aggregate of thirty-five thousand dollars or more
9 of withholding taxes pursuant to part V of article twenty-two of this
10 chapter, or pursuant to an equivalent provision enacted under the
11 authority of article thirty, thirty-A or thirty-B of this chapter, or
12 FORMER article two-E of the general city law, shall be made, on or
13 before the date prescribed by law, by electronic funds transfer to a
14 bank, banking house or trust company designated by the commissioner. The
15 commissioner shall designate only such banks, banking houses or trust
16 companies as are or shall be designated by the comptroller as deposito-
17 ries pursuant to section one hundred seventy-one-a of this chapter, as
18 added by chapter sixty-nine of the laws of nineteen hundred seventy-
19 eight. Notwithstanding any provision of law to the contrary, any such
20 payment shall be deemed to be made on the date the payment is received
21 by the designated depository of the department[; provided, however, that
22 at the election of a taxpayer subject to the provisions of this subdivi-

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

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1 sion, mailing by the taxpayer of the applicable withholding tax return
2 and a certified check for the amount of the tax liability on or before
3 the second business day prior to the applicable due date otherwise
4 prescribed by law shall fulfill the requirements of this section and
5 shall be deemed to be timely payment of such tax liability and timely
6 filing of such return].

7 S 2. Paragraph 2 of subdivision (c) of section 9 of the tax law, as
8 added by chapter 61 of the laws of 1989, is amended to read as follows:

9 (2) All of the provisions of this section shall apply to educational
10 organizations; provided, however, that any payment of tax which is made
11 by an educational organization shall be made by electronic funds trans-
12 fer on or before the third business day following the date otherwise
13 prescribed by law[; and, provided further, that at the election of a
14 taxpayer subject to the provisions of this subdivision, mailing by the
15 taxpayer of the applicable withholding tax return and a certified check
16 for the amount of the tax liability on or before the first business day
17 following the applicable due date otherwise prescribed by law shall
18 fulfill the requirements of this section and shall be deemed to be time-
19 ly payment of such tax liability and timely filing of such return].

20 S 3. Subdivision (i) of section 9 of the tax law, as added by chapter
21 61 of the laws of 1989 and as relettered by chapter 170 of the laws of
22 1994, is amended to read as follows:

23 (i) Regulations. The commissioner shall promulgate regulations neces-
24 sary to implement this section, which regulations shall include, but
25 shall not be limited to, the following:

26 (1) the [different] METHOD OR methods [of] FOR effecting electronic
27 funds [transfer messages] TRANSFERS available to taxpayers[. Such meth-
28 ods shall include at least two methods in which the transfer can be
29 effected without any charge to the taxpayer for the electronic funds
30 transfer itself, and one of such methods shall not require the taxpayer
31 to disclose financial institution account information to the depart-
32 ment];

33 (2) the contents of an electronic funds transfer message necessary to
34 ensure the proper receipt and crediting of a [tax] payment OF TAX;

35 (3) the means by which taxpayers will be provided acknowledgements of
36 payments OF TAX by electronic funds transfer; and

37 (4) delineation of what shall constitute reasonable cause and absence
38 of willful neglect for purposes of compliance with the provisions of
39 this section, including the inability of a taxpayer, for reasons beyond
40 the taxpayer's control, to [utilize any system of] MAKE PAYMENT OF TAX
41 BY electronic funds transfer AS required [pursuant to] BY this section.

42 S 4. Subparagraph (C) of paragraph 1 of subdivision (b) of section 10
43 of the tax law, as amended by chapter 38 of the laws of 1997, is amended
44 to read as follows:

45 (C) more than five million dollars of the total of the tax on gasoline
46 and similar motor fuel and the tax on petroleum businesses imposed by
47 and pursuant to the authority of articles twelve-A and thirteen-A of
48 this chapter, then such taxpayer shall make payments of the taxes for
49 which such dollar threshold was met by electronic funds transfer [or
50 certified check] in accordance with the provisions of subdivision (c) of
51 this section.

52 S 5. Paragraph 2 of subdivision (b) of section 10 of the tax law, as
53 added by chapter 55 of the laws of 1992, is amended to read as follows:

54 (2) Special transitional rule. Notwithstanding the provisions of para-
55 graph one of this subdivision, for purposes of determining whether a
56 taxpayer described in subparagraph (C) of such paragraph shall be

1 required to initially participate in the program prescribed by this
2 section, if such taxpayer was liable for more than three million seven
3 hundred fifty thousand dollars in total article twelve-A and thirteen-A
4 taxes during the September first, nineteen hundred ninety through May
5 thirty-first, nineteen hundred ninety-one period, then such taxpayer
6 shall make payments of tax by electronic funds transfer [or certified
7 check] in accordance with the provisions of this section.

