

## Combined General Corporation Tax Return for fiscal years beginning in 2013 or for calendar year **2013**

### **H**ighlights *of Recent Tax Law Changes for Corporations*

- **Revised Form NYC-3A and Newly Required Forms.** Form NYC-3A had been substantially revised for tax years beginning in 2013. Form NYC-3L will no longer have to be completed for each member of the combined group. Instead, Form NYC-3A/ATT must now be completed for each member of the combined group. In addition, if there are more than two corporations in the combined group, Form NYC-3A/B is now required. See Page 10 of the instructions for further details.
- **Royalty payments.** For tax years beginning on or after January 1, 2013, the Unincorporated Business Tax has been amended to change the treatment of royalty payments to related members. Under prior law, taxpayers who made royalty payments to related entities were required to add back the amount of the payments to taxable income if those payments were deducted when calculating federal taxable income and if the royalty recipient, under certain conditions, could exclude the royalty income. Ad. Code section 11-602(8)(n), as amended, eliminates the income exclusion previously allowed to certain royalty recipients and increases to four the number of exceptions to the add-back requirement. Part E of Chapter 59 of the Laws of 2013, § 10. For more information, see “Royalty Payments to Related Members,” below.
- **Local Law 67 of 2009 as amended,** added section 11-604(21) to the Ad. Code, which provides a new biotechnology credit for tax years 2010 through 2015 to certain qualified emerging technology companies for certain costs and expenses incurred.
- **Section 2 of Chapter 201 of the Laws of 2009** provides for a phase-in of single factor allocation over 10 years beginning in 2009. For taxable years beginning in 2013, the business allocation factor will be a weighted average composed of 16.5% of New York City property over total property, 16.5% of New York City wages over total wages and 67% of New York City receipts over total receipts.
- **For taxable years beginning after 2010,** the election to double-weight the gross income percentage for manufacturers is no longer available. Note: The phase-in of single factor allocation is now more advantageous than double-weighting.
- **Section 17 of Chapter 201 of the Laws of 2009** replaced the \$300 fixed dollar minimum tax under the General Corporation Tax (“GCT”) with a sliding scale fixed dollar minimum tax based on receipts allocated to New York City for tax years beginning after 2008. See Ad Code § 11-604(1)(E)(a)(4) as amended.
- **Mandatory Combination –** A 2009 amendment now requires the mandatory combination of related GCT taxpayers with substantial intercorporate transactions, regardless of the transfer price used in the intercorporate transactions. See Ad Code § 11-605(4), as amended by section 4 of Chapter 201 of the Laws of 2009. For more information see the instructions for Form NYC-3A.
- **The law was changed in 2009** to add back the Metropolitan Commuter Transportation Mobility Tax (“MTA Payroll Tax”) under Article 23 of the New York State Tax Law. GCT taxpayers must add back the MTA Payroll Tax to the extent it was deducted in computing federal taxable income. See Ad Code § 11-602(8)(b)(19) as added by section 17 of Part C of Chapter 25 of the Laws of 2009.
- **Termination of GCT tax status under Gramm-Leach-Bliley transition rules -** The law was amended in 2009 to provide conditions under which corporations subject to tax under the General Corporation Tax (GCT) as a result of the transition rules relating to the Gramm-Leach-Bliley provisions will no longer be taxable under the GCT. If any of the conditions exist or occur in a tax year beginning on or after January 1, 2009, such a corporation will be taxable under the Banking Corporation Tax (BCT), rather than the GCT, as of the first day of the tax year in which the condition applied. Administrative Code section 11-640(m), as added by Chapter 201 of the Laws of 2009, section 32.
- **Captive Real Estate Investment Trusts (REITs) and Regulated Investment Companies (RICs) -** For tax years beginning on or after January 1, 2009, the law has been changed concerning the tax treatment of “captive” REITs and RICs, that is, those where more than 50% of the voting stock is owned or controlled, directly or indirectly, by a single corporation. Under those changes, if a corporation subject to the GCT directly owns over 50% of the voting stock of a captive REIT or RIC or is the closest controlling shareholder of the voting stock of a captive REIT or RIC, the REIT or RIC may be subject to the GCT and required to be included in a GCT combined return with that corporation. Chapter 201, section 9 of the Laws of 2009. For more information, see “Captive Real Estate Investment Trusts (REITs) and Regulated Investment Companies (RICs),” below.
- **For purposes of the New York City Unincorporated Business Tax, General Corporation Tax and Banking Corporation Tax,** the City has “decoupled” from the federal bonus depreciation allowed under the Economic Stimulus Act of 2008 and sub-

