

STATE OF NEW YORK

259

2025-2026 Regular Sessions

IN ASSEMBLY

(Prefiled)

January 8, 2025

Introduced by M. of A. MAGNARELLI, STIRPE, COOK, STECK, BENEDETTO, JONES, EACHUS -- read once and referred to the Committee on Ways and Means

AN ACT to amend the tax law, in relation to increasing the exemption for pensions and annuities for certain persons

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

1 Section 1. Paragraph 3-a of subsection (c) of section 612 of the tax
2 law, as amended by section 3 of part I of chapter 59 of the laws of
3 2015, is amended to read as follows:

4 (3-a) Pensions and annuities received by an individual who has
5 attained the age of fifty-nine and one-half, not otherwise excluded
6 pursuant to paragraph three of this subsection, to the extent includible
7 in gross income for federal income tax purposes, but not in excess of
8 ~~[twenty]~~ twenty-seven thousand dollars for any taxable year beginning on
9 or after January first, two thousand twenty-seven, thirty thousand
10 dollars for any taxable year beginning on or after January first, two
11 thousand twenty-eight, thirty-five thousand dollars for any taxable year
12 beginning on or after January first, two thousand twenty-nine, and forty
13 thousand dollars in each subsequent year, which are periodic payments
14 attributable to personal services performed by such individual prior to
15 ~~[his]~~ retirement from employment, which arise (i) from an employer-em-
16 ployee relationship or (ii) from contributions to a retirement plan
17 which are deductible for federal income tax purposes. However, the term
18 "pensions and annuities" shall also include distributions received by an
19 individual who has attained the age of fifty-nine and one-half from an
20 individual retirement account or an individual retirement annuity, as
21 defined in section four hundred eight of the internal revenue code, and
22 distributions received by an individual who has attained the age of
23 fifty-nine and one-half from self-employed individual and owner-employee

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

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1 retirement plans which qualify under section four hundred one of the
2 internal revenue code, whether or not the payments are periodic in
3 nature. Nevertheless, the term "pensions and annuities" shall not
4 include any lump sum distribution, as defined in subparagraph (D) of
5 paragraph four of subsection (e) of section four hundred two of the
6 internal revenue code and taxed under section six hundred three of this
7 article. Where [~~a husband and wife~~] **spouses** file a joint state personal
8 income tax return, the modification provided for in this paragraph shall
9 be computed as if they were filing separate state personal income tax
10 returns. Where a payment would otherwise come within the meaning of the
11 term "pensions and annuities" as set forth in this paragraph, except
12 that such individual is deceased, such payment shall, nevertheless, be
13 treated as a pension or annuity for purposes of this paragraph if such
14 payment is received by such individual's beneficiary.
15 § 2. This act shall take effect immediately.