8 S 6. Subparagraph (D) of paragraph 4 of subdivision (b) of section 10
9 of the tax law, as added by chapter 309 of the laws of 1996, is amended
10 to read as follows:

11 (D) If a taxpayer required to remit state and local sales and compen-
12 sating use taxes by electronic funds transfer [or certified check]
13 pursuant to the provisions of this section can demonstrate to the satis-
14 faction of the commissioner that (i) such taxpayer's liability for state
15 and local sales and compensating use taxes was less than four million
16 dollars during the period described in paragraph one of this subdivi-
17 sion, and (ii) in any two sales tax quarters within the most recent four
18 consecutive sales tax quarters, such taxpayer was a materialman within
19 the meaning of section two of the lien law, primarily engaged in
20 furnishing building materials to contractors, subcontractors or repair-
21 men for the improvement of real property improved or to be improved with
22 a residential dwelling unit, and authorized by such law to file a
23 mechanic's lien upon such real property and improvement, then such
24 taxpayer need not remit state and local sales and compensating use taxes
25 by electronic funds transfer [or certified check] for the remainder of
26 the program period in accordance with the timing requirements of subdivi-
27 sion (c) of this section, but may instead remit such taxes by elec-
28 tronic funds transfer [or certified check] at the same time that payment
29 is required to be made for part-quarterly and quarterly returns required
30 to be filed under article twenty-eight and pursuant to the authority of
31 article twenty-nine of this chapter, in the amount required under or
32 pursuant to such articles at such time. The due date prescribed by this
33 subparagraph shall be deemed to be the applicable due date for purposes
34 of this section for taxpayers qualifying under this subparagraph. The
35 provisions of this section shall apply to taxpayers qualifying under
36 this subparagraph, except to the extent that any such provision is
37 either inconsistent with a provision of this subparagraph or is not
38 relevant to this subparagraph.

39 S 7. Paragraph 1 of subdivision (c) of section 10 of the tax law, as
40 added by chapter 55 of the laws of 1992, subparagraph (A) as amended by
41 chapter 129 of the laws of 2000, and subparagraph (C) as amended by
42 chapter 38 of the laws of 1997, are amended to read as follows:

43 (1) Payment by electronic funds transfer [or certified check]. On or
44 before the third business day following the twenty-second day of each
45 calendar month:

46 (A) a taxpayer having liability described in subparagraph (A) of para-
47 graph one of subdivision (b) of this section shall, notwithstanding any
48 provision of this chapter to the contrary, remit by electronic funds
49 transfer [or certified check]: (i) either (I) seventy-five percent of
50 one-third of the state and local sales and compensating use taxes prop-
51 erly payable by such taxpayer for the comparable quarter of the preced-
52 ing year; or

53 (II) such taxpayer's total liability for state and local sales and
54 compensating use taxes during the period ending on such twenty-second
55 day of the month, provided, however, that in such instance no penalty or
56 interest shall be payable pursuant to paragraph two of subdivision (g)

1 of this section if such taxpayer timely remits a payment of tax in an
2 amount not less than ninety percent of the taxes as finally determined
3 to be due and payable for such period; and

4 (ii) (I) for payments of tax due in the month of January, February,
5 April, May, July, August, October or November, such taxpayer's remaining
6 liability, if any, for state and local sales and compensating use taxes
7 for the immediately preceding calendar month; or

8 (II) for payments of tax due in the month of March, June, September or
9 December, such taxpayer's remaining liability, if any, for state and
10 local sales and compensating use taxes for the immediately preceding
11 sales tax quarter;

12 (B) a taxpayer having liability described in subparagraph (B) of para-
13 graph one of subdivision (b) of this section shall remit by electronic
14 funds transfer [or certified check] either:

15 (i) three-fourths of the prepaid state and local sales and compensat-
16 ing use taxes on motor fuel and diesel motor fuel properly payable by
17 such taxpayer for the comparable month of the preceding year; or

18 (ii) its total liability for prepaid state and local sales and compen-
19 sating use taxes on motor fuel and diesel motor fuel during the period
20 ending on such twenty-second day of the month, provided, however, that
21 in such instance no penalty or interest shall be payable pursuant to
22 paragraph two of subdivision (g) of this section if such taxpayer timely
23 remits a payment of tax in an amount not less than ninety percent of the
24 taxes as finally determined to be due and payable for such period;

25 (C) a taxpayer having liability described in subparagraph (C) of para-
26 graph one of subdivision (b) of this section shall remit by electronic
27 funds transfer [or certified check] either:

28 (i) three-fourths of the total article twelve-A and article thirteen-A
29 taxes properly payable by such taxpayer for the comparable month of the
30 preceding year; or

31 (ii) its total liability for such taxes during the period ending on
32 such twenty-second day of the month, provided, however, that in such
33 instance no penalty or interest shall be payable pursuant to paragraph
34 two of subdivision (g) of this section if such taxpayer timely remits a
35 payment of tax in an amount not less than ninety percent of the taxes as
36 finally determined to be due and payable for such period.

