



# NEW YORK STATE BAR ASSOCIATION

One Elk Street, Albany, New York 12207 PH 518.463.3200 www.nysba.org

## TAX SECTION

### 2026-2027 Executive Committee

LAWRENCE M. GARRETT  
Chair  
Ernst & Young LLP  
5200 Town Center Circle, Suite 601  
Boca Raton, FL 33486  
202/327-6987

LUCY W. FARR  
First Vice Chair  
212/450-4026

DAVID M. SCHIZER  
Second Vice Chair  
917/882-6238

SARA B. ZABLOTNEY  
Secretary  
212/446-4772

### COMMITTEE CHAIRS:

Attributes  
Andrew M. Herman  
Stephen M. Massed  
Bankruptcy and Operating Losses  
Stuart J. Goldring  
Brian Krause

Compliance, Practice & Procedure  
Megan L. Brackney  
Elliot Pisem

Consolidated Returns  
William Alexander  
Shane J. Kiggen

Corporations  
William A. Curran  
Vadim Mahmoudov

Cross-Border Capital Markets  
Jason R. Factor  
Craig M. Horowitz

Cross-Border M&A  
Adam Kool  
Ansgar A. Simon

Debt-Financing and Securitization  
John T. Lutz  
Eschi Rahimi-Laridjani

Estates and Trusts  
Austin Bramwell  
Alan S. Halperin

Financial Instruments  
Jeffrey Maddrey  
Elena V. Romanova

"Inbound" U.S. Activities of Foreign  
Taxpayers  
W. Wade Sutton  
S. Eric Wang

Individuals  
Brian C. Skarlatos  
Libin Zhang

Investment Funds  
James R. Brown  
Pamela Lawrence Endreny

New York City Taxes  
Alyse McLoughlin  
Irwin M. Slomka

New York State Taxes  
Paul R. Comeau  
Jack Trachtenberg

"Outbound" Foreign Activities of  
U.S. Taxpayers  
Kara L. Mungovan  
Peter F. G. Schuur

Partnerships  
Meyer H. Fedida  
Amanda H. Nussbaum

Pass-Through Entities  
Edward E. Gonzalez  
Eric B. Sloan

Real Property  
Marcy Geller  
Jonathan R. Talansky

Reorganizations  
Joshua M. Holmes  
David M. Rievman

Spin-Offs  
Tijana J. Dvornic  
Michael T. Mollerus

Tax Exempt Entities  
Jill Manny  
Stuart Rosow

Taxable Acquisitions  
Richard M. Nugent  
Davis J. Wang

Treaties and Intergovernmental  
Agreements  
David R. Hardy  
William L. McRae

## MEMBERS-AT-LARGE OF EXECUTIVE COMMITTEE:

Y. Bora Bozkurt  
Erin Cleary  
Matthew J. Donnelly  
Kristen Gamboa  
Lorenz F. Haselberger

Kevin Jacobs  
Rafael Kariyev  
Rebecca Lee  
Lulu Ma  
Elizabeth Pascal

Arvind Ravichandran  
Jennifer Ray  
Yaron Z. Reich  
Rachel B. Reisberg  
Stephen E. Shay

Michael B. Shulman  
Patrick E. Sigmon  
Raymond J. Stahl  
Joseph Tootle  
Thomas F. Wood

Report No. 1522  
March 5, 2026  
By Email

The Honorable Amanda Hiller  
Acting Commissioner  
New York State Department of  
Taxation and Finance  
W.A. Harriman Campus  
Albany, NY 12227

The Honorable Elizabeth Krueger  
Chair, Finance Committee  
New York State Senate  
172 State Street, Capitol Building  
Room 416 CAP  
Albany, NY 12247

The Honorable J. Gary Pretlow  
Chair, Ways and Means Committee  
New York State Assembly  
LOB 711-A  
Albany, NY 12247

Brian Mahanna, Esq.  
Counsel to the Governor  
New York State Executive Chamber  
State Capitol, Second Floor  
Albany, NY 12247

### Re: NYSBA Tax Section Report No. 1522 – Comments on the 2026-2027 New York State Executive Budget

Dear Ms. Hiller, Ms. Krueger, Mr. Pretlow, and Mr. Mahanna:

Please see attached Report No. 1522 of the Tax Section of the New York State Bar Association (the "**Report**"), which comments on certain tax provisions in the 2026-2027 New York State Executive Budget (the "**Budget Bill**"). Specifically, our Report offers comments and, in some cases, recommendations on the following parts of the Budget Bill:

