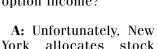
## **LEGAL VIEW Q&A**

## Applying out-of-state taxes to retirement stock options

Q: I worked for a New York company for many years, but moved to Florida two years ago and retired. My old New York employer had issued stock options to me when I worked in New York, and I plan to exercise them this year. Since I live in Florida. will I have New York taxes on the stock option income?



option income received by nonresidents. In your case, New York uses a formula that compares New York work days prior to your retirement with total work days for the same period. That percentage is then multiplied against the total option income and New York taxes its share. There is case law in New York challenging this approach, and new regulations are expected this year setting forth a new allocation method. At this time, we do not know what the new method will be. However, the new rules are RETROACTIVE and apply to any options



Paul R. Comeau

exercised after January 1. 2006. Therefore, your exercise in 2006 will be subject to the new, as yet unwritten, rules. It is safe to assume that the new rules, like the old, WILL require an allocation to New York State. There is some good news. If you worked in New York City but permanently reside in Florida when the exercise occurs, there will be no New York City income tax.

Paul R. Comeau is Chair of the law firm of Hodgson Russ LLP. He serves as co-editor of "New York Tax Service" and "New York Tax Cases," and is co-chair of the Multistate Tax Committee of the New York State Bar Association Tax Section. He lectures frequently throughout the U.S. He is co-author of "The New York Residency Audit Handbook," "Contesting New York State Assessments" and the New York Chapter of the "Sales and Use Tax Handbook" published by the American Bar Association. The above Question & Answer is provided for general informational purposes only and should not be considered as legal advice as to any specific matter. You should not act solely upon this information without consulting legal or other professional advisors.

## Fish out of water



Daniela Echeverria has some fun with Billy the Marlin at the 2005 Sports Fans & Family Night. This year's event will be held Thursday, Aug. 17 from 5:30-9 p.m. at Wilt Chamberlain's restaurant, 8903 Glades Road, Boca Raton.





If you're one of the millions of Americans who lose sleep because of an uncomfortable and uncontrollable sensation that makes it impossible not to move your legs, you may suffer from Restless Legs Syndrome, or RLS.

That's why local researchers in the Boca Raton area have joined a nation-wide clinical trial testing an investigational formulation of an already approved medication for the treatment of both evening and night-time RLS.

We're looking for men or women, 18 to 65, who experience both evening (before 8pm) and night-time RLS symptoms at least 20 days a month.

If you qualify to participate you'll receive the study-medication plus study-related office visits and medical evaluations, all at no cost. You may even be compensated for time and travel.

If you have RLS, or if you think you may have it, call right now to learn more and see if you qualify.

877-800-8779

PDMD Center of Boca Raton
951 NW 13th St.