

Tax Updates and Messages

Tax Year 2022

Hello. My name is Sara Carlson. I am the manager of the Office of Professional Responsibility for the New York State Department of Taxation and Finance. On behalf of our Acting Tax Commissioner, Amanda Hiller, we would like to thank you for allowing us to fill you in about our tax year 2022 tax updates and to give you some important information regarding tax filings.

Working with you, the state's tax professionals, is an important partnership that we consider essential to helping New Yorkers meet their tax filing obligations.

We have a lot to cover in this presentation, so let's get started.

I'd like to start with some important messages about our Department's focus in the coming year.

Some of you may have seen this Compliance Continuum slide in the past. It shows how actions can be taken by both taxpayers and the Department which enable us to be more efficient. These actions on the left side of the continuum like proposing legislation, publishing clear guidance and instructions, and, for taxpayers, filing their returns and making payments timely, also cost both the taxpayers and Department less money. On the right side we have the more expensive and time-consuming things like audits, collections and litigation.

While the department will always have some activity on the right side of the continuum, the left is really where we have tried to focus on improvement opportunities.

As we look to be more efficient, we also have been very focused on improving the taxpayer experience. We know that filing and paying taxes is not everyone's favorite activity, but it is necessary, and we want the experience to be as simple, logical, and equitable as possible. Throughout the Department, our operational units are engaged in ongoing evaluation of how we interact with the public and, based upon feedback from our customers, we're improving continuously.

The results of these efforts are coming to reality as our official communications are clearer and more concise. We are expanding our Free File and Taxpayer Assistance programs to more underserved areas of the state and translating more content on our web site to reach our limited English proficiency population.

We've also enhanced the Office of the Taxpayer Rights Advocate. And we maintain one of the nation's best call centers staffed by Department professionals ready to assist you with any questions about filing matters.

This approach helps not only the individual taxpayers who want to file and pay on their own, but also all of you. We hope that it will make it easier for you, as you explain items of concern to your clients. We know we are making a difference with these changes but there is more we can do, and we have set up a few projects to continue to move in that direction.

Our first project is the Form Clarity and Translation Project. The concept here is to really focus on the form instructions and make sure they are understandable as well as thinking about the form itself and how it's used. To do that, we are moving away from composed pdf versions of the form instructions and are creating web pages instead, which will have a printable pdfs based on the web page. In addition, we are looking at having options to print worksheets separately, in case a taxpayer only wants the worksheet.

Since we naturally write clearer for the web, it made sense to move in this direction, plus it enables us to create bookmarks within our web pages that we can share with software vendors to easily direct their clients to the sections of the instructions governing various pieces of the forms they are trying to develop.

In addition, having the instructions written clearer will also help us to slowly translate the instructions into various languages to assist our limited English proficient taxpayers.

While we can't do them all in one year, we did pick some of the heavy hitters for this first year of the project including the IT-201-I, IT-203-I and the CT-3-I.

Our second big project is Tax Modernization.

Tax modernization is the label we have given to a huge initiative to modernize all of our department systems. The initiative's goal is to improve the taxpayer experience along with our efficiency and effectiveness at carrying out our mission.

The rollout of reimagined, modernized systems will help us reduce manual processes, expand self-service options for taxpayers and tax professionals, and enhance the use of analytics in our mainstream processing to prevent fraud and help ensure tax compliance. While much of the improvements will be behind the scenes it's expected that taxpayers will see these improvements through increased efficiencies as we will be able to implement legislation items easier, enhance reliability of our systems during peak filing periods, and improve our online services. This is a long-term project that will take several years, but you should see some improvements each year.

Now that you understand our department focus, let's go over the Tax Law Changes for the year.

We want to remind you of some provisions from last year that go into effect this year and apply directly to tax professionals. These provisions apply if you are required to register with the Tax Department as a tax return preparer or facilitator.

