

BTX – 2008 - 02  
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## STATEMENT OF AUDIT PROCEDURE

### DEDUCTION FOR INTEREST INCOME ON OBLIGATIONS OF THE UNITED STATES, NEW YORK STATE AND POLITICAL SUBDIVISIONS OF NEW YORK STATE.

#### I. BACKGROUND

A taxpayer subject to the NYC tax on banking corporations computing entire net income may deduct 22½% of interest income on obligations of New York State, any political subdivision of New York State, or the United States, other than obligations held for resale in connection with regular trading activities, from federal taxable income.

This SAP is intended to provide a list of obligations that meet the requirements for the 22 ½% deduction, and a list of obligations that do not meet the requirements. Neither list is intended to be exhaustive. Obligations not previously considered will be handled on a case-by- case basis.

#### II. PROCEDURE

A. The following obligations have been determined to meet the requirements for the deduction:

- Albany Co. South Mall
- Colonie, New York (AMBAC Insured)
- Farm Housing Administration of U.S.
- Farmers Home Administration
- General Service Administration
- Gloversville New York (Water Supply)
- Gloversville New York (Urban Renewal)
- Mayfield Village Water System
- Municipal Assistance Corp. for the City of NY
- New York Job Development Authority
- Niagara City Water
- NY City Bonds
- NY City Housing Authority
- NY City Tax Anticipation Note

- NYS Housing Finance Administration Hospital Mental Hygiene
- NYS Housing Finance Administration
- NYS Thruway
- NYS Tax Anticipation Note
- NYS (Pure Water Bond)
- NYS Energy Research & Development Authority
- NYS Dormitory Authority Upstate Community College
- NYS General Obligation
- NYS Urban Development
- NYS Suffolk Co. Sewer Bond
- NYS Mortgage Agency
- NYS Mental Hygiene
- NYS Housing and Finance
- NYS Housing Finance Administration Hospital & Nursing
- NYS Housing Finance Administration Hospital State University
- NYS Power Authority
- NYS Dormitory Authority
- NYS Hgs. Fin. Agy (St. Univ.)
- Oneida County New York Public Improvement
- Otsego County Development Bonds
- Sewer Districts in NYS Towns
- Town of Long Lake Highway District
- Town of Canister Machinery Bond

B. The following obligations do not meet the requirements for the deduction:

- CATS-Certificate of Accrual Treasury Securities
- Federal Farm Credit Bank
- Federal Home Loan Bank Board
- NY City Health & Hospital
- NYS Med. Care Fac. Fin. Agency
- NYS PFA Refund
- Private Export Funding Corp.
- Student Loan Marketing Association
- Tennessee Valley Authority
- TIGR-Treasury Investment Gross Receipt
- U.S. Merchant Marine