



Metropolitan Commuter Transportation Mobility Tax (MCTMT) Update

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New York has made some updates to the MCTMT that employers and self-employed individuals need to be aware of.

What is the MCTMT?

The MCTMT is imposed on certain employers as well as self-employed individuals that conduct business within the Metropolitan Commuter Transportation District (MCTD). Employers are subject to this tax if they are required to withhold NYS tax from wages and the payroll expense exceeds \$312,500 for any calendar quarter. Self-employed individuals, including partners, with net earnings from the MCTD that exceed \$50,000 are subject to the tax.

The MCTD includes the five boroughs of New York (Manhattan), Bronx, Kings (Brooklyn), Queens and Richmond (Staten Island) as well as the counties of Rockland, Nassau, Suffolk, Orange, Putnam, Dutchess and Westchester.

What are the recent changes to the MCTMT?

The MCTD is now separated into two zones.

Zone 1-New York (Manhattan), Bronx, Kings (Brooklyn), Queens and Richmond (Staten Island)

Zone 2- Rockland, Nassau, Suffolk, Orange, Putnam, Dutchess and Westchester Counties

As you may assume based on the breakdown of the counties, Zone 1 will now have a higher tax rate with employer payroll expense that exceeds \$437,500. The self-employed individual having net earnings above \$437,500 in Zone 1 will also be subject to the higher rate.

Tax rates:

	ZONE 1	ZONE 2
Over \$0 but not over \$375,000	.11%	.11%
Over \$375,000 but not over \$437,500	.23%	.23%
Over \$437,500	.60%	.34%

These zone and rate changes go into effect for quarters starting on or after July 1, 2023.

In addition to the rate changes, there has been an update on how “net earnings from self-employment” is defined for MCTMT purposes. For someone who is a limited partner that was previously exempted from the MCTMT the exemption no longer applies “if the individual, directly or indirectly, takes part in the control, or participates in the management or operations of the partnership such that the individual is not a passive investor, regardless of the individual’s title or characterization in a partnership or operating agreement.” This change is effective as of May 3, 2023, the date the bill was passed.

If you have questions, please contact your SKP professional for further details.