

MARKS PANETH STATE AND LOCAL TAX ADVISOR: HIGHLIGHTING KEY TAX LAW CHANGES ACROSS THE REGION

"START-UP NEW YORK" PROGRAM CREATES "TAX-FREE ZONES" IN NEW YORK STATE

The New York State Legislature has recently passed and Governor Cuomo has signed into law, an economic development program that would create "tax-free zones" for businesses that locate near State University of New York (SUNY), City University of New York (CUNY) and certain private college and university campuses located in most upstate regions of New York (NY). The law is effective for tax years beginning on or after January 1, 2014.

The new law provides eligible businesses an exemption from all business, real property, and sales taxes for a 10-year period following their location in a tax-free zone. The business owners and employees of the entity are exempt from NY personal income tax on their earnings for the first 5 years after locating in such a zone. The first \$200,000 of income earned in each of years 6 through 10 will also be exempt from personal income tax. This personal income tax exemption is limited to 10,000 new jobs per year created under the Start-Up NY program. One key for qualification is that the new or relocated business that moves into such tax-free zone must create and maintain jobs therein.

Eligible public and private colleges and universities located in NY may apply to have vacant land or space that they own be designated as a tax-free zone. The Empire State Development Board that oversees the Start-Up NY program can create up to 20 tax-free zones on property owned by an eligible college or university.

To be a qualified or eligible business, it must be a start-up company or an expanding NY company that is creating new jobs or an out-of-State company relocating to NY into one of these tax-free zones. In all cases, the eligible business must create and maintain new jobs in the tax-free zone.

The areas covered include areas surrounding SUNY's 64 campuses, NYC's CUNY campuses, certain private college and university campuses and certain State-owned lands. The business must have a connection with its business services or products sold to the academic offerings at the SUNY, CUNY or college or university near which it has relocated. Thus, if a Starbucks retail store were to relocate next to SUNY at Binghamton, the store will pay full NY taxes.

An eligible business shall apply directly to the college or university that has an approved tax-free zone. The last step after the college or university accepts the eligible business is to have the Empire State Development Board review and approve the accepted application within 60 days of the college's acceptance of the business into the Start-Up NY program.

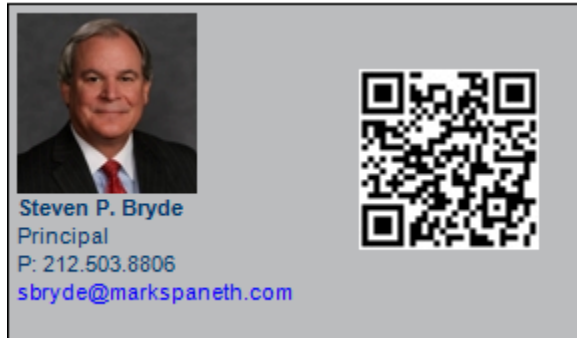
JOIN US FOR A HOLDING PRIVATE FOUNDATION SEMINAR ON OCTOBER 17

Together with AMG National Trust Bank, Marks Paneth LLP will be hosting a seminar on the responsibilities of private foundation boards and their management at our Manhattan headquarters on Thursday, October 17 beginning at 8:30 a.m. For more information, contact Kelly Parkhurst of Marks Paneth by phone at 212.710.1778 or by email at kparkhurst@markspaneth.com. Please [click here](#) to register.

DOING BUSINESS IN THE CLOUD IS GREAT, EXCEPT FOR TAX TRAPS

New York State, along with other states, is zeroing in on services that haven't been taxed before, and cloud computing is right up there on the list. In this [short video](#), Steven Bryde discusses the complications of taxation on companies using the Internet to do business.

FOR MORE INFORMATION



If you have questions about the information contained in this newsletter or any state or local tax matter, please contact Steven P. Bryde by phone at 212.503.8806 or by email at sbryde@markspaneth.com.

ABOUT STEVEN P. BRYDE

[Marks Paneth Tax Principal Steven P. Bryde, JD](#), is a recognized state and local tax (SALT) specialist with approximately 25 years of public accounting experience. He has worked in both global and regional public accounting firms. His broad background also includes over 7 years of experience working in industry as a tax attorney for a global energy corporation.

Mr. Bryde uses his state and local tax expertise across the 50 states to benefit the firm's clients by developing tax-saving ideas as well as providing counsel on mergers and acquisitions, business-entity choice/formation and tax controversy representation. He also offers guidance on SALT planning for foreign inbound and US outbound clients.

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