STATE OF NEW YORK

7323

2025-2026 Regular Sessions

IN SENATE

April 10, 2025

Introduced by Sens. KRUEGER, GOUNARDES -- read twice and ordered printed, and when printed to be committed to the Committee on Budget and Revenue

AN ACT to amend the tax law, in relation to enacting the MEGA corporations act mandating worldwide combined reporting for large corporations

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

Section 1. Short title. This act shall be known and may be cited as the "multinational earnings and global accountability for (MEGA) corporations act".

§ 2. Legislative intent. The legislature finds that multinational corporations who profit from sales in New York often engage in practices that shift profits outside the United States to reduce their tax liability. To ensure a level playing field with New York-based businesses and that multinationals pay their fair share, this act mandates worldwide combined reporting for multinational corporations with gross receipts exceeding one billion dollars, requiring them to report all profits, international and domestic, against which the corporate franchise tax can be levied based on the portion of sales made in New York.

§ 3. Paragraphs (b) and (c) of subdivision 2 of section 210-C of the tax law, as added by section 18 of part A of chapter 59 of the laws of 2014, are amended to read as follows:

(b) A corporation required to make a combined report within the meaning of this section shall also include (i) a captive REIT and a captive RIC if the captive REIT or captive RIC is not required to be included in a combined report under article thirty-three of this chapter; (ii) a combinable captive insurance company; and (iii) an alien corporation that satisfies the conditions in paragraph (a) of this subdivision if (I) under any provision of the internal revenue code, that corporation is treated as a "domestic corporation" as defined in section seven thou-

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

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sand seven hundred one of the internal revenue code, [~~or~~] (II) it has effectively connected income for the taxable year pursuant to clause (iv) of the opening paragraph of subdivision nine of section two hundred eight of this article**, or (III) it is engaged in a unitary business with any taxpayer and the combined annual gross receipts of the unitary business including both taxpayers and nontaxpayers exceeds one billion dollars**.

(c) A corporation required or permitted to make a combined report under this section does not include (i) a corporation that is taxable under a franchise tax imposed by article nine or article thirty-three of this chapter or would be taxable under a franchise tax imposed by article nine or thirty-three of this chapter if subject to tax; (ii) a REIT that is not a captive REIT, and a RIC that is not a captive RIC; (iii) a New York S corporation; or (iv) an alien corporation that under any provision of the internal revenue code is not treated as a "domestic corporation" as defined in section seven thousand seven hundred one of such code**, is not engaged with any taxpayer in a unitary business with combined annual gross receipts including both taxpayers and nontaxpayers in excess of one billion dollars,** and has no effectively connected income for the taxable year pursuant to clause (iv) of the opening paragraph of subdivision nine of section two hundred eight of this article. If a corporation is subject to tax under this article solely as a result of its ownership of a limited partner interest in a limited partnership that is doing business, employing capital, owning or leasing property, maintaining an office in this state, or deriving receipts from activity in this state, and none of the corporation's related corporations are subject to tax under this article, such corporation shall not be required or permitted to file a combined report under this section with such related corporations.

§ 4. Paragraph (iv) of the opening paragraph of subdivision 9 of section 208 of the tax law, as amended by section 4 of part A of chapter 59 of the laws of 2014, is amended and a new paragraph (v) is added to read as follows:

(iv) **except as provided in paragraph (v) of this paragraph,** in the case of an alien corporation that under any provision of the internal revenue code is not treated as a "domestic corporation" as defined in section seven thousand seven hundred one of such code is effectively connected with the conduct of a trade or business within the United States as determined under section 882 of the Internal Revenue Code[~~.~~]**; or**

(v) in the case of an alien corporation required to be included in a combined report pursuant to paragraph (b) of subdivision two of section two hundred ten-C of this article, the corporation's worldwide income computed as if such corporation were subject to tax.

§ 5. Paragraph (a) of subdivision 5-a of section 210-A of the tax law, as amended by section 3 of part I of chapter 39 of the laws of 2019, is amended to read as follows:

(a) Notwithstanding any other provision of this section, global intangible low-taxed income shall be included in the apportionment fraction as provided in this subdivision**, except for a corporation required to file a combined report within the meaning of subparagraph (III) of paragraph (b) of subdivision two of section two hundred ten-C of this article, because they are engaged in a unitary business with any taxpayer and the combined annual gross receipts of the unitary business including both taxpayers and nontaxpayers exceeds one billion dollars, which shall**

not include global intangible low-taxed income in the denominator of the apportionment fraction.

§ 6. The commissioner of taxation and finance is authorized to repeal or make any necessary additions or amendments to any applicable rules or regulations in order to administer the provisions of this act, including, but not limited to, those necessary to prevent the double-taxation of income.

§ 7. This act shall take effect immediately and shall apply to taxable years commencing on or after January 1, 2026.