For tax years beginning on or after January 1, 2022, tax return preparers and facilitators are required to prominently display the following information at their place of business and at any location where they provide tax return preparation and/or facilitation services: a copy of their registration certificate for the current registration period; a current price list, in at least 14 point type, that includes, but is not limited to: the minimum fee charged for each service, including the fee charged for each type of federal or New York State tax return to be prepared and facilitation service to be provided, and a list of each factor that may increase a stated fee and the specific additional fees or range of possible additional fees when each factor applies; and a copy of the most recent Consumer Bill of Rights Regarding Tax Preparers published by the department. So what does prominently display mean? It means you should place these items somewhere where they are clearly visible to all who come in the door to inquire about or use your services.

A tax return preparer or facilitator that fails to comply with these requirements must pay a penalty of \$500 for the first month of noncompliance and \$500 for each subsequent month of noncompliance, not to exceed \$10,000. The penalty can only be waived for good cause shown by the preparer or facilitator.

If you are not sure if you meet the requirements as a tax return preparer or facilitator

Visit our web site at www.tax.ny.gov and search tax preparer, then select "tax preparer registration and continuing education". There is a great chart on the Tax preparer registration webpage that can help you determine if you need to register or not.

And you will find all the details and requirements there.

Now onto additional pandemic related law changes.

First, for tax benefits that include a location requirement based on maintaining a presence within the state or a specific area, for example the Start UP NY credit, a waiver continues for businesses affected by the COVID-19 pandemic. Eligible businesses must certify they continued to operate within the state for the entire period the benefit is claimed, and businesses are not entitled to tax benefits for any period in which they moved operations out of state.

Additionally, we have the Covid-19 capital costs credit. While we usually cover new credits later in the program, this one is covid related, so we wanted it upfront for you. This new refundable credit is for small businesses that incurred costs of at least \$2,000 from January 1, 2021 – December 31, 2022, to comply with public health, or other emergency orders, or regulations related to the COVID-19 pandemic. This credit is a certificate-based credit and taxpayers should apply through Empire State Development at www.esd.ny.gov. The credit applies in the year the certificate is issued. Taxpayers will use Form CT-657 or IT 657, Covid-19 capital costs credit.

Another new credit related to Covid-19 is the Additional Restaurant Return-to-work credit. This additional refundable credit may be available to New York State small

business restaurants that have been impacted by COVID-19 and were approved for the 2021 restaurant return to work credit. This credit only applies to tax years that include December 31, 2021, and the certificate program administered by Empire State Development

Qualifying businesses are eligible for a tax credit of \$5,000 per net new worker hired. The maximum amount of the credit is \$50,000 per business. Credit recipients were eligible to request an advance payment of the tax credit by September 30th, if they met certain requirements, otherwise it could be claimed with their annual return. The forms for this credit are the IT-658 or CT-658, *Additional Restaurant Return-to-Work Credit*

Now we will cover non-Covid-19 related provisions that affect Personal and or corporate income tax filings.

Originally the Middle-Class tax cuts were to be phased in, starting for tax years beginning in 2023, and reduced over the next 5 years in 4 phases. This acceleration eliminates the first two phases and utilizes the lower rates that were originally going to be in effect for tax years beginning in 2025 starting them for tax years beginning in 2023. The final reduction will still occur for tax years beginning after 2027. We will be adjusting the withholding tables for use in 2023 to reflect these new rates.

The 2022–2023 New York State budget provided for one-time checks to eligible taxpayers for two separate payments: one based on the Empire State child credit, and one based on the earned income credit (or noncustodial parent earned income credit). Taxpayers are entitled to a payment if, for tax year 2021, they received at least \$100 for either, or both, of the Empire State child credit, or New York State earned income credit (or noncustodial parent earned income credit)

If a taxpayer qualifies for a payment for one or both credits, they don't need to do anything; the Department will automatically calculate and send them **one** check that will include the total amount they're entitled to. We began to mail these checks in October. This payment does not need to be reported on the 2022 tax return. For more information go to our website and search "check."