37 S 8. Paragraph 2 of subdivision (c) of section 10 of the tax law, as
38 amended by chapter 129 of the laws of 2000, is amended to read as
39 follows:

40 (2) Filing obligations and payment of remaining liabilities. (A) A
41 taxpayer having liability described in subparagraph (A) of paragraph one
42 of subdivision (b) of this section shall, notwithstanding any provision
43 of this chapter to the contrary, file only the quarterly returns
44 required under article twenty-eight and pursuant to the authority of
45 article twenty-nine of this chapter for each of the periods for which
46 such returns are filed under and pursuant to the authority of such arti-
47 cles; provided, however, that for those months for which a return is not
48 required to be filed pursuant to the provisions of this subparagraph,
49 the making of a payment of tax by electronic funds transfer [or certi-
50 fied check] covering any period shall be deemed to constitute the filing
51 of a return for purposes of subdivision (b) of section eleven hundred
52 forty-seven of this chapter with respect to such period.

53 (B) A taxpayer having liability described in subparagraph (B) of para-
54 graph one of subdivision (b) of this section shall file the returns
55 required under section eleven hundred two of this chapter and shall pay
56 to the commissioner the amounts required to be paid with such returns,

1 less the amounts remitted by electronic funds transfer [or certified
2 check] under this section, for each of the periods for which such
3 returns are filed under such section.

4 (C) A taxpayer having liability described in subparagraph (C) of para-
5 graph one of subdivision (b) of this section shall file the returns
6 required under and pursuant to the authority of articles twelve-A and
7 thirteen-A of this chapter and shall pay to the commissioner the amounts
8 required to be paid with such returns, less the amounts remitted by
9 electronic funds transfer [or certified check] under this section, for
10 each of the periods for which such returns are filed under and pursuant
11 to the authority of such articles.

12 S 9. Paragraph 3 of subdivision (c) of section 10 of the tax law, as
13 added by chapter 55 of the laws of 1992, is amended to read as follows:

14 (3) Payment date[; payment by certified check]. Payment of tax by
15 electronic funds transfer [or certified check] shall be made to a bank,
16 banking house or trust company designated by the commissioner. The
17 commissioner shall designate only such banks, banking houses or trust
18 companies as are or shall be designated by the comptroller as deposito-
19 ries pursuant to section one hundred seventy-one-a of this chapter, as
20 added by chapter sixty-nine of the laws of nineteen hundred seventy-
21 eight. Notwithstanding any other provision of law to the contrary, any
22 electronic funds transfer shall be deemed to be made on the date payment
23 is received by the depository of the department[, provided, however,
24 that at the election of a taxpayer subject to the provisions of this
25 section, mailing by the taxpayer of a certified check for the amount of
26 the tax liability on or before the second business day prior to the
27 applicable due date prescribed by paragraph one of this subdivision
28 shall fulfill the requirements with respect to payments of tax by elec-
29 tronic funds transfer prescribed by this section and shall be deemed to
30 be timely payment of such tax liability].

31 S 10. Paragraph 4 of subdivision (c) of section 10 of the tax law, as
32 amended by chapter 38 of the laws of 1997, is amended to read as
33 follows:

34 (4) Special payment rule. If a taxpayer is liable for payment of taxes
35 described in two or more of subparagraphs (A), (B) and (C) of paragraph
36 one of subdivision (b) of this section, then such taxpayer shall make
37 separate payment by electronic funds transfer [or certified check] of
38 the taxes described in each of such subparagraphs.

39 S 11. The opening paragraph of subdivision (d) of section 10 of the
40 tax law, as amended by chapter 2 of the laws of 1995, is amended to read
41 as follows:

42 Enrollment and initial payment; duration of participation. Within
43 forty-five days after each June first, the commissioner shall notify by
44 certified or registered mail all taxpayers required to participate in
45 the program prescribed by this section. Such notice shall contain
46 language advising the taxpayer of the enrollment procedure and of the
47 consequences of failure to enroll in such program, as well as of a
48 taxpayer's right to challenge such determination of required partic-
49 ipation provided a hearing is requested within forty days of the mailing
50 of such notice. If a taxpayer does not enroll within forty days of the
51 mailing of such certified or registered notice of required participation
52 or where a taxpayer's challenge is not sustained and the taxpayer has
53 not enrolled within ten days of notification thereof, the commissioner
54 shall mail another notice, in addition to making other reasonable
55 attempts, to inform the taxpayer of the civil penalty that has been
56 assessed pursuant to paragraph one of subdivision (g) of this section,