## FORMER CHAIRS OF SECTION:

Peter L. Faber  
David Sachs  
J. Roger Mentz  
James M. Peaslee  
Peter C. Canellos  
Michael L. Schler  
Richard L. Reinhold

Steven C. Todrys  
Harold R. Handler  
Robert H. Scarborough  
Samuel J. Dimon  
Andrew N. Berg  
Lewis R. Steinberg  
David P. Hariton

Kimberly S. Blanchard  
Patrick C. Gallagher  
David S. Miller  
Erika W. Nijenhuis  
Peter H. Blessing  
Jodi J. Schwartz  
Andrew W. Needham

Diana L. Wollman  
David H. Schnabel  
Stephen B. Land  
Michael S. Farber  
Karen Gilbreath Sowell  
Deborah L. Paul  
Andrew H. Braiterman

Gordon E. Warnke  
Robert Cassanos  
Philip Wagman  
Jiyeon Lee-Lim  
Andrew Walker

- Part F – Decouple from Certain H.R. 1 Provisions
- Part G – Decouple NYC from Certain H.R. 1 Provisions
- Part H – Enact Pass-Through Entity Tax Flexibility.

We do not address any fundamental policy issues underlying these provisions of the Budget Bill. Instead, our Report focuses on certain technical, administrative, and conceptual issues raised by them and identifies aspects we think should be clarified or potentially revised prior to adoption by the legislature.

We appreciate your consideration of our Report. If you have any questions or comments, please feel free to contact us and we will be glad to assist in any way.

Respectfully submitted,



Lawrence M. Garrett  
Chair

Enclosure

CC:

Michael Shollar  
Executive Deputy Commissioner  
New York State Department of Taxation and Finance

Sarah Van Wieren  
Deputy Commissioner, Tax Policy Analysis  
New York State Department of Taxation and Finance

Jeffrey Shear  
Acting Commissioner  
New York City Department of Finance

Cesar Bencosme  
Deputy Commissioner and Chief Tax Compliance Officer  
New York City Department of Finance

Karen Schlain  
Deputy Commissioner for Tax Policy and Data Analytics  
New York City Department of Finance

Michael Smilowitz  
General Counsel  
New York City Department of Finance

**NEW YORK STATE BAR ASSOCIATION TAX SECTION**

**COMMENTS ON THE 2026-2027 NEW YORK STATE EXECUTIVE BUDGET**

**MARCH 5, 2026**

Opinions expressed are those of the Tax Section and do not represent those of the New York State Bar Association unless and until they have been adopted by its House of Delegates or Executive Committee.

## Comments on the 2026-2027 New York State Executive Budget<sup>1</sup>

### Introduction

This report on selected tax provisions of the 2026-2027 New York State Executive Budget (the “**Budget Bill**”)<sup>2</sup> was prepared by the Tax Section of the New York State Bar Association (the “**Tax Section**”). It focuses on certain technical, administrative, and conceptual issues raised by selected provisions of the Budget Bill with reference to the New York Tax Law (the “**Tax Law**”) and identifies aspects we think should be clarified or potentially revised prior to adoption by the legislature.

This report offers comments and, in some cases, recommendations on the following parts of the Budget Bill:

- Part F – Decouple from Certain H.R. 1 Provisions
- Part G – Decouple NYC from Certain H.R. 1 Provisions
- Part H – Enact Pass-Through Entity Tax Flexibility

### Executive Summary

We address our comments on Part F and Part G together, as they both address the select provisions in Public Law 119-21, commonly known as the One Big Beautiful Bill Act (“**OBBBA**”), from which New York State and New York City, respectively, would decouple in computing taxable income for corporate/business and personal income tax purposes. We express no view on the policy merits of New York State and New York City decoupling from specific provisions of the OBBBA, thereby enhancing disconformity between New York State and New York City taxes, on the one hand, and federal taxes, on the other hand. However, we do have comments related to the benefits of conformity as between New York State and New York City

---

<sup>1</sup> The principal authors of this report are Mary Jo Brady, Elizabeth Pascal, Alysse McLoughlin, and Jack Trachtenberg. Helpful comments were received from Libin Zhang, Michael Schler, Kim Blanchard, Lawrence Garrett, Elliot Pisem, and Richard Goldstein. This report reflects solely the views of the Tax Section and not those of its individual members or any other party.

