

**New York State Department of Taxation and Finance**  
**Taxpayer Services Division**  
**Technical Services Bureau**

TSB-M-84  
(8.3) Corporation Tax  
(11.3) Income Tax  
April 7, 1986

Taxation of S Corporations  
and Their Shareholders

1983-1984 Legislation

The New York State Department of Taxation and Finance has revised its policy concerning the methods of allocation to be used by nonresident shareholders of electing New York S Corporations.

Nonresident shareholders may now use the business allocation percentage and the investment allocation percentage, as provided for under the rules and regulations of Article 9-A, to determine the amount of each nonresident shareholder's income derived from or connected with New York sources. Prior policy required use of the business allocation percentage only.

This change of policy is effective immediately.