REPORT #544

TAX SECTION

New York State Bar Association

Report on New York City Department of Finance Proposal
Relating to Unincorporated Business Tax

August 13, 1986

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TAX SECTION

New York State Bar Association

August 13, 1986

The Honorable Abraham Biderman
Commissioner
Department of Finance
500 Municipal Building
New York, NY 10007

Dear Commissioner Biderman:

I enclose a report prepared by a committee of the Tax Section of the New York State Bar Association, commenting on a New York City Department of Finance proposal to amend the unincorporated business tax. The Tax Section strongly supports that proposal.

We understand that under the Department's proposal, earnings subject to NYC unincorporated business tax will be deductible from income for purposes of personal income and non-resident earnings taxes. Although we would favor an even broader change, under which the NYC unincorporated business tax would be eliminated and residents and non-residents would be taxed on New York source income at the same rate, we recognize that enactment of that change may not be feasible. In light of that, we strongly support the Department's proposal.

On a related subject, the report also comments on possible improvements in the inter-relationship of the New York City general corporation tax and the unincorporated business tax.

The Department's initiative to amend the unincorporated business tax is a significant and enlightened proposal whose adoption we will welcome.

Sincerely,

Richard G. Cohen
Chairman

Enclosure

REPORT # 544

TAX SECTION

New York State Bar Association

August 13, 1986

The Honorable Alair A. Townsend
Deputy Mayor for Finance and
Economic Development
Office of the Mayor
City Hall
New York, NY 10007

Dear Deputy Mayor Townsend:

I enclose a report prepared by a committee of the Tax Section of the New York State Bar Association, commenting on a New York City Department of Finance proposal to amend the unincorporated business tax. The Tax Section strongly supports that proposal.

We understand that under the Department's proposal, earnings subject to NYC unincorporated business tax will be deductible from income for purposes of personal income and non-resident earnings taxes. Although we would favor an even broader change, under which the NYC unincorporated business tax would be eliminated and residents and non-residents would be taxed on New York source income at the same rate, we recognize that enactment of that change may not be feasible. In light of that, we strongly support the Department's proposal.

On a related subject, the report also comments on possible improvements in the inter-relationship of the New York City general corporation tax and the unincorporated business tax.

The Department’s initiative to amend the unincorporated business tax is a significant and enlightened proposal whose adoption we will welcome.

Sincerely,

Richard G. Cohen
Chairman

Enclosure

REPORT #544

August 4, 1986

Report on New York City Department of Finance Proposal Relating to Unincorporated Business Tax

This Report of an Ad Hoc Committee of the Tax Section of the New York State Bar Association* comments principally on the proposal of the New York City Department of Finance to eliminate the double taxation that now results from New York City's imposition, without deduction or other offset, of both an unincorporated business tax and income taxes on the owners of a business.

Under the Department's proposal, as we understand it, net earnings that have been subject to New York City unincorporated business tax could be deducted from income for purposes of the personal income and nonresident earnings taxes.** We believe that the unincorporated business tax unfairly imposes tax on the self-employed at

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* The Ad Hoc Committee was chaired by Herbert L. Camp and Willard B. Taylor and included Renato Beghe, Thomas V. Glynn, Amy A. Gordon, Gordon D. Henderson, Robert J. Levinsohn, Hugh T. McCormick, Sidney Roberts and Ralph O. Winger. Helpful comments were received from Charles E. Heming.

** For example, a resident individual who had $90,000 of income subject to unincorporated business tax, after the exemption and the deduction for services, would be entitled under the Department's proposal to deduct that amount from the income subject to personal income tax. Thus, the unincorporated business tax would be $3,600, both under present law and the proposal, but the personal income tax (assuming no other income and no deductions other than the standard deduction and a single exemption) would be reduced from $3,752 to $104. If the individual were subject to nonresident earnings tax, the reduction would be much smaller.

higher rates than employees and, as more fully set forth below, we support the Department's proposal.

Where a corporation is subject to general corporation tax on the basis of the "salary add-back" method, the Department of Finance has proposed that compensation so added back will be allowed as a deduction against personal income or nonresident earnings tax. The add-back would be increased from 30% to 100% of salaries paid to owners, and there would be a special corporate tax rate of 4%, compared to the present 2.7% effective rate. The purpose is to achieve parity between the unincorporated business and general corporation taxes for smaller businesses and professionals.