<sup>2</sup> FY 2027 New York State Executive Budget., Revenue Article VII Legislation, available at <https://www.budget.ny.gov/pubs/archive/fy27/ex/artvii/revenue-bill.pdf> (hereafter, the “Budget Bill”).

taxes, for example, with respect to New York State and New York City tax filings in terms of reducing compliance burdens on taxpayers and promoting administrative efficiencies and the appropriateness of providing penalty relief for tax liabilities that arise due to the retroactive application of these decoupling provisions to the 2025 tax year. In addition, we suggest certain coordinating amendments for purposes of clarity and fairness if the decoupling provisions are adopted.

In our comments on Part H, as we have done in the past, we support providing more flexibility with respect to the making of the pass-through entity tax (“PTET”) election and suggest that the legislature consider making the proposed changes to the election effective for the 2026 PTET taxable year.

**Discussion**

**I. Part F and Part G:**

**A. Summary of Changes**

If enacted, the Budget Bill would result in New York State and New York City decoupling from certain federal income tax amendments enacted in OBBBA. (See the chart below, which sets forth a summary of the proposed decoupling changes and the New York State and New York City taxes that would be impacted.)

**Certain Proposed Decoupling Changes in the Budget Bill**

Relevant IRC Section	New York State Business Taxes: Franchise Tax on Business Corporations and Insurance Franchise Tax	New York City Business Taxes: Business Corporation Tax, General Corporation Tax, Banking Corporation Tax, and Unincorporated Business Tax	New York State and New York City Personal Income Taxes
Section 163(j)	No decoupling	Decouples so only EBIT is used in the 163(j) computation	No decoupling
Section 168(n)	Decouples	Decouples and adds explicit provision that qualified production property is not treated as IRC Section 1245 property	Decouples
Section 174A	Decouples from treatment of domestic and foreign R&E expenditures and allows such expenditures to be deducted over a 5-year period	Decouples from domestic R&E expenditures and allows such domestic expenditures to be deducted over a 5-year period beginning with the midpoint of the tax year in which the expenditures are paid or incurred	Decouples from treatment of domestic and foreign R&E expenditures and allows such expenditures to be deducted over a 5-year period
Section 174A Transition Rules	Explicitly decouples from transition rules	No explicit addressing of the transition rules	Explicitly decouples from transition rules
Section 179(a)	No Decoupling	Decouples	No Decoupling

New York State would decouple from IRC<sup>3</sup> Sections 168(n) and 174A. New York City would also decouple from these provisions but by means of different statutory language, and, in the case of IRC Section 174A, by effecting a different decoupling outcome. New York City additionally would decouple from the OBBBA amendments to IRC Sections 163(j) and 179(a).

- Part F adds decoupling provisions to the New York State Franchise Tax on Business Corporations, the New York State Personal Income Tax, and the New York State Franchise Tax on Insurance Corporations.
  - Part F would take effect immediately and would apply to taxable years beginning on or after January 1, 2025.
- Part G adds decoupling provisions to the New York City business taxes (the Business Corporation Tax, the General Corporation Tax, the Banking Corporation Tax, and the Unincorporated Business Tax). While there is no explicit decoupling in Part G for purposes of the New York City Personal Income Tax, we think the proposed decoupling provisions provided in Part F with respect to the New York State Personal Income Tax should also be applicable in New York City due to the provisions of Section 1303 of the Tax Law (and the chart above reflects this understanding). Section 1303 provides that city taxable income for purposes of the New York City Personal Income Tax is the same as taxable income for purposes of the New York State Personal Income Tax, although there is also language in the New York City Administrative Code that separately describes city taxable income.
  - Part G would take effect immediately and be deemed to have been in full force and effect on and after December 31, 2024, and apply to taxable years beginning after December 31, 2024. Although the effective date language in Parts F and G appears to produce the same result, their different language may cause confusion among taxpayers.

---

<sup>3</sup> Reference to “IRC” are to the Internal Revenue Code of 1986, as amended.

*IRC Section 163(j)*

OBBBA permanently changes the calculation of adjusted taxable income to correspond generally with earnings before interest, taxes, depreciation, and amortization (“**EBITDA**”) for the purposes of calculating the deduction limits for business interest expense under IRC Section 163(j). This may allow for higher interest deductions than under prior law. Part G would result in New York City decoupling from this amendment for business taxes so that adjusted taxable income generally would correspond with earnings before interest and taxes (“**EBIT**”) for purposes of calculating the IRC Section 163(j) business interest expense deduction limits instead. Part F does not contain any decoupling provision from this amendment for New York State business taxes or New York State and New York City Personal Income Taxes.

