



BDO Seidman, LLP
Accountants and Consultants

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Subject:

Change in Filing Requirements in New York State for Single Member LLCs

State and Local Tax Alert

Overview

In November 2007 the New York State Department of Taxation and Finance issued Notice N-07-23 that revised the applicability of the fee imposed on single-member limited liability companies that are disregarded entities for federal income tax purposes. Single-member limited liability companies, as well as limited liability companies with more than one member that are disregarded for federal tax purposes, (e.g., an LLC owned solely by a husband and wife), are no longer subject to the New York State limited liability company fee.

Effective Date

Effective for tax years beginning on or after January 1, 2007.

Legislative Background

In October 2003 the New York State Department of Taxation and Finance issued Notice N-03-29 which imposed a new filing fee on every single-member limited liability company that was disregarded for federal income tax purposes and had income from New York sources. Under the old directive, single-member limited liability companies were required to file Form IT-204 LL and pay a \$100 filing fee. Calendar year taxpayers were required to file and pay the fee no later than January 30th following the close of the tax year.

Impact

Single-member limited liability companies treated as disregarded entities for federal income tax purposes are no longer required to file form *IT-204-LL, Limited Liability Company/Limited Liability Partnership Filing Fee Payment Form* or pay the filing fee.

Affected Entities

Single-member limited liability companies and limited liability companies with more than one member that are disregarded entities for federal income tax purposes (e.g., an LLC owned solely by a husband and wife).

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