



Department of Taxation and Finance

Audit Division-Income/Franchise Desk-AG6
W A Harriman Campus, Albany NY 12227

New York State
Statement of proposed audit change

October 26, 2020

XXXXXXXXXXXX



FIRST LAST
555 AVENUE ST.
BROOKLYN NY 55555-5555

Current balance due: if paid by 2/16/2021	\$ 716.70
Taxpayer ID:	XXX-XX-XXXX
Spouse ID:	XXX-XX-XXXX
Tax form filed:	IT-201
Filing period ended:	12/31/2018 INCOME
Return file date:	3/15/2019
Assessment ID:	X-XXXXXXXXX-X

You received this notice because:

We adjusted or disallowed the pension and annuity income subtraction you claimed on your return. See page 3 to learn more or to see other reasons why you received this notice.

If you agree

Pay the proposed amount due in any of these ways:

- **Online:** The easiest and fastest way to pay. Go to www.tax.ny.gov (search: *pay*) to learn more.
- **Phone:** Call 518-457-5434. Your PIN is XXXX.
- **Mail:** Use the coupon and mailing address on page 3. Do **not** use any other payment document to pay this notice.

Whatever method you use, be sure to complete and return the consent section on page 4.

If you disagree

See the instructions on page 2.

If you do not respond

- If you do not pay the amount due by 2/16/2021, we will impose **additional** interest and you may be subject to **additional** penalties.
- If you do not contact us by 2/25/2021, we will send you a *Notice of Deficiency* or *Notice of Determination* for the amount due.



If you disagree

You may informally protest this notice in any of the ways described below.

If you informally protest, you are not required to pay the proposed amount due. However, paying now will stop the accrual of interest and any penalties if you are eventually found liable.

Informal protest

You can informally protest this notice by contacting the Tax Department in any of these ways:

Online: The easiest and fastest way to respond to this notice is through our website at www.tax.ny.gov/online. You will need to have an *Online Services* account. You can create an account if you do not already have one.

Phone: Call us at 518-457-4264. Text Telephone (TTY): Dial 7-1-1 for the New York Relay Service.

Mail or fax: If you do not have Internet access, check any boxes that apply or send us a written explanation. Respond by mail: NYS ASSESSMENT RECEIVABLES, PO BOX 4128, BINGHAMTON NY 13902-4128; or fax: 518-435-8527.

- This is New York State, local or federal government pension income. I have enclosed a copy of the 1099-R. **Note:** deferred compensation does not qualify as a fully excludable government pension.
- I am a beneficiary of someone qualified to receive the pension exclusion. I have enclosed a copy of the death certificate and a beneficiary statement.
- I or my spouse, if applicable, turned 59 1/2 during the tax year. I have enclosed documents verifying that the payments were received after turning 59 1/2.
- I disagree with the proposed amount due and have enclosed an explanation and supporting documentation.

Third party designee: If you would like to designate someone to discuss this notice with us, provide the following:

Designee's name <i>(please print)</i>	Designee's phone number ()	PIN (five digits)*
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* Create a personal identification number (PIN). Give this PIN to your designee. We will use the PIN for authorization.

Your signature	Your name <i>(please print)</i>	Daytime phone ()
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What happens next

We will review the information you send and, if appropriate, revise the proposed amount due.

If we find you are entitled to a refund, we will mail you a check. All or part of any refund may be offset for unpaid tax assessments or other debts owed to government agencies, as required by law.

We will notify you if your protest is unsuccessful.

Your rights as a taxpayer

For a full explanation of your rights, including how to file a complaint with the Tax Department, how to request a refund, formal protest rights, and your rights in the collection and audit processes, go to www.tax.ny.gov/tra/rights.htm.

- For the audit process, see Publication 130-D, *The New York State Tax Audit - Your Rights and Responsibilities*.
- No Internet access? *Call us at (518) 457-3280 and we will mail you a statement of your rights.*

Even if you pay the amount due now, you still have the right to claim a refund or credit. Most claims must be filed within two years of payment.

If this is a joint assessment, and if you meet the conditions for innocent spouse relief, you may not be required to pay the full amount due. Visit our website to learn more: www.tax.ny.gov/pit/file/innocent_spouse.htm





Department of
Taxation and Finance

New York State
Statement of proposed audit change

Date: 10/26/2020
 Taxpayer ID: XXX-XX-XXXX
 Spouse ID: XXX-XX-XXXX
 Assessment ID: X-XXXXXXXXX-X

Explanation

Numbers to the left of the explanation paragraphs correspond to specific lines in the *Computation* section.

We reviewed your 2018 New York State income tax return.

New York State allows a pension and annuity income exclusion of up to \$20,000 for pension and annuity payments reported as income on your return. This exclusion is only allowable for payments received after you reach the age of 59 1/2. If you filed a joint return, and both you and your spouse are over 59 1/2, each of you can subtract up to \$20,000 of your own pension and annuity income. However, you cannot claim any unused portion of your spouse's exclusion. This exclusion is allowed on line 29 of the Form IT-201, *Resident Income Tax Return*.

New York State also allows for an exclusion of pension income from a New York State, NY local, or U.S. government pension reported in the income section of your return. This exclusion is allowed on line 26 of the Form IT-201, *Resident Income Tax Return*.

- 1 Our records indicate that you, your spouse, or both you and your spouse, claimed more exclusion than is allowed by New York State tax law. Therefore, we adjusted or disallowed the exclusions claimed for one or more of the following reason(s):

To qualify for the pension and annuity income exclusion you must have reached 59 1/2 years of age during the tax year. Our records indicate that you, your spouse, or both you and your spouse have not reached this age and do not qualify for the exclusion.

