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State & Local Taxes

¶ 12,660. Cooperative Agreements Among States.—

Comity. At the request of the Commissioner of Taxation and Finance, the attorney general may bring suit, in the name of the State of New York, in the appropriate court of any other state, to collect tax legally due the state, including penalties and interest. Any political subdivision of New York may likewise bring suit in the appropriate court of another state to collect tax legally due the political subdivision. [[N.Y. Tax Law §901](#); [N.Y. Tax Law §903](#) .]

The New York courts must recognize and enforce liabilities for taxes, including penalties and interest, lawfully imposed by any other state, or any political subdivision of another state, that extends a like comity to New York State. The duly authorized officer of a state or political subdivision offering reciprocal enforcement may sue for the collection of tax in the New York courts. [[N.Y. Tax Law §903](#).]

Uniform Exchange of Information Agreement. New York is a signatory to the Uniform Exchange of Information Agreement sponsored by the Federation of Tax Administrators (FTA). [FTA Uniform Exchange of Information Agreement, Art. XII, [Miscellaneous Multistate Materials ¶ 251](#).] The purpose of the agreement is to enhance and facilitate tax administration to the extent each party to the agreement is authorized to administer its tax laws by exchanging tax information with the other signatory states. [FTA Uniform Exchange of Information Agreement, Art. I, [Miscellaneous Multistate Materials ¶ 251](#).]

Information-sharing pact to fight abusive tax shelters. Tax agencies in 47 states, along with New York City and the District of Columbia, signed a joint agreement on March 4, 2004, to share information among themselves on abusive tax shelters and illegal transactions. The joint agreement focuses on the type of abusive tax transaction information to be shared, confirms the role of joint promoter audits and coordinated enforcement actions, and encourages active exchanges of case listings and documents.

The new agreement complements one signed last September between the Internal Revenue Service (IRS) and 45 states, Washington, D.C., and New York City. Under the terms of the Abusive Tax Avoidance Transactions partnership, the federal and state governments agreed to coordinate their efforts and share data on illegal schemes that evade both federal and state taxes. There are, however, abusive shelters and illegal transactions that are engineered to avoid state taxation only, particularly those involving the taxation of corporations, partnerships, and pass-through entities. The recently signed agreement provides a formal structure for the states to notify one another when they uncover one of these new schemes, to share insights on new compliance thinking, and to point out potentially fruitful directions for audit exploration.

The states and localities that signed the Memorandum of Agreement are: Alabama, Alaska, Arizona, Arkansas, California, Colorado, Connecticut, Delaware, District of Columbia, Florida, Hawaii, Georgia, Idaho, Illinois, Indiana, Iowa, Kansas, Kentucky, Louisiana, Maine, Maryland, Massachusetts, Michigan, Minnesota, Missouri, Montana, Nebraska, New Hampshire, New Jersey, New Mexico, New York City, New York State, North Carolina, North Dakota, Ohio, Oklahoma, Oregon, Pennsylvania, Rhode Island, South Carolina, South Dakota, Tennessee, Texas, Utah, Vermont, Virginia, Washington, West Virginia, and Wisconsin. [Federation of Tax Administrators, Press Release, 3/4/2004; FTA Exchange of Information Agreement on Abusive Tax Shelters, [Miscellaneous Multistate Materials ¶ 255](#).]

Multistate Tax Commission. *Little participation:* New York is an Associate and Project member of the Multistate Tax Commission (MTC), but does not participate in any of the following programs operated by the MTC.

Joint Audit Program. Under this program, MTC auditors conduct simultaneous corporate income tax, sales and use tax, and nexus audits of multistate businesses on behalf of participating states. A state may choose to participate for all types of audits or for the corporate income tax, sales and use tax, or nexus audit only. New York does not participate in this program.

National Nexus Program: This program aims to increase multistate businesses' compliance with state tax registration and filing laws, to establish national cooperation on nexus projects and activities, to promote consistent enforcement of nexus standards, and to educate taxpayers on their responsibilities. New York does not participate in this program.

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