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

6714

I N S E N A T E

February 9, 2016

Introduced by Sen. SQUADRON -- 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 childcare advance which enables certain taxpayers to defer payment of a portion of their tax liability

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

Section 1. The tax law is amended by adding a new section 608 to read as follows:

S 608. CHILDCARE ADVANCE. (A) BEGINNING IN THE TAX YEAR TWO THOUSAND SIXTEEN, ANY RESIDENT TAXPAYER WHO, IN A TAXABLE YEAR, HAS "EMPLOYMENT RELATED EXPENSES" AS DEFINED IN THE INTERNAL REVENUE CODE SECTION 21(B)(2) FOR A DEPENDENT UNDER AGE FIVE AND WOULD BE ELIGIBLE TO USE THOSE EXPENSES AS THE BASIS FOR CALCULATING A CREDIT UNDER INTERNAL REVENUE CODE SECTION 21 (WITHOUT REGARD TO WHETHER THE TAXPAYER IN FACT CLAIMED THE CREDIT UNDER SUCH SECTION FOR SUCH TAXABLE YEAR), MAY DEFER PAYMENT OF THEIR TAX LIABILITY FOR THAT TAXABLE YEAR UNDER THIS ARTICLE BY THE AMOUNT OF THOSE EXPENSES BUT NOT TO EXCEED TWO THOUSAND DOLLARS.

(B) ANY TAXPAYER WHO DEFERS TAX LIABILITY UNDER SUBDIVISION (A) OF THIS SECTION SHALL BE LIABLE: (I) ONCE THE TAXPAYER IS NO LONGER TAKING THE DEFERRAL, FOR THE FULL AMOUNT PREVIOUSLY DEFERRED DIVIDED INTO EQUAL PAYMENTS OVER TEN YEARS, EXCEPT THAT (II) IN ANY FUTURE YEARS THE TAXPAYER TAKES THE DEFERRAL, THAT TAXPAYER IS LIABLE ONLY FOR ONE-TENTH OF EACH DEFERRAL TAKEN FIVE OR MORE YEARS PRIOR UNTIL EACH OF THOSE DEFERRALS IS REPAID. AT NO POINT SHALL THE TAXPAYER BE LIABLE FOR AMOUNTS PREVIOUSLY REPAID. REPAYMENT SHALL BE MADE WITHOUT INTEREST.

(C) ANY TAXPAYER WHO DEFERS TAX LIABILITY UNDER SUBDIVISION (A) OF THIS SECTION, AND WHO MOVES TO A RESIDENCE OUTSIDE THE STATE OF NEW YORK IN A STATE, TERRITORY OR COUNTRY WHICH DOES NOT MAINTAIN EFFECTIVE AND APPLICABLE RECIPROCITY WITH THE STATE OF NEW YORK, SHALL BE LIABLE FOR THE ENTIRE AMOUNT DEFERRED ON THE TAX FILING FOR THE TAX YEAR IN WHICH SUCH CHANGE OF RESIDENCE OCCURS, BUT SUBJECT TO APPROVAL OF THE DEPART-

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

LBD13881-01-6

MENT SHALL BE DIRECTED TO REPAY THAT LIABILITY THROUGH A PAYMENT PLAN APPROVED BY THE DEPARTMENT.

(D) AT THE END OF EVERY TAX YEAR, THE DEPARTMENT SHALL NOTIFY EACH TAXPAYER WHO HAS DEFERRED TAX LIABILITY UNDER SUBDIVISION (A) OF THIS SECTION OF THE TOTAL AMOUNT OF THEIR DEFERRED LIABILITY, THE TAX YEAR IN WHICH REPAYMENT WILL BEGIN, AND AN ESTIMATE OF THE AMOUNT FOR WHICH THE TAXPAYER WILL BE LIABLE EACH YEAR ONCE THE ELIGIBILITY EXPIRES.

(E) NOTHING IN THIS SECTION SHALL PREVENT A TAXPAYER FROM REPAYING ACCUMULATED LIABILITY EARLIER THAN THE SCHEDULE SET FORTH IN SUBDIVISION (B) OF THIS SECTION, OR TAKING LESS THAN THE TOTAL AMOUNT ALLOWABLE UNDER SUBDIVISION (A) OF THIS SECTION IN ANY GIVEN TAX YEAR.

(F) THE DEPARTMENT MAY PROVIDE FOR THE REPAYMENT OF DEFERRALS UNDER THIS SECTION TO BE MADE THROUGH PAYROLL WITHHOLDING IN ACCORDANCE WITH SECTION SIX HUNDRED SEVENTY-ONE OF THIS ARTICLE, AND SHALL ADDRESS REPAYMENT IN CASES OF DIVORCE.

S 2. This act shall take effect immediately and shall be deemed to have been in full force and effect on and after January 1, 2016 and shall apply to tax years commencing on and after such date.