*IRC Section 168(n)*

The Budget Bill language would provide that both New York State and New York City decouple from IRC Section 168(n) -- OBBBA’s qualified production property depreciation deduction provision -- so that depreciation would be computed under the depreciation provisions that existed before enactment of OBBBA. Part G (which addresses decoupling for purposes of the New York City business taxes) contains an extra provision specifying that qualified production property would not be treated as IRC Section 1245 property.

*IRC Section 174A*

The Budget Bill would provide that both New York State and New York City decouple from OBBBA’s amendments to the treatment of domestic research and experimental (“**R&E**”) expenditures under IRC Sections 174A. Under OBBBA, for expenditures in tax years beginning in 2025, taxpayers may expense the full amount of domestic R&E or amortize over different periods. Taxpayers may elect to accelerate beginning in 2025 certain unamortized domestic R&E expenditures capitalized between 2022-2024. Foreign R&E expenditures remain deductible over 15 years.

In Parts F and G, New York State and New York City both decouple from the OBBBA provision permitting an immediate deduction for domestic R&E expenses in the year incurred. For tax years beginning in 2025, New York State would require both domestic and foreign R&E

expenses to be deducted over a 5-year period. New York City would require amortization for domestic R&E expenses over a 5-year period beginning with the midpoint of the tax year in which the expenditures are paid or incurred. Foreign R&E expenditures remain deductible over 15 years for New York City purposes.

Also, New York State specifically decouples from the transition rule allowing accelerated deductions for pre-2025 domestic R&E expenditures (referencing Public Law 119-21, title VII, section 70302(f)(2)(a)); New York City does not specifically address this transition rule.

As a result of these provisions, if enacted, some taxpayers would be required to compute R&E expenses separately for federal, New York State, and New York City tax purposes.

#### *IRC Section 179(a)*

OBBBA increased the IRC Section 179(a) deduction limits for tax years beginning in 2025 to \$2.5 million from \$1 million (as increased for inflation). Part G would decouple New York City from this federal change and revert to the limitation in effect before OBBBA. Part F does not contain any provisions that would result in New York State decoupling from this change.

### **B. Comments**

As noted above, the Tax Section takes no position on the policy merits of New York State and New York City decoupling from certain provisions of OBBBA in Parts F and G. We do, however, offer comments on (i) the importance of New York State and New York City conformity in tax filings, which can reduce administrative burdens for taxpayers and improve efficiency for taxing authorities; (ii) the need for certain coordinating provisions if the decoupling provisions are adopted; and (iii) the appropriateness of providing penalty relief for tax liabilities that arise due to the retroactive application of certain of these decoupling provisions to the 2025 tax year.

For many years, the Tax Section has strongly supported maximizing conformity between the New York State and New York City tax systems. See, for example, Tax Section Report No.

801 (August 18, 1994), which commented on a New York City Council bill to establish a temporary advisory commission on State/City tax conformity and administration.<sup>4</sup>

Absent fiscal concerns, as a general matter, New York State and New York City business taxes should be computed using similar methodologies to reduce administrative burdens and promote compliance efficiencies for both taxpayers and tax authorities. Greater alignment simplifies compliance, enables tax authorities to better coordinate audit and enforcement efforts, and reduces the risk of inconsistent audit outcomes and duplicative disputes across forums. In general, the result of conformity is a more predictable, efficient, and fair tax system for both taxpayers and government.

These conformity considerations are especially important with respect to the potential application of IRC Section 163(j), which mandates that affected taxpayers perform complex computations to determine allowed and disallowed business interest expense and, in certain cases, track disallowed business interest carryovers over time. A special regime applies to interest expense flowing through to a partner from a partnership. With respect to the determination of the federal limitation applicable to interest expense generated by a partnership, the IRC Section 163(j) limitation is generally computed and applied at the partnership level and allowed and disallowed business interest expenses are then allocated to the partners. Disallowed business interest expense allocated to a partner effectively is carried forward separately from disallowed business interest expense incurred directly by the partner. With New York City decoupling from IRC Section 163(j) for New York City business taxes but not for New York City Personal Income Tax, it appears that a partnership will have to do one set of computations for New York City resident individual partners, who would not be decoupled, and a different set of computations for corporate partners (or partnership partners) for New York City business taxes, which would be decoupled. This is in addition to any separate IRC Section 163(j) computations that would need to be performed by the partners themselves in computing their own IRC Section 163(j) limitations.

