

June 2009

Client Advisory

Metropolitan Commuter Transportation Mobility Tax

New York State has recently created a new payroll tax, the Metropolitan Commuter Transportation Mobility Tax (MCTMT). This tax is strictly an employer tax and is not allowed to be withheld from employees.

The tax applies to any employer or self-employed individual engaging in business in NYC (the five boroughs) as well as the counties of Dutchess, Nassau, Orange, Putnam, Rockland, Suffolk, and Westchester. Please note that the definition of self-employed individual also includes partners in partnerships and members of LLCs which are treated as partnerships.

The tax is effective March 1, 2009, and the tax rate is .34%.

The due date for the first payment of this tax is November 2, 2009. This payment will be for the tax period March 1, 2009 to September 30, 2009.

For self-employed individuals, including partners and members of LLCs, quarterly estimated payments will be required for anyone owing tax.

For employers using a payroll service, we recommend you check with your payroll service as to whether they will be handling this tax as it is not a tax that is withheld from employees. If not, please be sure to make provisions for handling this tax.

It appears that New York State will treat this tax as a separate filing and payment apart from withholding taxes or other state estimated payments. At this point in time, forms and procedures are still in the development stage and hopefully there will be clarification well before the November due date.

If we can assist you in preparation of tax returns or estimates for MCTMT, please contact Don Slovensky, CPA at (212) 397-2971 ext. 1213.

For more information and updates, please visit the New York State Department of Taxation and Finance website. Currently, information can be found at the following URL: <http://nystax.gov/sbc/mta.htm>.