The Homeowner tax rebate program is similar to the prior Property Tax Relief program that was in effect from 2016-2019.

The homeowner tax rebate credit is a one-year program providing direct property tax relief to about 2.5 million eligible homeowners in 2022.

To be eligible, taxpayers must have qualified for a 2022 STAR credit or exemption, had income that was less than or equal to \$250,000 for the 2020 income tax year, and a school tax liability for the 2022-2023 school year that is more than your 2022 STAR benefit. The amount of the rebate credit depends on: where the taxpayer's home is located, how much the taxpayer's income is, and whether the taxpayer receive Enhanced STAR or Basic STAR. While this is not a personal income tax, like the prior property relief checks, if a taxpayer itemizes on their personal income tax return instead

of using the standard deduction, they will need to reduce the deduction for real estate taxes by the amount of the check. Checks have already been sent for most taxpayers that qualify. For others additional information may be necessary and a letter may have been sent to them from the Office of Real Property Tax services. It should be noted that by law we cannot issue a check for less than \$100.00. For more information visit, www.tax.ny.gov search "HTRC"

The definition of eligible education institution under Subdivision 5 of Section 695-b of the education law was amended to include any apprenticeship program described in section 529 (c) (3) of the IRC. Qualified apprenticeship expenses are now a qualified use of a 529 savings program. And just a reminder, K-12 expenses are still not a qualified use for New York State purposes.

Now we will cover provisions that may cause a subtraction modification or adjustment to personal and/or corporate income tax filings.

A subtraction modification was added for taxpayers to deduct the amount of any federal deduction disallowed under IRC Section 280E related to the production and distribution of adult-use cannabis products (as defined under tax law article 20-C), provided that the amount: Was not used as the basis for any other tax deduction, exemption or credit; and was not otherwise required to be added back when computing New York adjusted gross income. This would occur on form IT-225 using Code S-220

The budget this year also included a change to the small business income modification on the income tax return. Effective for taxable years beginning on or after January 1, 2022. The definition of "small business" was expanded to include non-farm LLC's, partnerships and S-Corporations with less than \$1.5 million in NY source gross income, and the subtraction modification was increased from 5% to 15% of net farm income included in Federal Adjusted Gross Income (FAGI). This applies to farmers (or farm businesses) with less than \$250,000 in net farm income. Basically, any farms that were previously claiming the 5% subtraction modification would now be able to subtract 15%.

Section 367-w of the Social services law provides for Health Care and Mental Hygiene Worker bonuses. The bonuses are given by the Department of Health but paid through employers. These bonus payments are excluded from income to the extent included in federal taxable income. A subtraction modification was put on the IT-225 for these bonuses.

While we do not administer this program, we have been getting some related questions on the bonuses so I wanted to share some of that information with you. When the payments are given to employees, no NYS withholding is needed, they are exempt from tax. The exemption applies to NYS and local income taxes only. While we don't typically comment on federal forms, we have had many questions about W-2's so I can share some items with you. On the W-2: Box 1 and Box 16 must still match. (we had a prior TSB-M on this TSB-M-02(3) I), also You should distinctly and clearly identify the

healthcare worker bonuses in box 14 This information will be useful for the employee to **have** for taking the subtraction on their personal income tax return.

Typically loan forgiveness is considered taxable income. If the loan forgiveness is due to a loan under a program administered by the Higher Education Service Corporation, that loan forgiveness will be excluded from income. There will be a subtraction modification on the IT-225 to reflect this exclusion and it should be used only if the loan forgiveness was included in federal taxable income.

Since we just mentioned the specific loan forgiveness on Higher Education Service Corporation loans, I thought it would be worth mentioning the student loan forgiveness under the American Rescue Plan and how that is treated since we have gotten quite a few calls on it already. We are conformed to the federal treatment for this debt forgiveness. Since the loan forgiveness will not be in Federal adjusted Gross Income, it will not carry over into New York Adjusted gross income, and there will be no NY modification to include it.

