



Legislative Update



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LEGISLATIVE VICTORIES

June marks the end of the legislative session for Albany lawmakers. Over the past six months, the NYSSCPA Government Relations Team has been diligent in ensuring legislation that matters to our members are being advanced. Here is a recap of our legislative victories from this past legislative session:

Updating PTET

On April 8, the NYSSCPA scored a major success when the New York State Legislature passed the Fiscal Year 2023 budget legislation, which includes a bill that will begin to resolve and reform the Pass-Through Entity Tax (PTET). The Society's Government Relations Team had been working with New York state Sen. James Skoufis (D-Hudson Valley), and Assembly Member Amy Paulin (D-Westchester), who sponsored the PTET bill.



The PTET bill ([A 9433/S 8600/Part MM of the budget bill](#)) will provide for the option of filing as an "electing resident S corporation," defined as "an electing S corporation that certifies at the time of its election that all of its shareholders are residents of New York for purposes of article twenty-two of this chapter." The resident S corporation would exist in distinction from an "electing standard S corporation." In addition, the legislation includes a provision establishing a city pass-through entity tax for electing city partnerships and city resident S corporations.

Tax Filing Extensions

Due to the destruction of records caused by the disaster flooding from the remnants of Hurricane Ida, the IRS granted a time extension to file the federal tax returns originally due on October 15, 2021 to January 3, 2022. Correspondingly, NYS granted the same time extension for state tax returns for the same reasons.

However, each year, the IRS is forced to shut down their e-filing system in November to program it for the next year's filings. They were not able to reopen that system until January 24, 2022. Subsequently, they granted a further extension to February 15, 2022, to the tax filing that was originally due October 15, 2021. Only a few days before the deadline, the NYS Department of Tax and Finance announced that there would not be a similar extension for the state tax filing, citing a 90-day limit for extensions within the state tax law. Without the e-filing system available, New Yorkers were required to use paper filings. In contrast, other similarly affected states, such as New Jersey and Pennsylvania, set a deadline that matched the federal extension or later.

The requirement to file by paper, last minute announcements, and the early date of the NYS filing deadline created a great amount of confusion for our taxpayers, who were

already dealing with a difficult situation recovering from the remnants of Ida. The sudden paper requirement, along with remote work due to the pandemic, caused many state returns to be filed late or incomplete, requiring amended returns.

[S.8398 \(Senator Liu\) / A.9461 \(Assembly Member Paulin\)](#) sought to prevent the above situation by authorizing the Commissioner to extend the state tax filing deadlines beyond the 90-day period if the federal tax deadlines have been extended. This bill passed unanimously in both the Senate and in the Assembly in the final days of the legislative session. The Governor will have until the end of the calendar year to either sign or veto the legislation.

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LEGISLATIVE AGENDA SPOTLIGHT

Non-CPA Ownership Legislation – A.2919C/S.4221

ISSUE: New York state law prohibits non-CPA ownership of firms. New York and Hawaii are the only two states with this prohibition. As CPA client work becomes more complex, non-CPA professionals are increasingly vital to performing high-quality client work. IT professionals, policy experts, data analysts and others are reaching a professional ceiling due to the fact that firms are unable to offer this long-term incentive and growth opportunity. A non-CPA firm ownership option often results in the loss of these valued employees to neighboring states, where the opportunities they are looking for are available. Expanding opportunities for ownership in New York state will level the playing fields, provide increased job opportunities and strengthen the economy



BACKGROUND: The NYSSCPA continues to play a supportive role in advocating for non-CPA ownership in New York. The legislation passed in the Senate but continues to stall in the Assembly's Higher Education Committee.

UPDATE: Gov. Hochul included non-CPA ownership in her 2022 Executive budget proposal, and the Senate included it in their one-house budget resolution, but it was not included in the final enacted budget. One new piece to the governor's non-CPA ownership proposal this year was the inclusion of a \$300 annual fee for each non-licensee owner, which would be revenue to the state (but it still wasn't enough to gain the required support in the Assembly). The Senate and Assembly have since amended their bills to include a \$900 fee on each non-licensee owner, to be paid on a triennial basis.

S.4221 (Stavisky) passed in the Senate, but **A.2919C (Peoples-Stokes)** failed to come out of the Assembly Higher Education Committee. The NYSSCPA continues to make strides in passing this law.

[Read the 2022 NYSSCPA Legislative & Regulatory Agenda in full.](#)

STATE AND FEDERAL UPDATES

First Primary Elections Outcome: The primary contests for Governor, Lt. Governor and the Assembly have concluded. Both major parties in New York offered their respective voters an opportunity to make their voice heard. Here are the [winners](#) from the June 28 primary.

Second Primary Elections: In accordance with the ruling from the acting Supreme Court Justice in Steuben County, there will be a second primary election held on August 23. This round of primaries will focus on congressional and state senate primary contests.

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NYSSCPA COMMENT LETTERS

Stay up-to-date with NYSSCPA Comment Letters:

- [Comments to the SEC on Proposed Rules - The Enhancement and Standardization of Climate-Related Disclosures for Investors](#)

Comments to the SEC on proposed rules that would require registrants to include certain climate-related disclosures in their registration statements and periodic reports, including information about climate-related risks that are reasonably likely to have a material impact.

- [Comments to the IESBA on an Exposure Draft – Proposed Revisions to the Code Relating to the Definition of Engagement Team and Group Audits](#)

Comments to the International Ethics Standards Board for Accountants on proposed revisions that address independence considerations for firms and individuals involved in an engagement to perform an audit of group financial statements, and to address the independence implications of the change in the definition of an engagement team.



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ARTICLES ON LEGISLATION & ADVOCACY

To keep you informed on the latest news:

- [IRS 2021 Whistleblower Report Reveals Increase in Claim Numbers But Decrease in Collections and Awards](#), *The Trusted Professional*
- [As Gas Prices Soar, IRS Will Raise Deductible Mileage Rate by 4 Cents on July 1](#), *The Trusted Professional*
- [Senate Bill Would Give CFTC, Not SEC, Authority to Regulate Crypto, in Win for Industry](#), *The Trusted Professional*
- [Certain tax services do not violate US ban on provision of accounting service in relation to Russia sanctions](#), *The Journal of Accountancy*



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Have a Leg/Reg Issue?

Your issues matter to us! The NYSSCPA Government Relations Team wants to help you be heard in the halls of power. If you have a suggestion for our legislative agenda, if you are having trouble getting through red tape, or would like assistance reaching your local or state officials, please email Media & Government Relations Manager Jovan C. Richards at jrichards@nysscpa.org.



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THE CPA PAC & LEGISLATIVE TASK FORCE

The [CPA Political Action Committee](#) (PAC) is bipartisan and raises funds to amplify the NYSSCPA's collective voice in Albany. The NYSSCPA distributes PAC donations to New York political candidates who understand the profession's needs and concerns. When you [donate to the PAC](#), you help send a clear message to legislators that issues important to the profession affect the wider business community and the public interest—and that we will be heard.



The [Legislative Task Force](#) (LTF) is responsible for the monitoring and evaluation of New York state laws, legislation, rules and regulations related to the accounting profession, in particular, and business, in general. In conjunction with the Society's legislative staff, the LTF proactively recommends to the NYSSCPA Board various amendments and changes to existing legislation and regulations, on a continual basis.

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