



# This Week in State Tax (TWIST)

November 10, 2025



## New York City: Finance Department issues draft regulations for business corporation tax changes approved in 2015

The New York City Department of Finance recently proposed rules to begin implementing the 2015 changes to the City Business Corporation Tax (BCT). In 2015, the City passed legislation to more closely align the BCT with the New York State Business Corporation Franchise Tax, including the adoption of changes such as market-based sourcing and economic nexus. In its recent release, the Department announced a public hearing to be held on two draft provisions covering definitional matters and the imposition of the BCT. In the announcement, the Department reiterated its intent to maintain general conformity with the New York State Business Corporation Franchise Tax regulations, while also balancing the interests of the City “to provide a distinct approach to areas where parity was not historically maintained ... or where the BCT and NYS Corporate tax statutes diverge.” The Department will, in subsequent months, release additional draft BCT rules to reflect the 2015 law. The public hearing on the initial proposals is set for November 20, 2025, and the Department is accepting public comments on the two proposals until November 20, 2025. Notably, the draft on the imposition of the BCT contains an economic nexus provision as well as addressing the applicability of P.L. 86-272 to a business’s activities in the City which incorporates an “Internet Activities Rule” like the New York State regulation. Please contact [Aaron Balken](#) or [Alec Schwartz](#) with questions on the Business Corporation Tax and the [Notice of Public Hearing](#). Please see also KPMG [SALT Alert! 2025-13](#).

Learn about us:



[kpmg.com](https://www.kpmg.com)

The following information is not intended to be “written advice concerning one or more federal tax matters” subject to the requirements of section 10.37(a)(2) of Treasury Department Circular 230.

The information contained herein is of a general nature and based on authorities that are subject to change. Applicability of the information to specific situations should be determined through consultation with your tax adviser.

© 2025 KPMG LLP, a Delaware limited liability partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved. USCS011027-1AG