Continued on next page

If paying by mail*, send to: NYS ASSESSMENT RECEIVABLES
 PO BOX 4127
 BINGHAMTON NY 13902-4127

Pay by February 16, 2021

Taxpayer name	Taxpayer ID	Assessment ID	Current balance due	Amount paid
LAST, FIRST	XXX-XX-XXXX	X-XXXXXXXXX-X	\$ 716.70	\$
For office use only				
Form Track Number	•			\$
Amount received	•			\$
Payment Effect/Rec'd Dates	•			\$
Total amount paid →				\$

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*If you are not using U.S. Mail, see Publication 55, Designated Private Delivery Services.

- Make check or money order payable in U.S. funds to **Commissioner of Taxation and Finance**.
- Include the Assessment ID on your payment.
- You can use this coupon to pay any other assessments.
- Be sure to write in the Assessment ID of those other assessments.
- If you agree with the amount, sign the consent on the back.

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Explanation (continued)

On your return you claimed an exclusion for pension from New York State, NY local, or the U.S. Government. Our records indicate your pension is not from a New York State, NY local, or US Government pension and does not qualify for this exclusion.

Please note that distributions received from Supplemental Retirement Annuities, Group Supplemental Retirement Annuities, Tax Deferred Annuities or Deferred Compensation Plans do not qualify for full exclusion as a NYS, NY local, or U.S. Government Pension. These types of plans are self-contributed through salary reduction.

Interest is due on the underpayment of tax from the due date of the return to the date the tax is paid in full. Interest is required under section 684(a) of the Tax Law.

If you think your pension income is not subject to New York tax, please send information to support your claim. This information should show the source and amount of the pension income. An example of acceptable documentation is a copy of your 1099-R, *Distributions From Pensions, Annuities, Retirement Or Profit Sharing Plans, IRAs, Insurance Contracts, etc.*

If you received the pension and annuity income of a decedent, you may claim this subtraction if the decedent would have been entitled to it, had the decedent continued to live. If the decedent would have been 59 1/2 during the year, you may only exclude the amount received after the decedent would have been 59 1/2, but not more than \$20,000.

If the decedent has more than one beneficiary, the beneficiaries must allocate the \$20,000 pension and annuity income modification among each other in the same ratio as the inherited pension is shared. The total pension and annuity income modification of all beneficiaries cannot collectively exceed \$20,000. The proportioned exclusion amount remains constant for every year a beneficiary receives the inherited pension. This holds true even in years the other beneficiary, or beneficiaries, does not receive distributions.

If you have any questions about the computation of the bill, please call (518) 457-4264. Have a copy of your New York State return available for easy reference and refer to the Assessment ID so that we may better assist you.

If you wish to arrange payment of the bill, please call our Civil Enforcement Office at (518) 457-5434.

To learn more, visit our Web site at www.tax.ny.gov.

Continued on next page

Consent to amount due

I agree with the proposed audit changes and agree to pay the amount due. I also agree to the following:

- I waive my right to receive, and formally protest in the Bureau of Conciliation and Mediation Services or the Division of Tax Appeals, a *Notice of Deficiency* or *Notice of Determination* related to the amount due.
- I understand that I have the right to file a timely claim for a refund or credit of the amount paid. Most claims must be filed within two years of the payment.
- The tax, interest, and any applicable penalties will become assessed and subject to collection actions.
- I understand that within the time provided by law, if the Tax Department identifies other issues, it may determine that I owe additional tax for this same filing period.

Signature of taxpayer or responsible person

Date

Signature of spouse

Date

Title

Daytime phone





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Date: 10/26/2020
 Taxpayer ID: XXX-XX-XXXX
 Spouse ID: XXX-XX-XXXX
 Assessment ID: X-XXXXXXXXX-X

Explanation *(continued)*

If you agree with the adjustments we made to your return, you do not need to file an amended return for this tax year. We already made the adjustments for you. Please check your following year returns for similar issues. If the same or similar changes apply to those years, you should file an amended return for each year in which the errors appear. File amended returns now to prevent receiving bills in the future for those changes which will include more interest and possibly penalties for negligence. Visit our website to obtain tax forms for all years.

Need help understanding this notice? Call us at 518-457-4264.

Computation

Any numbers to the right of *Computed by NYS* amounts below correspond to paragraphs in the *Explanation* section.

To avoid the possibility of additional interest and penalties, be sure to pay the *Current balance due* shown in the *Computation summary*. This amount also appears on page 1 of this notice.

Description	Line number		Computed by NYS
Federal adjusted gross income on return	19	+	\$ 255,930.00
Total New York additions		+	45.00
Total New York subtractions		-	287,987.00
Adjustment to pension exclusion		+	167,999.00 ¹
New York adjusted gross income corrected	33		\$ 199,009.00
Standard or itemized deduction	34	-	19,809.00
Dependent exemptions	36	-	0.00
Taxable income	37		\$ 199,809.00
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New York State tax on taxable income	39	+	\$ 7,709.00
NY State taxes after nonrefundable credits	44		\$ 7,654.00
Total New York State taxes	46		\$ 8,665.00
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Total New York State tax per return		-	000
Total tax amount due			\$ 716.70

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Computation summary

Tax period ended	Tax amount assessed	(+) Interest amount assessed	(+) Penalty amount assessed	(-) Assessment payments/credits	(-) Current balance due
12/31/2018	\$ 8,113.33	\$ 3,892.33	\$ 0.00	\$ 0.00	\$ 716.70