Summary of Position

The Committee would support the complete repeal of the New York City unincorporated business tax, and amendments to the personal income and nonresident earnings taxes that would tax nonresidents on New York source income at the same rate that residents are taxed. That would eliminate the double taxation resulting from the imposition of the unincorporated business tax and also the anomaly that, under the Department's proposal, there will continue to be a differential between residents and nonresidents in the tax paid on wages and salaries. We recognize, however, that enactment of these changes may not be feasible; and, accepting that as the Department's premise, we strongly support the Department's more limited proposal.

In addition to the foregoing, we recommend (1) that the Department's proposal with respect to parity between the general corporation and unincorporated business taxes be carried further and that there be parity with respect to pension plan contributions; and (2) that the result in Richmond Constructors v. Tishelman, 61 N.Y.2d 1 (1983), rehearing denied, 61 N.Y.2d 905 (1984),be reversed by legislation, and that income of an unincorporated business which is allocable to a corporate partner be fully exempt from unincorporated business tax.

Background of Unincorporated Business Tax

The New York City unincorporated business tax, which was enacted on July 13, 1966, is imposed by Title S of Chapter 46 of the New York City Administrative Code. The tax is imposed on net income from a trade, business or occupation wholly or partly carried on within New York City by an individual or unincorporated entity, including a partnership, fiduciary or corporation in liquidation.

At the time the New York City unincorporated business tax was enacted, New York State also imposed an unincorporated business tax, and the New York City Unincorporated Business Tax Law generally adopted the provisions of the State tax. New York State unincorporated business tax was first imposed in 1935 and was extended from year to year until it was made permanent in 1960 as Article 23 of the New York Tax Law. In 1978, the statute was amended to provide for the phaseout of the New York State unincorporated business tax. The rate for 1981 was

zero, no tax was imposed for 1982 and the repeal of Article 23 was effective December 31, 1982.

The original purpose of the New York State unincorporated business tax was to impose a tax on noncorporate enterprises competing with corporations required to pay a franchise tax measured by net income. See Legislative Document No. 56, 1935, pp. 24-25. The incidence of the unincorporated business tax was upon those businesses which, if conducted by corporations, would be subject to the franchise tax.

In repealing the New York State unincorporated business tax, the New York State legislature recognized that New York was the only state that imposed an unincorporated business income tax that was not integrated with its personal income tax and and that resulted in double taxation.* See S. Rep. No. 8818, Chapter 69, Laws 1978. The legislature also recognized that the base of the tax was being increasingly narrowed by numerous exclusions and exemptions, such as the exemption for the professions.**

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* Both the District of Columbia and New Hampshire have unincorporated business taxes which do not result in the double taxation of unincorporated business income.

** The New York State unincorporated business tax law excluded certain professions such as lawyers, doctors, dentists and architects. See N.Y. Tax Law §§ 701(a) and 703(c). New York City, however, continues to apply the unincorporated business tax to such professions. In 1971, the New York State Bar Association submitted several reports opposing the extension of the New York City unincorporated business tax to professionals. See New York State Bar Association, Report to the Finance Committee of the City Council concerning Council Int. No. 630 extending New York City Unincorporated Business Tax to Income From the Practice of Professions (June 18, 1971) and New York State Bar Association, Report to the New York City Council concerning the Extension of

(Footnote continued)

In repealing the unincorporated business tax, the legislature stated that:

> "[t]he unincorporated business income tax has long been justified on the basis that it provided tax equity among competing enterprises whether they were organized as corporate entities (thus subject to the State's corporation franchise tax) or unincorporated entities. To the extent that this argument has any conceptual validity, the State's tax structure will hereafter discriminate against corporate enterprises relative to their unincorporated competitors. However, the corporate form of organization also provides certain tax and nontax advantages that may offset this discrimination."

See S. Rep. No. 8818, supra.

Double Taxation

The New York City unincorporated business tax is imposed at a rate of 4% on allocated unincorporated business taxable income, which is the excess of unincorporated business gross income over unincorporated business deductions, and is further reduced by various other deductions, exemptions and credits. The New York City resident personal income tax is imposed on the taxable income of all New York City residents with a top marginal rate of 4.3%. The New York City nonresident earnings tax is imposed at the rates of .45% on wages earned and .65% on allocated net earnings generated from self-employment in New York City.