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I'm sure you are all familiar with form IT-558, Adjustments due to decoupling from the IRC. We are no longer decoupled, so the form will not be needed for most taxpayers, however, it will still be needed for partners, shareholders and beneficiaries where the flow through entity was a fiscal year taxpayer. There may be some RESIDUAL adjustments needed which is why the form will still be available, but only for those filers.

We'll cover other provisions that might include a personal income tax component later, but now we will address our credit changes. Like other years there are quite a few, but

First, we will look at the credit extensions.

The following credits have been extended without changes to their programs: the clean heating fuel tax credit, the alternative fuels and electronic vehicle charging tax credit, and the workers with disabilities tax credit. All of these credits were extended three years and will not expire until December 31, 2025

The New York Youth Jobs Program Credit and the Empire State Apprenticeship Tax Credit were both extended an additional five years, so they now expire on December 31, 2027.

The law also Extends both the Empire State film production credit and the Empire Film Postproduction Credit for another three years to December 31,2029. Beginning on or

after January 1, 2023, taxpayers receiving an Empire State film production credit are required to contribute one half ($\frac{1}{2}$) of 1% of the credit allowed to the Empire State Entertainment Diversity Job Training Development Fund. These amounts will be withheld by Empire State Development when issuing a certificate. Also, beginning on or after January 1, 2023, Empire State film production credit applicants are required to submit a diversity plan with the Governor's Office of Motion Picture and Television Development outlining a specific plan for the hiring of a diverse workforce. The Empire State Film Production credit is filed on Form CT or IT 248 and the Empire State film Postproduction Credit is filed on form CT or IT 261.

The Public Housing Law has been amended to increase the statewide aggregate dollar amount of low-income housing credits that may be allocated to eligible low-income housing projects as shown on the chart. Remember the low-income housing credit is a refundable credit for taxpayers with a residential rental building in a low income housing project that meets one of the minimum set-aside test and has a signed and completed Form DTF-625, Low-Income Housing Credit Allocation and Certification from the New York State Division of Housing and Community Renewal for each building the credit is claimed. The form for this credit is the DTF-624, Claim for Low-Income Housing Credit.

Changes were made to the NYC Musical and Theatrical Production Credit. The tax law included some technical corrections and clarifications but also, extended the \$3 million production cap to productions with a first performance by January 1, 2023; Extended the credit period to September 30, 2023; Doubled the overall program cap to \$200 million; and, Extended the application deadline to June 20, 2023. See Form IT or CT-654 New York City Musical and Theatrical Production Tax Credit for these changes.

There have been a few changes to the Hire a Vet tax credit enacted. First, the credit was extended three years to December 31, 2025. In addition, the definition of eligible veteran was expanded to now include veterans from space force, commissioned corps of the national oceanic and atmospheric administration and commissioned corps of the US public health service.

Finally, the credit amount was increased to 15% of wages with a \$15,000 cap for veterans, 20% of wages with a \$20,000 cap for full time disabled veterans. Please note: the cap amounts are halved for part time employees. This non-refundable credit is filed on form CT or IT 643, Hire a Veteran Credit

There were a bunch of changes to the brownfield cleanup program, first, the overall program was Extended for sites accepted into the program prior to January 1, 2033 and receiving a certificate of completion prior to January 1, 2037. For qualified sites issued a Certificate of Completion on or after March 20, 2010, but before December 31, 2015, they extended the period to claim the tangible property component to 15 years after the Certificate of completion was issued. For qualified sites issued a notice of acceptance on or after July 1, 2015, but before June 24, 2021, site preparation costs shall include

costs paid or incurred within 84 months after the last day of the tax year in which the Certificate of Completion was issued.

