STATE OF NEW YORK

7643

2025-2026 Regular Sessions

IN SENATE

April 24, 2025

Introduced by Sen. GOUNARDES -- 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 the limitation on the pass-through entity tax credit and the city pass-through entity tax credit

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

Section 1. Subsection (b) of section 863 of the tax law, as added by section 1 of part C of chapter 59 of the laws of 2021, is amended to read as follows:

(b) Limitation on credit. The aggregate amount of credits claimed by all partners, members or shareholders of an electing partnership or electing S corporation pursuant to subsection (a) of this section shall not exceed **eighty-seven percent of** the tax due under subsection (a) of section eight hundred sixty-two of this article from such electing partnership or electing S corporation for the taxable year.

§ 2. Subsection (b) of section 870 of the tax law, as added by section 1 of subpart B of part MM of chapter 59 of the laws of 2022, is amended to read as follows:

(b) Limitation on credit. The aggregate amount of credits claimed by all partners, members or shareholders of an electing city partnership or an electing city resident S corporation pursuant to subsection (a) of this section shall not exceed **eighty-seven percent of** the tax due under section eight hundred sixty-nine of this article from such electing city partnership or electing city resident S corporation for the taxable year.

§ 3. This act shall take effect immediately and shall apply to taxable years beginning on or after the first of January next succeeding the date on which it shall have become a law.

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

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