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NYC  
9.7

# UBT PAID CREDIT GENERAL CORPORATION TAXPAYERS

2003

ATTACH TO FORM NYC-3L OR NYC-3A

Name as shown on NYC-3L or NYC-3A ▼

EMPLOYER IDENTIFICATION NUMBER ▼

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## SCHEDULE A

- 1a. Add total of amounts from Schedule B, line 10, for all partnerships with respect to which you are claiming a credit (see instructions) ..... 1a.
- 1b. Enter amount from Schedule C, line 9 ..... 1b.
- 1c. Total of 1a and 1b ..... 1c.


### ▼ FOR TAXPAYERS LIABLE FOR GCT ON ENTIRE NET INCOME ▼

2. Tax from Form NYC-3L or NYC-3A, Schedule A, line 1 (see instructions) ..... 2.
3. Multiply line 2 by 4/8.85 ..... 3.
4. UBT PAID CREDIT - Enter the lesser of line 1c and line 3 and transfer amount to Form NYC-3L, Schedule A, line 7 or Form NYC-3A, Schedule A, line 9 ..... 4.


### ▼ FOR TAXPAYERS LIABLE FOR GCT ON ENTIRE NET INCOME PLUS SALARIES AND OTHER COMPENSATION ▼

5. Multiply line 1c by .6638 ..... 5.
6. Tax from Form NYC-3L or NYC-3A, Schedule A, line 3 ..... 6.
7. UBT PAID CREDIT - Enter the lesser of line 5 and line 6 and transfer amount to Form NYC-3L, Schedule A, line 7 or Form NYC-3A, Schedule A, line 9 ..... 7.

## SCHEDULE B

A separate Schedule B must be completed for each partnership with respect to which you are claiming this credit.

Name of partnership from which you received a distributive share  
▼ or guaranteed payment (distributing partnership) ▼

EMPLOYER IDENTIFICATION NUMBER OF DISTRIBUTING PARTNERSHIP

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1. Unincorporated business tax paid by distributing partnership (from Form NYC-204, line 25) ..... 1.
2. Credits taken by distributing partnership on its own return (from Form NYC-204, Schedule A, lines 22, 24a and 24b) (see instructions) ..... 2.
3. Total of lines 1 and 2 ..... 3.
4. Your distributive share percentage with respect to the distributing partnership (from distributing partnership's Form NYC-204, Schedule C. Attach copy) ..... 4.
5. Multiply line 3 by the percentage on line 4 ..... 5.
6. Tax from Form NYC-3L or NYC-3A, Schedule A, line 1 (modified if necessary - see instr.) ..... 6.
7. Tax from pro forma Form NYC-3L or NYC-3A, Schedule A, line 1 (see instructions) ..... 7.
8. Subtract line 7 from line 6 ..... 8.
9. Multiply line 8 by 4/8.85 (see instructions) ..... 9.
10. Enter lesser of line 5 and line 9 ..... 10.


## SCHEDULE C

COMPLETE SCHEDULE C IF YOU HAVE UBT PAID CREDITS FROM PRECEDING YEARS THAT YOU MAY CARRY FORWARD TO 2003

APPLICABLE YEAR	COLUMN A Credit Available in 2003	COLUMN B	COLUMN C Credit Carryforward to 2004. Column A Minus Column B (if less than zero, enter "0")
1. Current year			
2. 7th preceding year			
3. 6th preceding year			
4. 5th preceding year			
5. 4th preceding year			
6. 3rd preceding year			
7. 2nd preceding year			
8. 1st preceding year			
9. Total Column A, lines 2 through 8 (enter on Sch. A, line 1b) ..... 9.			

**INSTRUCTIONS**

A corporation subject to the General Corporation Tax (GCT) that is a partner in a partnership that is subject to the Unincorporated Business Tax (UBT) may claim a credit against its GCT liability if the corporation is required to include its distributive share of the income, gain, loss and deductions of, or guaranteed payments from, the partnership in its own tax base. The credit is available only for taxes paid by the partnership for taxable years beginning on or after July 1, 1994.

**SCHEDULE A**

Taxpayers liable for the tax on entire net income should fill out lines 1a through 4 of Schedule A. Taxpayers liable for the alternative tax on entire net income plus salaries and other compensation should fill out lines 1a through 1c and lines 5 through 7 of Schedule A. Taxpayers liable for the tax on capital or for the minimum tax should fill out lines 1a through 1c of Schedule A.

**LINE 1a**

Enter on line 1a the amount from Schedule B, line 10. If you are claiming credits with respect to more than one partnership, add the amounts on line 10 on all attached Schedules B and enter the sum on this line.