(Footnote continued)
New York City Unincorporated Business Tax to Income from the Practice of Law and Other Professions (June 15, 1971). In Shapiro v. City of New York, 32 N.Y.2d 96, appeal dismissed, 414 U.S. 804 (1973), rehearing denied, 414 U.S. 1087 (1973), the New York City unincorporated tax on self-employed professionals was held constitutional.

New York City residents who have unincorporated business taxable income allocated to New York City have the same income taxed twice, once at the unincorporated business tax rate of 4% and again under the personal income tax rates of up to 4.3%. Nonresidents pay the 4% unincorporated business tax rate as well as an additional .65% tax on the same unincorporated business taxable income.*

The Department's Proposal

Unlike New York State, which taxes income of residents and nonresidents of New York State alike (both based on taxable income and both at graduated rates that reach 13.5% for unearned income with a maximum rate of 9.5% on earned income), New York City taxes residents at 4.3% (on taxable income) and taxes nonresidents at .45% or .65% (on adjusted gross City income). Completely eliminating the New York City unincorporated business tax could result in a substantially greater net benefit to nonresidents of the City than the benefit to nonresidents of the State resulting from the State's repeal.

The Department's proposal to allow a deduction for personal income and nonresident earnings tax purposes for the net earnings* that have already been subject to the New

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* New York City nonresident partners report as net earnings from self-employment the amount shown on Schedule K-1, which includes a deduction for the New York City unincorporated business tax.

* Presumably, no deduction allowable from the gross income of an unincorporated business subject to the unincorporated business tax would be allowed as a deduction on the individual return of

York City unincorporated business tax will allow New York City to continue to recover taxes from unincorporated businesses while at the same time preventing the double taxation of that income.** We support such a change.

The City's proposal rejects the alternative of allowing the unincorporated business tax as a nonrefundable credit against personal income or nonresident earnings tax. The reasoning given is that a credit would offset tax otherwise payable on income or earnings that were not subject to the unincorporated business tax (essentially the $5,000 entity exemption and the $5,000 allowance for services per proprietor or partner). To be weighed against this, however, is the consideration that the credit would confer a benefit at a uniform rate, while the proposed deduction would give a greater personal income tax benefit to taxpayers in the higher brackets.* The use of a credit

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the taxpayer. See, e.g., D.C. Franchise Tax Reg. § 119.4. Provision would also have to be made to deal with the various credits which are currently allowed against the unincorporated business tax.

** That proposal is similar to the law in the District of Columbia, where income taxed to an unincorporated business is not again taxed to the owners of the business as individuals. See Sec. 47-1803.2 (a)(2)(D) of the D.C. Income and Franchise Tax Law and D.C. Franchise Tax Reg. § 119.3. In New Hampshire, where there also is an unincorporated business tax, there is no double taxation because there is no individual income tax imposed on business earnings. Rather, the individual income tax is imposed on income from interest and dividends. See Chapters 77 and 77-A of the Revised Statutes Annotated of New Hampshire (1955), as amended.

* Thus, at net income levels above $25,000, a deduction would enable the payment of one 4% tax to shield the taxpayer from personal income tax otherwise imposed at the 4.3% rate, whereas with a credit the net income above $25,000 would continue to be taxed at a combined unincorporated business tax-personal income tax rate of 4.3%.

would also automatically take account of credits which are allowed against unincorporated business tax, such as the credit for New York City sales tax paid with respect to machinery used in the production of tangible personal property.[**]

Nonresidents

The deduction proposed by the Department would eliminate almost entirely the differential in individual taxation of residents and nonresidents on business income.[*] While this may be wise as a policy matter, we see no justification for continuing the differential for wages and salaries. The differential between nonresidents and residents should be eliminated as to all income, including wages and salaries, not just income also subject to unincorporated business tax. A uniform rate for all income would conform the City's individual tax regime to the State's, under which nonresidents are taxed on New York source taxable income at the same rate as residents. If such a uniform rate were achievable, we would recommend the complete repeal of the unincorporated business tax.

[**] Table I compares the result under present law with the City's deduction proposal and the alternative of a credit, in the simple situation of a single resident sole proprietor using the standard deduction and ineligible for any other tax credits. The table demonstrates that the credit alternative would be more advantageous than the City's proposal to taxpayers in the lower brackets and slightly less advantageous to taxpayers in the higher brackets.