For qualified sites issued a Certificate of completion on or after July 1, 2015, but before June 24, 2021 the period to claim: the on-site groundwater remediation cost component, and the site preparation credit component, was extended by seven years after the Certificate of completion was issued. In addition to those specific changes, they added two new increased rate designations for Disadvantaged communities and Renewable energy projects. And finally, starting in tax year 2022, stadiums, baseball parks, basketball courts and other athletic facilities are considered buildings provided they comply with track 1 remediation standards. Components of such sites (including sports field turf, site lighting, sidewalks, access and entry ways, and other improvements added to land) are considered structural components of buildings under the Internal Revenue Code and are included in the definition of tangible property for the purposes of this section. All of these changes are reflected on the CT and IT 611 series of forms.

This year's budget included some changes to the Investment Tax Credit specifically for farmers. For property placed in service on or after April 1, 2022, the Investment Tax Credit (ITC) for Article 22 eligible farmers will increase from 4% to 20% and for Article 9A eligible farmers from 5% to 20%. Eligible farmers have the same definition as the Farmers school tax credit. This applies to property principally used by the farmer in the production of goods by farming, agriculture, horticulture, floriculture or viticulture. See Form IT-212, Investment Credit or CT-46, Claim for Investment Tax Credit for additional information.

Changes were also made to the Farm Workforce Retention Credit. The amount of the credit doubles from \$600 to \$1,200 per eligible farm employee. The credit program was extended through 2025. And the Credit amount **increase** applies for years 2022 through 2025. As a reminder, this credit applies to eligible farmers whose federal gross income from farming for the tax year is at least two-thirds of federal gross income from all sources in excess of \$30,000. The definition of Farming for this credit includes the operation or management of livestock, dairy, poultry, fish, fruit, furbearing animals, vegetable (truck) farms and also includes operation or management of plantations, ranches, ranges and orchards. The credit is filed on either Forms IT-647 or CT-647, *Farm Workforce Retention Credit*. And we have a technical service bulletin which has more specific information. See TSB-M-16(7)C, (5)I for additional information which can be found on our website www.tax.ny.gov.

Next, we will discuss, Transportation to Individuals with Disabilities. This credit change does not go into effect until 2023 but it was in this year's legislation. It extends the credit for taxicabs and livery service vehicles accessible to persons with disabilities by six years through December 31, 2028. It also added a \$15,000 credit for Electric Vehicles leaving the \$10,000 credit for any other vehicle type. The form for this credit is the IT or CT-236, *Credit for Taxicabs and Livery Service Vehicles Accessible to Persons with Disabilities*. And we will remind you of this credit again next year.

Now we will cover new credits and voluntary contributions for the year.

A new refundable credit is available to article 9A and article 22 taxpayers who incur expenses for the conversion from grade number 6 heating oil to biodiesel heating oil or a geothermal system at any building located in New York State outside of New York City. Taxpayers cannot be principally engaged in the generation or distribution of electricity, power or energy. Taxpayers also cannot owe past due NYS taxes unless they are making payments and complying with an approved installment payment agreement with the Tax Department.

To qualify for this credit the taxpayer must apply through the New York State Energy Research and Development Authority (NYSERDA) describing both the conversion and the approved costs to complete the conversion in order to obtain approval. All environmental conservation laws and regulations must be followed during the conversion. The credit equals 50% of the conversion costs approved by NYSERDA and must be claimed in the tax year which the conversion is completed. The credit amount cannot exceed \$500,000 per facility. See Form IT-656 or CT-656, *Grade Number 6 Heating Oil Conversion Credit*.

The Geothermal Energy Systems Credit is a new nonrefundable credit for qualified geothermal energy system equipment and expenditures installed at residential property located in New York state and placed in service after January 1, 2022. A Geothermal energy system is a ground-coupled solar thermal system that uses the solar thermal energy stored in the ground or in bodies of water to produce heat, and is commonly known as, or referred to as, a ground source heat pump system.

To qualify for the credit, the property where the geothermal system is installed must be the taxpayer's residence at the time the system is originally placed in service. If the residential property is rented at any time during the year in which the credit is claimed, you may not claim this credit. Taxpayers may only claim the credit for one geothermal energy system in a tax year. (Note: credit is allowed for leased systems but only for the first 15 years.)

