

Important Notice
New York State Tax Relief for Victims of the
Terrorist Attacks of September 11, 2001

On May 29, 2002, Governor George E. Pataki signed into law Chapter 85 of the Laws of 2002. This chapter, in part, amends section 696 of the New York State Tax Law to provide personal income tax and estate tax relief for victims of the September 11, 2001, terrorist attacks.

Personal Income Tax

Under the new law, those who died as a result of the terrorist attacks are generally exempt from the New York State, New York City, and Yonkers personal income taxes for both the 2000 and 2001 tax years. Surviving spouses, personal representatives or executors of the September 11 victims may file amended personal income tax returns for 2000 and 2001 to claim a refund of tax paid. If a decedent's personal income tax return has not been filed for the 2000 or 2001 tax year, a surviving spouse, personal representative or executor may claim a refund of tax paid when the return is filed on behalf of the victim.

The exemption is modeled upon, but is not identical to, federal income tax relief for victims of the September 11, 2001 terrorist attacks added by the Victims of Terrorism Tax Relief Act of 2001, Public Law 107-34 (the "Victims Relief Act" or "the Act").

The Tax Department is finalizing a new Publication 59, *New York State Tax Relief for Victims of Terrorist Attacks*, which will include details on how to prepare amended or original returns and where to file the returns to claim this personal income tax relief. The publication will be available shortly on the Department's Web site at www.tax.state.ny.us. It will also be available by calling 1 800 462-8100. Taxpayers with questions about New York State tax relief for victims killed in terrorist attacks (KITA relief) may call 1 800 225-5829. From areas outside the U.S. and Canada, call (518) 485-6800.

Estate Tax

The new law also provides estate tax relief for the estates of victims who died in 2001 by conforming to the provisions of the federal *Victims of Terrorism Tax Relief Act of 2001*. The federal Act provides a reduced estate tax rate schedule under Internal Revenue Code section 2201(c) that is applicable to estates of victims of the September 11, 2001 terrorist attacks. Using this schedule, a taxable estate of \$2,936,818 or less is exempt from federal and New York State estate tax because the federal unified credit of \$220,550, applicable to estates of those who died in 2001, offsets the tax. The estate tax liability for taxable estates that exceed \$2,936,818 is significantly reduced by these lower rates. Estates of victims who died in 2001 are required to file a New York State estate tax return if a federal estate tax return is required (generally when the gross estate exceeds \$675,000).

Estates of victims who died in 2002 or after are exempt from New York State estate tax under the new law. However, these estates are still required to file a New York State estate tax return if a federal estate tax return is required (generally when the gross estate exceeds \$1 million).

It is noted that the Internal Revenue Service has determined that recoveries from the federal September 11th Victim Compensation Fund are excludible from the gross estate of a victim.

Persons filing an original or amended Form ET-706, *New York State Estate Tax Return*, for the estate of a qualifying victim should write **KITA-9/11** at the top of the front page of the return, to aid us in processing the return. When completing Form ET-706 for the estate of a victim who died in 2001, refer to *Line instructions for Form ET-706*, on page four of the ET-706-I, *Instructions for Form ET-706*, and follow the instructions for an estate that is **not required to complete Schedules A or B**. Estates with a federal *Qualified Conservation Easement Exclusion* that does not qualify for New York State should contact the Department for assistance.

For the estate of a victim who died in 2002 or after, follow the instructions for an estate that is **not required to complete Schedules A or B**, however, enter -0- on line 1 and line 8, of Form ET-706.

Estate tax returns should be mailed to the address shown on the return which is: NYS Estate Tax, Processing Center, PO Box 5556, New York NY 10087-5556. Persons with questions about the estate tax relief may call 1 800 641-0004. To request forms call 1 800 462-8100. From areas outside the U.S. and Canada, call (518)485-6800.

The personal income tax and estate tax relief provided under this law does not apply to any individual identified by the attorney general of the United States to have been a participant or conspirator in the terrorist attacks or a representative of such an individual.