S T A T E O F N E W Y O R K

4351

2015-2016 Regular Sessions

I N A S S E M B L Y

January 30, 2015

Introduced by M. of A. TEDISCO -- read once and referred to the Committee on Ways and Means

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:

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

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

(CCC) SELF-EMPLOYED TAXPAYER CREDIT. (1) GENERAL. A QUALIFIED SELF-EMPLOYED TAXPAYER SHALL BE ALLOWED A CREDIT AGAINST THE TAX IMPOSED BY THIS ARTICLE EQUAL TO TWENTY-FIVE PERCENT OF HIS OR HER FEDERAL SELF-EMPLOYMENT TAX LIABILITY FOR THE YEAR, BUT NOT EXCEEDING A MAXIMUM AMOUNT OF FIVE HUNDRED DOLLARS, AND SUBJECT TO PHASE-OUT AS PROVIDED UNDER PARAGRAPH THREE OF THIS SUBSECTION.

(2) DEFINITION OF "QUALIFIED SELF-EMPLOYED TAXPAYER". A QUALIFIED SELF-EMPLOYED TAXPAYER IS AN INDIVIDUAL TAXPAYER, WHOSE FEDERAL GROSS INCOME FOR THE TAX YEAR IS BELOW FORTY THOUSAND DOLLARS, AND WHOSE BUSINESS INCOME IN THE YEAR IS AN AMOUNT OF AT LEAST SEVENTY PERCENT OF HIS OR HER FEDERAL GROSS INCOME. BUSINESS ENTITIES SHALL NOT BE QUALIFIED.

(3) MAXIMUM CREDIT PHASE-OUT. THE MAXIMUM ALLOWED CREDIT OF FIVE HUNDRED DOLLARS SHALL BE REDUCED DOLLAR FOR DOLLAR FOR EACH DOLLAR BEYOND THIRTY-NINE THOUSAND FIVE HUNDRED DOLLARS OF FEDERAL GROSS INCOME, SUCH THAT THE CREDIT IS COMPLETELY PHASED OUT UPON REACHING FORTY THOUSAND DOLLARS OF FEDERAL GROSS INCOME.

S 3. This act shall take effect immediately and shall apply to taxable years beginning on or after January 1, 2016.

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

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