In the case of a cooperative housing corporation or a condominium, a percentage of the qualified geothermal energy system equipment expenditures may be attributed to each unit within the building. The credit is equal to 25% of the qualified geothermal energy system expenditures and is limited to \$5,000. See Form IT-267, *Geothermal Energy System Credit*

Another new credit is the Farm Employer Overtime Credit. This Credit will equal 118% of any additional overtime paid as a result of the phase-in of a new 40-hour overtime threshold. The Credit is based on overtime paid for hours worked between the new threshold and 60 hours. and is contingent on the overtime threshold being lowered from 60-hours per week. So, to explain that a little bit, if the new threshold goes to 56 hours, the base is the amount of overtime paid for the 4 hour difference between 60 and 56 and it's the overtime amount only, not the regular pay for those 4 hours.

This credit has an Advanced payment option for overtime paid between January 1 and July 31 of the applicable year. Taxpayers must apply to the Department of Agriculture & Markets by September 30th of the applicable year, to qualify for the advanced payment. And then file with the tax department by November 30th of that year.

Overtime paid between August 1st and December 31st of the applicable year can be claimed when they file their tax return for the applicable year. In addition, If no advanced payment is requested, they can file the claim for the whole year from January 1 and December 31 when they file their tax return. We do not have a form number for this one yet, since it's in early development and is dependent upon the Farm Laborers Wage Board adopted resolutions that would phase-in a new 40-hour threshold over the next 10 years. These resolutions must be ratified by the Commissioner of Labor. The last we heard, the resolutions indicated that the 40-hr threshold will be reduced by 4 hours, every two years, beginning January 1, 2024 and ending January 1, 2032. So, the first filings of this credit would not be until 2024.

This new credit applies to periods beginning on or after January 1, 2023. This is a New refundable credit available for eligible digital gaming media productions. The Credit amount equals 25% of qualified digital gaming media production costs, of one or more qualified digital productions incurred in New York State. For costs incurred within NYS, but outside the MCTD, the credit amount increases to 35%.

This is another certificate-based credit program administered by Empire State Development. They can issue a total of \$5 million in credits per year and cannot issue more than \$1.5 million to any one taxpayer in a year. We should have form number next year for this credit since it does not begin until 2023.

These voluntary gifts are available to personal income tax and corporation tax filers and are effective 1/1/ 2022. These first two were mentioned last year but apply as of 1/1/2022 for personal income and corporation tax filers: the *Retired and Rescued Thoroughbred Race Horse Aftercare fund* and the *Retired and Rescued Standardbred Race Horse Aftercare Fund*. Lastly, is the *Gift for Lyme and Tick-borne Diseases Education, Research and Prevention*. Finally, for Personal income tax filers only, we have the Gifts for the state library system.

The tax provisions included a couple of new programs this year.

But first let's start with an update. There were some changes to the New York state Pass through entity tax or PTET. The due date to opt in to PTET under Article 24-A for 2022 was extended to September 15, 2022. The extension only applied to the 2022 PTET year. For tax years beginning on or after January 1, 2022, eligible S corporations may now opt in to PTET as either an *electing resident S corporation* or an *electing standard S corporation*. In addition, PTET elections are irrevocable as of the due date of the election.

There were also two retroactive provisions for PTET, both go back to periods beginning on or after January 1, 2021: The law was amended to require S corporations to add back income-based taxes paid to jurisdictions other than New York. S corporations formerly were required to add back only income taxes paid to New York under Article 9-A.

The Tax Law was also amended to clarify the treatment of pass-through entity taxes paid by an electing PTET entity. Entities must add back pass-through entity taxes paid to New York, or to other taxing jurisdictions to the extent they are not added back by an individual when the individual claims a PTET credit or PTET-related resident tax credit.

Since we just discussed the State level Pass through entity tax, they also added a New York City Pass through entity tax this year. The New York City pass-through entity tax or (NYC PTET) is an optional tax that eligible city partnerships or city resident New York S corporations may annually elect to pay on certain income for tax years beginning on or after January 1, 2022.