---

<sup>4</sup> <https://nysba.org/wp-content/uploads/2025/03/801-Letter.pdf>

We believe that these generally applicable principles regarding the benefits of conformity of the tax base for New York State and New York City taxes should be given consideration by the legislature, but we express no opinion as to whether they are outweighed by revenue considerations in specific cases, such as the different decoupling provisions from OBBBA in Parts F and G. For example, if the legislature decides to retain the differing decoupling provisions for New York State and New York City purposes, the legislature could consider allowing taxpayers to make an election to decouple from certain provisions for New York State purposes (in addition to the mandatory decoupling for New York City purposes) to allow taxpayers to take what would effectively be a less advantageous tax position in exchange for ease of compliance.<sup>5</sup>

Furthermore, as we noted above, the decoupling provisions that would be applicable for New York State Personal Income Tax purposes under Part F, as a technical matter, also should be applicable for purposes of the New York City Personal Income Tax by virtue of Tax Law section 1303.<sup>6</sup> However, in years past the legislature did not rely solely on Tax Law section 1303 to assure conformity between the New York State and New York City Personal Income Taxes. Instead, conforming amendments were made directly to the relevant Administrative Code provisions of the New York City Personal Income Tax. We suggest that such conforming amendments be made directly to the New York City Personal Income Tax with respect to the personal income tax decoupling provisions, as well as any other amendments in the Budget Bill affecting taxable income for personal income tax purposes, to ensure there is no confusion concerning the applicability of such provisions for New York City Personal Income Tax purposes.

In addition, with respect to the proposed provisions decoupling New York State and City from IRC Section 168(n), they include an extra provision that would be applicable to the New York City business taxes specifying that qualified production property would not be treated as IRC Section 1245 property. This extra provision could have consequences, which we believe to be unintended, to the extent other parts of the IRC depend upon characterization of property as IRC

---

<sup>5</sup> Another possible provision would be to include, in certain cases, a rule providing conformity for a taxpayer where the difference resulting from distinct decoupling provisions for New York State and New York City purposes is de minimis (however that may be defined).

<sup>66</sup> Tax Law § 1303 (“The city taxable income of a city resident individual shall mean and be the same as his or her New York taxable income as defined in section six hundred eleven of this chapter . . .”).

Section 1245 property. For example, in certain circumstances under IRC Section 1245(b)(4), a like-kind exchange under IRC section 1031 may result in taxable gain if the relinquished property is IRC section 1245 property but the replacement property is not IRC Section 1245 property. Due to the current wording of the proposed provision, a taxpayer that exchanges other IRC Section 1245 property for qualified production property may have a fully tax-free like-kind exchange for federal and New York State purposes but recognize taxable gain for New York City business tax purposes because the qualified production property is not IRC Section 1245 property for such purposes. We do not believe that it is intended that decoupling from IRC Section 168(n) potentially affect any future like-kind exchanges involving qualified production property and result in taxable gain solely for City business tax purposes. Thus, if this provision characterizing certain property as not being Section 1245 property is adopted, we advise that the decoupling provision be narrowed to address only the timing of depreciation deductions under IRC Section 168(n) and no other IRC provisions.

Furthermore, for clarity, we recommend adding a provision specifying that, to the extent the depreciation or amortization amount taken for federal purposes with respect to an item of property is different than the depreciation or amortization amount taken in connection with such property for New York State and/or City purposes, the gain or loss on the sale of such property includible in entire net income should be adjusted to properly reflect those differences. For example, if a taxpayer purchases qualified production property for \$1,000 and deducts that \$1,000 in the year of purchase for federal purposes, it has to add back \$975 (the net of the \$1,000 add back less \$25, the amount deductible under New York State/New York City law) to its taxable income for New York State and New York City purposes. If the taxpayer then sells the property and recognizes \$1,000 of gain for federal purposes, its New York State and New York City gain should be adjusted to be only \$25 and not \$1,000.

Finally, the Budget Bill does not provide penalty relief for tax liabilities that arise due to the retroactive application of these decoupling provisions (including from the New York State and City Personal Income Tax) to the 2025 tax year. In the 2018 New York State budget legislation addressing the passage of the Tax Cuts and Jobs Act of 2017 at the federal level (enacted in late

2017), the legislature included a provision providing for penalty relief for the portion of tax related to interest attributable to the IRC Section 965(a) amount treated as exempt controlled foreign corporation income.<sup>7</sup> Based on the 2018 precedent, we recommend that the legislature provide similar penalty relief related to any portion of unexpected tax due as a result of the retroactive enactment of the decoupling provisions.