1 of the opportunity for abatement of such penalty, and of the future
2 penalties that may result from continued failure to enroll and failure
3 to pay by electronic funds transfer [or certified check] or to file;
4 provided, however, that for the program period beginning December first,
5 nineteen hundred ninety-two through August thirty-first, nineteen
6 hundred ninety-three, the thirty-day period referred to in this sentence
7 shall be read as forty-five days. A taxpayer shall make its first
8 payment of tax by electronic funds transfer [or certified check] on or
9 before the applicable due date prescribed by subdivision (c) of this
10 section for the month of December in nineteen hundred ninety-two, the
11 month of September in nineteen hundred ninety-three and the month of
12 September for any year thereafter. Unless otherwise provided by this
13 section, such taxpayer shall continue to make payments of tax by elec-
14 tronic funds transfer [or certified check] in accordance with the
15 provisions of this section through the succeeding month of August and
16 shall continue to make such payments of tax for each succeeding Septem-
17 ber-to-August period where such taxpayer meets the criteria of subdivi-
18 sion (b) of this section and is properly notified by the commissioner
19 pursuant to the enrollment provisions of this subdivision. Provided,
20 however, that:

21 S 12. Subdivision (e) of section 10 of the tax law, as amended by
22 chapter 38 of the laws of 1997, is amended to read as follows:

23 (e) Voluntary participation. A taxpayer who is not required to partic-
24 ipate in the program prescribed by this section but who is required to
25 remit any of the taxes specified in subparagraph (A), (B) or (C) of
26 paragraph one of subdivision (b) of this section may file a request with
27 the commissioner to remit any of such taxes by electronic funds transfer
28 [or certified check] in accordance with the provisions of this section.
29 Such request shall be in a form as the commissioner shall require and
30 shall be granted under such conditions as the commissioner in his or her
31 discretion shall deem necessary.

32 S 13. Paragraph 2 of subdivision (g) of section 10 of the tax law, as
33 amended by chapter 129 of the laws of 2000, is amended to read as
34 follows:

35 (2) Failure to pay or late payment. (A) A taxpayer required or
36 approved to participate in the program prescribed by this section who
37 fails to make a payment of tax by electronic funds transfer [or certi-
38 fied check] on or before the applicable due date prescribed by subdivi-
39 sion (c) of this section, or who fails to pay any tax required to be
40 remitted on or before such applicable due date shall, in the case of the
41 taxes imposed pursuant to article twenty-eight and pursuant to the
42 authority of article twenty-nine of this chapter, be liable for penalty
43 and interest as prescribed by subparagraphs (i) and (ii) of paragraph
44 one of subdivision (a) of section eleven hundred forty-five of this
45 chapter, and in the case of the taxes imposed by and pursuant to the
46 authority of articles twelve-A and thirteen-A of this chapter, be liable
47 for penalty and interest as prescribed by paragraphs (a) and (b) of
48 subdivision one of section two hundred eighty-nine-b of this chapter.

49 (B) Notwithstanding any provision of law to the contrary, if a taxpay-
50 er described in subparagraph (B) or (C) of paragraph one of subdivision
51 (b) of this section fails to make a payment of tax by electronic funds
52 transfer [or certified check] on or before the applicable due date
53 prescribed by subdivision (c) of this section or fails to pay any tax
54 required to be remitted on or before such applicable due date, as
55 prescribed by subparagraph (A) of this paragraph, and also fails to pay
56 or pay over to the commissioner the amounts required to be paid or paid

1 over with the applicable return described in paragraph two of subdivi-
2 sion (c) of this section due the twentieth day of the following month,
3 then penalty and interest for such additional failure, as provided by
4 subparagraphs (i) and (ii) of paragraph one of subdivision (a) of
5 section eleven hundred forty-five of this chapter or paragraphs (a) and
6 (b) of subdivision one of section two hundred eighty-nine-b of this
7 chapter, as the case may be, shall be computed on the amount equal to
8 the difference between the total of the amount of tax due or determined
9 to be due with such return and the total of the amount of tax required
10 to be paid by electronic funds transfer [or certified check] on or
11 before the applicable due date prescribed by subdivision (c) of this
12 section for the preceding month.

13 S 14. This act shall take effect immediately and apply to payments of
14 tax required to be made on or after the thirtieth day following the date
15 on which this bill shall have become a law; provided, however, that the
16 commissioner of taxation and finance may promulgate any rules or regu-
17 lations necessary for implementation of this act on an emergency basis.