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**New York State
Income Tax Laws**
—
**Practical Questions
and Answers**

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WOOLWORTH BUILDING, NEW YORK**

This pamphlet, prepared by our Counsel, Breed, Abbot & Morgan, is the second edition of "Practical Questions and Answers" covering the New York State Income Tax Law. The text is based on the statute and regulations as of February 1, 1921.

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NEW YORK INCOME TAX—INDIVIDUALS

NEW YORK STATE INCOME TAX
INDIVIDUALS

Q. Who is subject to tax?

A. Every resident of the State and every non-resident deriving income from all property owned and from every business, trade, profession or occupation carried on in the State.

RESIDENTS

Q. Who must file a return?

A. Every resident of the State having a net income for the taxable year of \$1,000 or over if single or if married and not living with husband or wife, or of \$2,000 or over if married and living with husband or wife.

If a husband and wife living together have an aggregate net income of \$2,000 or over, each shall make a return unless the income of each is included in a single joint return.

If the taxpayer is unable to make his own return, the return shall be made by a duly authorized agent or by the guardian or other person charged with the care of the person or property of such taxpayer.

Q. When must returns be filed?

A. Any time after January 1st, but not later than April 15th.

If the return is based on a fiscal year different from the calendar year, it must be filed on or before the 15th day of the 4th month following the close of the fiscal year.

Q. Where must returns be filed?

A. With the Comptroller of the State of New York at Albany, New York, or any district office of the Comptroller, located at Albany, Borough of Manhattan, Borough of Brooklyn, Borough of The Bronx, Jamaica, White Plains, Buffalo, Rochester, Syracuse, Utica, Elmira, Binghamton and Kingston.

If sent by mail, it should be addressed "New York State Income Tax Bureau" and the address of the district office to which it is sent.

STATE INCOME TAX—PERSONAL EXEMPTIONS

Q. Can an extension of time be obtained within which to file a return?

A. Yes. The Comptroller may grant a reasonable extension of time for filing returns whenever in his judgment good cause exists. Except in the case of taxpayers who are abroad, no such extension will be granted for more than six months.

Q. Where can blank forms of return be obtained?

A. From the Comptroller upon application or from any district office of the Comptroller, but failure to secure the form will not excuse any taxpayer for failure to file any return required by law.

Q. What is meant by net income?

A. For the purpose of determining whether or not a return should be filed net income means gross income (not including exempt items, for example, interest on Federal or New York State Bonds) less certain of the deductions mentioned on page 11, and briefly shown in the following example:

GROSS INCOME	DEDUCTIONS
Gross Income from all sources..... \$5,000 (But not including income free from tax, see p. 11)	1. Business expenses..... \$2,400 2. Interest paid..... 200 3. Taxes paid..... 115 4. Losses..... 150 5. Bad debts..... 75 6. Depreciation..... 100 7. Contributions..... 60
Deductions..... 3,100	
Net Income..... \$1,900	\$3,100

If unmarried, a return would have to be filed by you in this case since your net income is \$1,000 or over, but if you are married a return would not have to be filed by you because the net income does not amount to \$2,000 or over.

PERSONAL EXEMPTIONS

Q. What exemptions are allowed a resident taxpayer in computing his net income?

A. In the case of a single person, a personal exemption of \$1,000, or in the case of the head of a family or a married person living with husband or wife, a personal exemption of \$2,000.

A husband and wife living together receive but one personal exemption of \$2,000 against their aggregate net income; and in

PREPARATION OF INDIVIDUAL RETURNS

case they make separate returns, the personal exemption of \$2,000 may be taken by either or divided between them.

\$200 for each person (other than husband or wife) dependent upon and receiving his chief support from the taxpayer, if such dependent person is under 18 years of age or is incapable of self-support because mentally or physically defective.

RATES OF TAXES

Q. What are the rates of tax I will have to pay?

A. The tax is imposed at graduated rates as follows:

1% of net income up to \$10,000;

2% of net income over \$10,000 and not over \$50,000;

3% of net income in excess of \$50,000.

PREPARATION OF INDIVIDUAL RETURNS

GROSS INCOME

Q. What income must I include in my return?

A. The following must be reported:

(1) Salaries, wages or compensation for personal service of whatever kind and in whatever form paid.

(2) Gains, profits and income derived from professions, vocations, trades, businesses, commerce, or sales, or dealings in property, whether real or personal, growing out of the ownership or use of or interest in such property.

(3) Gains, profits and income derived from interest, rents and securities.

(4) Dividends. The statute defines a dividend as any distribution made by a corporation out of its earnings or profits to its shareholders or members, whether in cash or in other property or in stock of the corporation.

The Attorney General, however, has rendered an opinion to the effect that true stock dividends, i. e., dividends paid in stock of the corporations declaring the dividend, were not intended to be taxed by the Legislature and, therefore, should not be included in taxpayers' returns as gross income.

He points out that this opinion does not apply to dividends paid in stock of corporations other than those declaring them, nor to dividends paid in stock of the