**LINE 1b**

Before completing Schedule A, line 1b, you must have completed Schedule C, Column A.

**LINE 2**

Enter the product of allocated net income and .0885.

**LINE 3**

To account for the difference in tax rates between the Unincorporated Business Tax and the General Corporation Tax, multiply line 2 by a fraction, the numerator of which is 4 and the denominator of which is 8.85.

**SCHEDULE B**

The UBT paid credit may be "taken" only by a corporation in a year that it is actually liable for GCT on either the entire net income or entire net income plus compensation bases. However, the UBT Paid Credit is "allowed" to corporations regardless of the basis on which they are liable for general corporation tax. The credit that is "allowed" is always calculated as if the taxpayer were on the entire net income basis. The difference between the credit that is "allowed" and the credit that may be "taken" is eligible to be carried forward for up to seven years. (see instructions for Schedule C)

**LINE 2**

If the distributing partnership has taken credits on its own Form NYC-204, lines 22, 24a and 24b, enter on line 2 the sum of the credits on lines 22 and 24a, plus the credits on line 24b but only to the extent that the credits on line 24b do not reduce the distributing partnership's unincorporated business tax below zero. The amount entered on line 2 may not exceed the amount on Schedule A, line 21, of the distributing partnership's Form NYC-204.

**LINE 4**

Enter here the percentage of total distributive shares reported for you in column 4 of Schedule C of the distributing partnership's Form NYC-204. Attach a copy of the distributing partnership's Form NYC-204, Schedule C. Attach taxpayer's K-1 from the distributing partnership.

**LINE 6**

If your answer to **ALL** of the following questions is "no", enter on line 6 the amount from your Form NYC-3L or 3A, Schedule A, line 1.

1. Did you (or in the case of a combined report, any of the corporations included in the report) claim an NOL deduction on line 11 of Schedule B of Form NYC-3L for this taxable year?
2. Was the sum of your distributive share of income, gain, loss, and deductions of, and guaranteed payments from, any unincorporated business less than zero (a "net loss distributive share")?
3. Was your entire net income less than zero before taking into account any distributive share or guaranteed payments from any partnerships, or any NOL deduction ("separate ENI")?

If your answer to **ANY** of these questions is yes, you must fill out a modified NYC-3L or 3A on which you make the following adjustments:

- a. Do not take into account any NOL carryforward or carryback;
- b. treat all net loss distributive shares as zero (see question 2); and
- c. if your separate ENI is less than zero, treat it as zero (see question 3).

Enter on line 6 the amount from the above described modified Form NYC-3L or 3A, Schedule A, line 1. ("modified GCT liability.") Attach modified form NYC-3L or 3A.

**LINE 7**

If your answer to **ALL** three questions in the instructions for line 6 is "no", fill out a pro forma Form NYC-3L or 3A in which you calculate your General Corporation Tax liability on the ENI base without taking into account your distributive share of income, gain, loss and deductions of, or guaranteed payments from, the distributing partnership with regard to which you are claiming a credit on this form. Enter on line 7 the amount from the pro forma Form NYC-3L or 3A, Schedule A, line 1. Attach pro forma Form NYC-3L or NYC-3A.

If your answer to **ANY** of the three questions in the instructions for line 6 is "yes", fill out a modified pro forma Form NYC-3L or 3A, taking into account the modifications required at a, b, and c of the instructions for line 6 above and recalculating your modified GCT liability on the ENI base without taking into account your distributive share of income, gain, loss and deductions of, or guaranteed payments from, the distributing partnership with regard to which you are claiming a credit on this form. Enter on line 7 the amount from the modified pro forma Form NYC-3L or 3A, Schedule A, line 1. Attach modified pro-forma form NYC-3L or 3A.

**LINE 9**

To account for the difference in tax rates between the Unincorporated Business Tax and the General Corporation Tax, multiply line 8 by a fraction, the numerator of which is 4 and the denominator of which is 8.85.

**SCHEDULE C****COLUMN A, LINE 1**

Enter on Column A, line 1, the amount from Schedule A, line 1a.

**COLUMN B, LINE 1**

Taxpayers liable for GCT on the entire net income base, enter on Column B, line 1, the amount from Schedule A, line 4. Taxpayers liable for GCT on the alternative income-plus-compensation base enter on Column B, line 1, the amount from Schedule A, line 7, divided by .6638. Taxpayers liable for GCT on the capital base or for the minimum tax, enter zero on Column B, line 1.

**COLUMN A, LINE 2**

Enter amount from 2002 Form NYC-9.7, Schedule C, column C, line 3. This is the amount of the carryforward from 1996 less the amount of that credit carryforward used in prior years.

