

**MEMO# 31643**

March 12, 2019

## **ICI Submits Opposition Letter to NY Carried Interest Proposal**

[31643]

March 12, 2019 TO: ICI Members

Tax Committee SUBJECTS: Tax RE: ICI Submits Opposition Letter to NY Carried Interest Proposal

A New York proposal would impose a 19 percent surtax on income for investment management services that are provided to a partnership, S-corporation, or other entity. The intent of the legislation is to tax “carried interest,” but as drafted it could potentially apply to management fees paid by regulated investment companies or their master funds. The New York Senate (S303) and Assembly (A3976) bills are attached.

The ICI submitted the attached opposition letter requesting that any surtax on income for “investment management services” must be limited to (1) remove its application to investment management services provided to corporations and (2) income that is taxed at the preferential capital gains tax rate. The letter notes that the surtax also should not apply to income allocated to investment managers treated as corporations for tax purposes, as corporations pay the same rate of tax on capital gains as they do for ordinary income.

Katie Sunderland  
Counsel - Tax Law

[Attachment No. 1](#)

[Attachment No. 2](#)

[Attachment No. 3](#)