[*] It should be noted that the differential is not properly measured by the rate differential (4.3% vs. .45% or .65%), because the 4.3% personal income tax rate is on net income and the .45% and .65% nonresident rates are on adjusted gross income.

General Corporation Tax

In order to achieve parity between the unincorporated business and the general corporation taxes for smaller businesses and professionals, the Department has also proposed a single 4% general corporation tax on amounts retained or paid as salary by a corporation, to the extent that such salary is subject to an add-back, less the same $5,000 entity exemption and $5,000 per person service allowance as in the case of the unincorporated business tax. Salary payments would then be largely free of tax in the hands of the individual recipients as a result of the proposed personal income tax deduction for salaries added back to and taxed as corporate income.

In general, we support the parity proposal. We believe, however, that the proposal is incomplete until there is parity with respect to pension contributions. Under present law, the add-back provision apparently does not include pension plan contributions.* A corporation is allowed a deduction for pension contributions, while an unincorporated entity is not,* thus giving an unwarranted tax advantage to the corporation and its shareholder/employees. We do not support that result

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* The Department of Taxation and Finance apparently concedes that the add-back under the salary method for franchise tax purposes does not include pension plan contributions. 2 N.Y. Tax Serv. (Matthew Bender) § 29.61 n.2 (1986). There is nothing to indicate that the City's position for corporation tax purposes is any different. 5 id. § 142.243.

* The City takes the position that contributions to retirement plans for the benefit of partners made directly by a partnership are not deductible in computing the partnership's unincorporated business taxable income. 3 (No. 2) Dept. Fin. Bull. 3 (July 1972).

and we suggest instead that pension contributions be included in the general corporation tax add-back.[**]

Corporate Partners

In the case of a corporate partner, Section 546-9.0(2) of the New York City Administrative Code provides an exemption from the unincorporated business tax for the partner's proportionate interest in the partnership's unincorporated business net income. The exemption is limited, however, to the amount which is "included in a corporate partner's net income allocable to New York City" for purposes of the New York City general corporation tax, and the Court of Appeals has upheld New York City's position that the exemption cannot exceed the corporation's entire net income, i.e., its income less deductions (which would include salaries and pension contributions), allocable to New York City. See Richmond Constructors v. Tishelman, supra.[*] In the case of a professional

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[**] If the pension add-back for general corporation tax purposes is adopted, it will be necessary to eliminate the add-back to individual income for City personal income tax purposes for pension plan contributions over $15,000 (or over 15% of earned income where less) made on behalf of shareholder/employees by professional service corporations. See Tax Law § 612(b)(7).

[*] Richmond Constructors presumably involved a corporation paying franchise tax of 9% on allocated entire net income. In the case of a corporation paying franchise tax under the alternative salary add-back method (which currently involves an effective tax rate of 2.7% -- i.e., 9% times [30% times (net income plus salaries minus $15,000 and minus any net loss)]), the City takes the position that the corporate partner's exemption is limited to the corporation's allocable net income under the regular method, even though the corporation is paying tax on a higher amount under the alternative method by reason of the salary add-back. N.Y. City Unincorporated Business Tax Regulations § 9-2(c)(4). It is not clear that the reasoning of the Court of Appeals in

corporation which is a partner the amount of the exemption will generally be less than the corporation's distributive share of unincorporated business taxable income because the professional's salary and pension contributions, among other items, will be taken as a deduction.

Whether or not correctly decided, the result in Richmond Constructors is conceptually wrong. If all of an unincorporated business was incorporated in a single corporation, there would be no unincorporated business tax but either a franchise tax of 9% on net income, with most compensation fully deductible, or a tax of 2.7% under the salary add-back method. The result should be similar in a "partial" incorporation of the business, i.e., where one partner incorporates (or where, as in Richmond Constructors, there are multiple corporate partners). The unincorporated business tax should not apply to income allocable to a corporate owner, and the franchise tax should be fully applicable. Under Richmond Constructors if applied under the City's regulations to a professional service corporation taxed under the salary add-back method, the same income is subject to potential triple taxation: first, when the unincorporated business tax applies; second, if the franchise tax applies to salaries which are added back to the corporation's income but are excluded from the corporate partner's exemption of the partnership;

Richmond Constructors would lead it to sustain this position of the City. It is also not clear whether the City intends to retain this interpretation for unincorporated business tax purposes under its proposed revision of the corporate alternative salary add-back method.

and third, when the individual income tax or nonresident earnings tax applies to corporate income paid out as salary. The same logic that argues against double taxation should apply with equal or greater force to triple taxation.