## **II. Part H – Enact Pass-Through Entity Tax Flexibility**

### **A. Summary of Changes**

Part H of the Budget Bill proposes to move the deadline to make the New York State and New York City Pass-Through Entity Tax (PTET) election from March 15th of the taxable year to September 15th of the taxable year. The proposed legislation also clarifies how estimated payments must be made depending upon when the election is made. If the election is made on or before March 15th, estimated payments must be made in four equal installments,<sup>8</sup> totaling 90% of the tax showing as due for the current taxable year or 100% of the prior year’s PTET liability. If the election is made after March 15th but on or before June 15th, 50% of the estimated tax must be paid by June 15th. If the election is made after June 15th but on or before September 15th, 75% of the tax must be paid by September 15th.<sup>9</sup> The changes proposed in Part H would apply to all tax years beginning on or after January 1, 2027.

### **B. Comments**

Under current law, a PTET election must be made by March 15<sup>th</sup> of the current taxable year, with no possibility for an extension. The March 15<sup>th</sup> deadline applies whether a taxpayer is a calendar year or fiscal year filer. The first estimated tax installment payment is due with the election (or by March 15<sup>th</sup> if the election is made before that date). Penalties may be imposed if estimated payments are underpaid or paid late.

---

<sup>7</sup> 2018 N.Y. Laws, ch.59, Part KK, Sec.4.

<sup>8</sup> Tax Law §§ 864(b)(1) and 871(b)(1) as amended by the Budget Bill.

<sup>9</sup> Tax Law §§ 864(b)(2)-(4) and 871(b)(2)-(4) as amended by the Budget Bill.

Part H of the Budget Bill is similar to the proposal set forth in last year's 2025-2026 New York State Executive Budget (which proposal was not ultimately enacted), except that the current proposal does not require the payment of the quarterly estimated tax payments in order for the election to be valid.<sup>10</sup>

The Tax Section once again<sup>11</sup> supports New York's proposal to move the PTET election deadline from March 15th to September 15th. Pass-through entities and their owners often struggle to determine so early in the taxable year whether to make the PTET election. Many states permit a taxpayer to make the election with a timely filed PTET return or extension request, thereby allowing taxpayers to evaluate the entirety of the taxable year before making the election. Although providing a lesser degree of flexibility, the proposed change to New York's PTET election deadline permits taxpayers to assess an extra six months of information about the year's income, which will help taxpayers better determine whether the election will provide a benefit to the pass-through entity's owners. It also permits certain entities formed after March 15<sup>th</sup> and before September 16<sup>th</sup> to make the election during their first year of existence, which is not possible under current law.

The Tax Section also supports the change from the prior year's proposal so that the validity of the election is not tied to the proper calculation and payment of estimated payments. Entities, particularly in their first year of electing into New York's PTET, may struggle to properly estimate their PTET liability for the year at the time when they make the election, especially if a significant transaction -- such as an asset sale -- may occur before the end of the year. The Tax Section believes that interest and penalties are better suited to addressing underpayments rather than denying a timely-made election.

The Tax Section suggests that the legislature consider making the proposed changes to the PTET election effective for the 2026 PTET taxable year, absent there being an administrative impediment to implementing the changes this year or a concern about a significant adverse revenue

---

<sup>10</sup> 2025-2026 NYS Executive Budget, Part Q.

<sup>11</sup> Tax Section Report No. 1510 (March 19, 2025), Part D; Tax Section Report No. 1487 (February 9, 2024).

impact.<sup>12</sup> Most taxpayers will likely make the election by March 15, 2026 in light of uncertainty over the proposal's passage by that date. Allowing taxpayers to make a valid election by September 15<sup>th</sup> for the 2026 taxable year would mean that entities formed after March 15<sup>th</sup> but before September 16<sup>th</sup> of this year could make the election. Applying the change to 2026 also could be beneficial to entities that only realize after March 15<sup>th</sup> that a PTET election would be of value. This seems in line with the goal of PTET flexibility contained within the provisions of Part H.

---

<sup>12</sup> We note in this regard that the PTET changes are expected to be revenue-neutral over a multi-year period. Memorandum In Support of FY 2027 New York State Executive Budget at page 10.