If a partnership or New York S corporation elects to pay NYC PTET, a partner, member, or shareholder of an electing partnership or electing New York S corporation, who is subject to tax under Article 30, may be eligible for a New York City PTET credit on their New York State income tax return.

The pass-through entity pays the NYC PTET and is allowed a deduction for the city tax. Election, payments and return filing will be electronic only through online services.

There will also be a new addition modification on the 2022 IT-225 for the NYC PTET deduction addback. The partners/shareholders or member may take a personal income tax credit equal to their direct share of NYC PTET that was reported by the electing entity on the entity's PTET annual return. The Credit will be reported on Form IT-653, *Pass-Through Entity Tax Credit*. For additional information on NYC PTET, see TSB-M-22(1)C, (1)I or visit www.tax.ny.gov and search "PTET."

We have covered a lot of changes so far, but there are few other provisions and some modernizations to our programs that we want to bring to your attention.

Effective June 1, 2022, and continuing through December 31, 2022, the following taxes on motor fuel and highway diesel motor fuel are suspended: excise tax; prepaid sales tax and state sales and use tax; and additional state sales tax imposed in the Metropolitan Commuter Transportation District (MCTD). You should be aware that local sales and use taxes are not suspended, but the tax law authorizes counties and cities to elect a cents per gallon or percentage rate sales tax method on fuel, and many counties and cities have opted to switch methods during this relief period. For more information, see Notice N-22-1 or visit our website and search "fuel."

Effective September 1, 2022, new taxes are imposed on the gross receipts paid by a shared vehicle driver for use of a shared vehicle under a peer-to-peer car sharing program in New York State. *Peer-to-peer car sharing* means the authorized use of a

shared vehicle by an individual other than the vehicle's owner through a peer-to-peer car sharing program, for example Zip-car or another like service. These taxes are in addition to the state and local sales and use taxes imposed under Tax Law Articles 28 and 29.

A state-wide peer-to-peer car sharing tax of 3% is due on the gross receipts paid by the shared vehicle driver when they take possession of the shared vehicle in New York State. In addition to the state-wide peer-to-peer tax, one of the following taxes are also due: regional transportation tax of 3% on the gross receipts paid by the shared vehicle driver when they take possession of the shared vehicle within New York State but outside of the MCTD, or Metropolitan Commuter Transportation District (MCTD) tax of 3% on the gross receipts paid by the shared vehicle driver when they take possession of the shared vehicle within the MCTD.

It is presumed that every transfer of possession of a shared vehicle to a shared vehicle driver anywhere in New York State is subject to the special taxes on peer-to-peer car sharing until the contrary is established. These taxes are collected from the shared vehicle driver by the peer-to-peer car sharing program administrator and are reported and paid with program administrator's applicable sales tax returns. For more information, see TSB-M-22(1)S, *Special Tax on Peer-to-Peer Car Sharing*.

This act exempts diapers from state and local sales and use taxes effective December 1, 2022. Diapers include those intended for human use including, but not limited to, disposable, reusable, adult and children's diapers. So no doggie diapers. Diapers are often a very large, if not the largest, expense for both parents caring for infants and seniors. While the state decided back in 2006 that adult and children's diapers (including disposable diapers) are exempt from the New York State 4% sales tax, there are multiple counties and jurisdictions which do not provide for a local exemption. This bill would therefore ensure that specifically adult and children's diapers (including disposable diapers) are not subject to this tax by the counties/jurisdictions and follow the state exemption.

The waste tire management fee has been extended until December 31, 2025. In addition, the way your clients report and pay their waste tire management fee is changing. Effective for filing periods beginning on or after March 1, 2023, they will no longer need to file a separate waste tire management fee return each quarter. Instead, they will report and pay the waste tire management fee on their sales tax return. Their final separate waste tire management fee return for the period ending February 28, 2023, is due by March 31, 2023.