Another defect in the Richmond Constructors principle is the interdependence it creates in the tax computations of a partnership and its corporate partners. The partnership cannot compute its unincorporated business tax until it knows how much of the income it allocates to a corporate partner will be carried down to the corporation's net income. Since the corporate partner's share of unincorporated business tax is allowable as a deduction in computing New York City general corporation tax,* the corporation cannot compute its net income for general corporation tax purposes until it knows how much its share of the partnership's unincorporated business tax will be. The practical complications of coping with this circularity furnish another reason for removing the Richmond Constructors doctrine from the statute.

Under the City's proposal the Richmond Constructors principle would continue to apply with respect to pension contributions and similar deductions, and would also apply when a corporate partner has current losses or loss carryovers. For example, under the Department's proposal salary that is added back would be subject to general corporation tax at 4%, pension plan contributions (if not the salary as well) would be subject to

* 13 (No. 1) Dept. Fin. Bull. 3 (July 1982).

unincorporated business tax at 4%, and pension contributions would also be subject to personal income tax, to the extent such contributions exceed $15,000. Similarly, if the corporation had carryover losses, its net income for general corporation tax purposes could be less than both the partnership distribution and the salary paid out, in which case the unincorporated business tax liability would be increased, but the shareholder's deduction would be decreased. Thus, the multiple tax potential inherent in the Richmond Constructors principle would not be eliminated.*

The current unincorporated business tax exemption approach would produce a proper result only if the exemption formula is changed so that it equals the amount of the partnership distribution that is included in computing net income. This could be accomplished by allowing as an exemption the amount distributed to the corporate partner multiplied by the corporate partner's New York allocation ratio, whether the corporation computes its tax under the regular or the salary add-back method. The shareholder would then be allowed a deduction for the same amount.

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* For example, if the partnership distributes $100 to a corporate partner, which then pays out that amount as salary to a City resident, the total tax liability (ignoring exemptions) should not exceed $4.00. If the corporation has a $10 net operating loss, however, its net income will be $90; and therefore both the unincorporated business tax exemption (even assuming that the City does not intend to continue to exclude the salary add-back from the corporate partner's exemption) and personal income tax deduction will be limited to $90. The net result would be a total tax of $4.00 -- unincorporated business tax $.40 (4% x 10) and corporation tax rate.

Alternatively, corporate partners that would be subject to tax under the proposed income plus compensation alternative could be allowed the same deduction for amounts subject to unincorporated business tax (after applying Richmond Constructors[*]) that individual taxpayers would be allowed under the City's basic proposal. In this case, a mechanism to pass through to shareholders a corresponding deduction for the amounts thus subject to unincorporated business tax would also be necessary. In addition, the previously discussed adjustment for amounts subject to the individual pension add-back would be needed. The result we advocate under either alternative can be demonstrated by the following example.

[*] If the City's interpretation in Reg. § 9-2 (c)(4) (see footnote page 10, supra) is retained, the tax burden would be sustained at the partnership level, since there would be no unincorporated business tax exemption allowed for the portion of the partnership distribution constituting salary added back to the corporation's income under the alternative method (before the proposed new corporate deduction). If the present regulatory interpretation is dropped, the tax burden would be sustained at the corporate level, since the unincorporated business tax exemption would be allowed for the full amount that is distributed to the corporate partner and taxed to it under the salary method, and the proposed new corporate deduction would, to that extent, not be activated. The total partnership corporate level tax should be essentially the same under either interpretation. Since we believe that the City's regulatory position is of doubtful validity under the existing statute, we recommend that it be eliminated under the proposed new structure, even if the Richmond Constructors doctrine is retained under our alternative proposal.

If a partnership earns $100,000 allocable to a corporate partner with a New York allocation ratio of 100%, which in turn pays $30,000 in pension contributions and $70,000 in salary to its resident sole shareholder,* the tax results under present law, under the City's proposal** and under our recommendations are as follows:

* Assumed to have no other income, the standard deduction and a single exemption.

