

Tax Update

Highlights of Recent New York State Tax Reform

Applicable for New York State taxpayers for tax years 2012-2014:

- Tax rates will remain unchanged for single taxpayers with taxable incomes below \$20,000 (or married couples filing jointly with incomes below \$40,000)
- Taxes will drop for all other taxpayers
- Though top tax rates will be lower than in 2011, they will be higher than they would have been before passage of this bill

For the last three years, New York State imposed a top marginal tax rate of 8.97% on taxpayers with taxable incomes above \$500,000. While the top rate for 2012 through 2014 will now decrease to 8.82%, it had been scheduled to fall to 6.85% before the bill was enacted.

The new tax rates for individuals and married couples filing jointly in New York State are as follows:

Single Taxpayers

Income Level	2008-2011 Rates	New Rates
\$20,000 to \$75,000	6.85%	6.45%
\$75,000 to \$200,000	6.85%	6.65%
\$200,000 to \$1 million	7.85%-8.97%	6.85%
Over \$1 million	8.97%	8.82%

Married Filing Jointly

Income Level	2008-2011 Rates	New Rates
\$40,000 to \$150,000	6.85%	6.45%
\$150,000 to \$300,000	6.85%	6.65%
\$300,000 to \$2 million	7.85%-8.97%	6.85%
Over \$2 million	8.97%	8.82%

For most taxpayers, the new rates offer a modest reduction. The biggest change is for single taxpayers with incomes between \$200,000 and \$1 million and those married filing jointly with incomes ranging from \$300,000 to \$2 million. These taxpayers will see their rate drop to 6.85%, well below the top rate of 8.97% in 2011.

New York City tax rates are unchanged, with the top rate remaining at 3.876%.

In light of these changes, additional tax planning may be appropriate for you. If you or your tax advisor have any questions, please contact your Client Account Manager or one of our Senior Tax Consultants.

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