**COLUMN B, LINE 2**

Enter the excess if any, of the amount from Column B, Line 1 over the amount from Column A, Line 1. If less than zero, enter "0".

**COLUMN A, LINE 3**

Enter amount from 2002 Form NYC-9.7, Schedule C, Column C, line 4. This should be the amount of the carryforward from 1997 less the amount of that credit carryforward used in prior years.

**COLUMN B, LINE 3**

Enter the excess if any, of the amount from Column B, Line 2 over the amount from Column A, line 2. If less than zero, enter "0".

**COLUMN A, LINE 4**

Enter amount from 2002 Form NYC-9.7, Schedule C, Column C, line 5. This should be the amount of carryforward from 1998 less the amount of that credit carryforward used in prior years.

**COLUMN B, LINE 4**

Enter the excess, if any, of the amount from Column B, line 3 over the amount from Column A, line 3. If less than zero, enter "0".

**COLUMN A, LINE 5**

Enter amount from 2002 Form NYC-9.7, Schedule C, Column C, line 6. This should be the amount of carryforward from 1999 less the amount of that credit carryforward used in prior years.

**COLUMN B, LINE 5**

Enter the excess, if any, of the amount from Column B, line 4, over the amount from Column A, line 4. If less than zero, enter "0".

**COLUMN A, LINE 6**

Enter amount from 2002 Form NYC-9.7 Schedule C, Column C, line 7. This should be the amount of the carryforward from 2000 less the amount of that credit carryforward used in prior years.

**COLUMN B, LINE 6**

Enter the excess, if any, of the amount from Column B, line 5, over the amount from Column A, line 5. If less than zero, enter "0".

**COLUMN A, LINE 7**

Enter amount from 2002 Form NYC-9.7 Schedule C, Column C, line 8. This should be the amount of the carryforward from 2001 less the amount of that credit carryforward used last year.

**COLUMN B, LINE 7**

Enter the excess, if any, of the amount from Column B, line 6, over the amount from Column A, line 6. If less than zero, enter "0".

**COLUMN A, LINE 8**

Enter amount from 2002 Form NYC-9.7 Schedule C, Column C, line 1. This is the amount of the carryforward from 2002.

**COLUMN B, LINE 8**

Enter the excess, if any, of the amount from Column B, line 7, over the amount from Column A, line 7. If less than zero, enter "0".

**COLUMN C**

For each of lines 1, 2, 3, 4, 5, 6, 7 and 8, enter the excess, if any, of the amount in Column A over the amount in Column B. If less than zero, enter "0". This is the amount available as a carryforward to 2004.

**EXAMPLE - INCOME PLUS COMPENSATION TAXPAYERS**

Corporations paying tax on the alternative income-plus-compensation base should pay particular attention to the general instructions for Schedule B and the specific instructions for lines 6 and 7 of Schedule B. Although such a corporation calculates its actual General Corporation Tax on the alternative tax base, the UBT paid credit allowed is determined as if the corporation were on the entire net income base. Moreover, deductions for officers' and shareholders' compensation should not be disregarded in making the modifications and completing the pro forma forms required by the instructions for Schedule B. The following example illustrates how such a corporation should complete Schedule B:

Professional corporation X is a partner in law partnership P. Both X and P are on a calendar year for tax purposes and both X and P allocate 100 percent of their income to New York City. X receives a distributive share from P of \$100,000 in 1996 and pays a salary of \$100,000 to its President, A. X has no other source of income in 1996. X computes its General Corporation Tax liability for 1996 on the alternative income-plus-compensation base. However, in determining its amount of UBT paid credit allowed, and the amount of any credit carryforward, X must use the entire net income base.

In calculating its entire net income before taking into account its distributive share from P, X should reflect the \$100,000 deduction taken for the salary paid to A. Thus, X's separate ENI for purposes of answering question 3 in the instructions to line 6 of Schedule B is a net loss of (\$100,000) and, therefore, the answer to question 3 would be "yes". In completing its modified NYC-3L, X's separate ENI would be treated as zero, as directed by adjustment 3 under the instructions to line 6 of Schedule B, and its ENI would be \$100,000 (separate ENI of \$0 plus the \$100,000 distributive share from P). Line 1 of the modified NYC-3L would be \$8,850 to be entered on line 6 of Schedule B of Form NYC-9.7.

In completing the pro forma NYC-3L as required by the instructions to line 7 of Schedule B, X's separate ENI is treated as zero and the amount on line 1 of the pro forma NYC-3L, calculated without the distributive share from P, would be zero. That amount is entered on line 7 of Schedule B.