** Assuming the Richmond Constructors doctrine is retained but Reg. § 9-2 (c)(4) is eliminated.

	Present Law	City Proposal	Recommendations
U.B.T.	$3,600*	$1,200#	$ $0§
G.C.T.	1,485**	2,400##	3,600§§
P.I.T.	3,107***	540###	104§§§
TOTAL	$8,192	$4,140	$3,704

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* Unincorporated business tax income is $100,000 minus $10,000 service allowance and entity exemption, or $90,000, 4% of which is $3,600. (There is no deduction for corporate income since latter is zero under regular method.)

** 9% of $16,500 (30% of the $70,000 salary minus the $15,000 exemption.

*** $70,000 + $15,000 pension adjustment $3,450 deduction and exemption, or $81,550, times applicable rates.

\# Corporate income is $60,000 (100% of the $70,000 salary minus $10,000 service allowance and exemption); unincorporated business tax income is, therefore, $100,000 - $70,000 ($60,000 + $10,000), or $30,000, 4% of which is $1,200.

\## 4% of $60,000.

\### $81,550 as above - $60,000 corporate income, or $21,550, times applicable rates.

§ Under our basic proposal, $100,000 partnership income is fully offset by corporate partner’s share. Under our alternative proposal, corporate income is $90,000 (100% of the $70,000 salary and $30,000 pension contribution, minus $10,000 service allowance and exemption); unincorporated business tax income is, therefore, zero ($100,000 minus $90,000 corporate exemption and $10,000 service allowance and entity exemption).

§§ 4% of $90,000 under either our basic or alternative proposals. Under the latter, there is no deduction here for an amount subject to unincorporated business tax, since the latter is zero.

§§§ $70,000 salary - $60,000 (salary add-back less corporate level service allowance and exemption) - $3,450 deduction and exemption, or $6,550, times applicable rates. There is no further deduction under our alternative proposal, since no amount was subject to unincorporated business tax.

The recommended result is the same regardless of whether the income is earned directly by a corporation and paid out as salary and pension contributions, or is earned in a partnership.

TABLE I

Comparison of Resent Law with Deduction and Credit Proposals, Assuming Single Resident Sole Proprietor Using Standard Deduction

CURRENT LAW (1986 rates)

UBT

1.	Allocated Net Income	$ 25,000	$100,000	$100,000	$200,000
2.	Service Allowance & Exemption	(10,000)	(10,000)	(10,000)	(10,000)
3.	Taxable Business Income	$ 15,000	$ 90,000	$ 90,000	$190,000
4.	UBT (4%)	$ 600	$ 3,600	$ 3,600	$ 7,600

PIT

5.	Business Income	$ 25,000	$100,000	$100,000	$200,000
6.	Other Income	-0-	-0-	100,000	-0-
7.	Standard Deduction & Exemption	(3,450)	(3,450)	(3,450)	(3,450)
8.	Taxable Income	$ 21,550	$ 96,550	$196,550	$196,550
9.	PIT	$ 540	$ 3,752	$ 8,052	$ 8,052
10.	UBT-PIT TOTAL	$ 1,140	$ 7,352	$ 11,652	$ 15,652

DEDUCTION PROPOSAL

NEW PIT

11.	PIT Taxable Income (as above)	$ 21,550	$ 96,550	$196.550	$196,550
12.	New UBT Deduction	(15,000)	(90,000)	(90,000)	(190,000)
13.	New Taxable Income	$ 6,550	$ 6,550	$106,550	$ 6,550
14.	New PIT	$ 104	$ 104	$ 4,182	$ 104
15.	New UBT-PIT Total	$ 704	$ 3,704	$ 7,782	$ 7,704
16.	Reduction In Tax	(436)	(3,648)	(3,870)	(7,948)
17.	Percent Reduction	(38.2%)	(49.6%)	(33.2%)	(50.8%)

CREDIT ALTERNATIVE

NEW PIT

18.	PIT (as above)	$ 540	$ 3,752	$ 8,052	$ 8,052
19.	New UBT Credit (limited to PIT)	(540)	(3,600)	(3,600)	(7,600)
20.	New PIT	-0-	$ 152	$ 4,452	$ 452
21.	New UBT-PIT Total	$ 600	$ 3,752	$ 8,052	$ 8,052
22.	Reduction in Tax	(540)	(3,600)	(3,600)	(7,600)
23.	Percent Reduction	(47.4%).	(49.0%)	(30.9%)	(48.6%)