That was a lot of changes for this year, but I still want to take a few minutes to make sure you are aware of the resources available to you as tax professionals.

I'm sure most, if not all of you, are aware of our website and all the information available to you there....

If you choose the tax professionals link in the top menu you get to your own page which looks like this...

The tax professionals page is set up to help you! Our webpage includes a section to assist clients online and access client's information, as well as to learn about your professional responsibilities. This section also has a lot of information about continuing education requirements. The last section on this page helps to give you information regarding specific topics you should be aware of – and has the “Ask us a question” link where you can email us a specific question and we will respond. Please note we try to respond in 3 business days but sometimes the questions need to go to our counsel for review and those could take a little more.

We also want to remind you about our subscribe function at the bottom section of all our web pages.

Our subscription services allow you to sign up to automatically get notified when there is information you need to know. We have two main subscription services. One to sign up for email alerts and one to subscribe to tax news and updates. This second option is the one that allows you to have notices, memorandums and other information sent to you as soon as it goes out!

Our list keeps growing every year with new taxes and splitting out the miscellaneous taxes that previously were all lumped together, so if you haven't checked your subscriptions lately, you should review them to make sure you have everything checked off that you want information on. Remember, when we have guidance ready for a new tax, the subscription service lists are the place we send them out first, so please make sure you sign up!

It's also a good time to remind you of the benefits of using an online services Tax Professional Account. Once you set up the Tax Professional Online Service account, you can add each of your clients by completing Form EZ-REP-2000. Form EZ-REP-2000 is: completed and signed by clients, used to add clients to your Online Services tax professional account, the form authorizes tax professionals to: access the client's account information online; speak to a department representative and receive confidential information for specified tax matters; and file returns or other documents and make payments on the client's behalf online.

What are the benefits of Online services? Getting access to your clients' information whenever you need it. Easily Filing returns and making payments, resolving issues faster by utilizing the respond to department notice application to provide supporting documentation, getting instant confirmation and an electronic postmark when timing is most important, plus eliminating phone calls and hold times, to set up a tax professional account, you just need your Social Security number (SSN) or Employer Identification Number (EIN), your Electronic Filing Identification Number (EFIN) and some tax return information.

Another great resource to you is the Tax professional hotline. Many of you have this number, but I want to reiterate that this number is a dedicated hotline only for you! So, if you haven't written it down, please do so now. Average wait time to speak to representative is 2 minutes. Available till 6pm on weekdays and 1pm on Saturdays during peak seasons. Staff are experienced and equipped to handle your technical questions. It's IMPORTANT to remember! Do not give the Tax Professional Hotline number to your clients! The staff on this line will not assist your clients and they'll be transferred to the appropriate phone number.

Have you or your client tried to resolve a tax matter without success? Have you exhausted all other administrative remedies within the department? Visit the Office of the Taxpayer Rights Advocate page and you may find the assistance you need.

The Office of the Taxpayer Rights Advocate is an independent office within the Tax Department designed to assist taxpayers with their tax problems, while promoting and upholding the department's mission of fair and equitable application of the tax laws.

Taxpayers will receive a personal review of their tax situation. Tax professionals should seek help from the advocate's office once they have exhausted all other administrative remedies. Advocates listen carefully and attempt to find a fair resolution of taxpayer issues. In addition, the advocate participates in the department's policy committees, lobbies for taxpayer issues, and proposes legislation.

The New York State Taxpayer Rights Advocate will: mediate disputes between the Tax Department and taxpayer, if the issue can't be resolved through normal department channels. Recommend changes in process or legislation to better serve taxpayers if department procedures are not working as they should. The Advocate provides one-on-one assistance to taxpayers or preparers. The taxpayer or preparer completes Form DTF-911 if they require OTRA assistance and submits by mail or fax. The website has all the details.

Well, we covered a lot of material today. I hope you found it informative and once again, thank you for allowing us to fill you in on this year's tax updates and other messages of importance!