STATE OF NEW YORK

5369

2021-2022 Regular Sessions

IN ASSEMBLY

February 16, 2021

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

AN ACT to amend the tax law, in relation to exempting certain pension and annuity disbursements from the gross income of qualifying individuals impacted by the COVID-19 pandemic; and providing for the repeal of such provisions upon the expiration thereof

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

Section 1. Subsection (c) of section 612 of the tax law is amended by adding a new paragraph 3-d to read as follows:

(3-d) (i) Pensions and annuities received by a qualifying individual, not otherwise excluded pursuant to paragraph three of this subsection, to the extent includible in gross income for federal income tax purposes, but not in excess of one hundred thousand dollars, which are periodic payments attributable to personal services performed by such individual prior to his retirement from employment, which arise (A) from an employer-employee relationship or (B) from contributions to a retirement plan which are deductible for federal income tax purposes. However, for the purposes of this paragraph, the term "pensions and annuities" shall also include distributions received by a qualifying individual from an individual retirement account or an individual retirement annuity, as defined in section four hundred eight of the internal revenue code, and distributions received by a qualifying individual from self-employed individual and owner-employee retirement plans which qualify under section four hundred one of the internal revenue code, whether or not the payments are periodic in nature. The term "pensions and annuities" shall additionally include any lump sum distribution, as defined in subparagraph (D) of paragraph four of subsection (e) of section four hundred two of the internal revenue code and taxed under section six hundred three of this article. Where a husband and wife file a joint state personal income tax return, the modification provided for in this

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

LBD09169-01-1

paragraph shall be computed as if they were filing separate state personal income tax returns. Where a payment would otherwise come within the meaning of the term "pensions and annuities" as set forth in this paragraph, except that such individual is deceased, such payment shall, nevertheless, be treated as a pension or annuity for purposes of this paragraph if such payment is received by such individual's beneficiary.

(ii) For the purposes of this paragraph, the term "qualifying individual" shall mean an individual who:

(A) has been diagnosed with novel coronavirus COVID-19;

(B) has a spouse or dependent who has been diagnosed with novel coronavirus COVID-19; or

(C) has experienced one or more of the following financial impacts from COVID-19:

(I) mandatory quarantine;

(II) furlough, layoff or a reduction in work hours;

(III) inability to work due to a lack of childcare availability;

(IV) mandatory closing or reduction in hours of an individual's business;

(V) reduced salary or self-employment income; or

(VI) rescinded job offer or a delayed job start date.

(iii) The commissioner shall promulgate any rules or regulations necessary to implement the provisions of this paragraph.

§ 2. Section 603 of the tax law is amended by adding a new subsection (c) to read as follows:

(c) Notwithstanding any provision of law to the contrary, the tax imposed pursuant to the provisions of this section shall not apply the first one hundred thousand dollars of a lump sum distribution to a qualifying individual as defined in subparagraph (ii) of paragraph three-d of subsection (c) of section six hundred twelve of this article.

§ 3. This act shall take effect immediately and shall apply to taxable years beginning on or after January 1, 2021, and shall expire and be deemed repealed 3 years after such effective date.