sequent related legislation, except with respect to the depreciation deductions allowed with respect to “qualified New York liberty zone property” and “qualified property” placed in service in the Resurgence Zone (generally the area in the borough of Manhattan south of Houston Street and north of Canal Street). For City tax purposes, depreciation deductions for all other “qualified property” must be calculated as if the property was placed in service prior to September 11, 2001. Local Law 17 of 2002. See Form NYC-399Z and Finance Memorandum 13-1, “Application of IRC Section 280F Limits to Sports Utility Vehicles” for more information.

- For tax years beginning after 2006, taxpayers with (1) gross income, as defined under §61 of the Internal Revenue Code, of less than \$250,000, (2) a business allocation of 100%, and (3) no investment capital or income, or subsidiary capital or income are exempt from having to determine the alternative tax on capital and the alternative tax on entire net income plus compensation. See Section 11-604(1)(I) of the Administrative Code of the City of New York, as added by Chapter 491 of the Laws of 2007. If a taxpayer meets these criteria and is otherwise eligible to file Form NYC-4S, the taxpayer may be eligible to use Form NYC-4S-EZ. To determine if you can use Form NYC-4S-EZ, see the instructions for that form. Taxpayers who meet the three criteria noted above but are not eligible to file a Form NYC-4S-EZ must use Form NYC-3L but need not calculate the alternative tax on capital and the alternative tax on entire net income plus compensation. For purposes of computing entire net income for City purposes, corporations, other than New York State S corporations, that meet the three requirements listed above may elect to use the sum of New York State entire net income and any deductions taken for the taxable year in computing federal taxable income for General Corporation Tax paid or accrued.

**IMPORTANT INFORMATION CONCERNING FORM NYC-200V AND PAYMENT OF TAX DUE**

Payments may be made on the NYC Department of Finance website at [nyc.gov/finance](http://nyc.gov/finance), or via check or money order. If paying with check or money order, do not include these payments with your New York City return. Checks and money orders must be accompanied by payment voucher form NYC-200V and sent to the address on the voucher. Form NYC-200V must be postmarked by the return due date to avoid late payment penalties and interest. See form NYC-200V for more information.

**GENERAL INFORMATION**

**S CORPORATIONS**

An S corporation is subject to the General Corporation Tax (GCT). Under certain limited circumstances, an S corporation may be permitted or required to file a combined return. See, e.g., Finance Memorandum 99-3 for information regarding the treatment of qualified subchapter S subsidiaries. Federal S corporation taxpayers must now complete the form NYC-ATT-S-CORP, Calculation of Federal Taxable Income for S Corporations and include it with their GCT filing. For more information see Form NYC-ATT-S-CORP.

**CORPORATION DEFINED**

Unincorporated entities electing to be treated as associations taxable as corporations for federal income tax purposes pursuant to the “check-the-box” rules under IRC §7701(a)(3) are treated as corporations for City tax purposes and are not subject to the Unincorporated Business Tax. Eligible entities having a single owner disregarded as a separate entity

under the “check-the-box” rules and treated as either a sole proprietorship or a branch for federal tax purposes will be similarly treated for City tax purposes. See Finance Memorandum 99-1 for additional information.

**CORPORATIONS THAT ARE REQUIRED TO FILE A GCT RETURN. SEE THE INSTRUCTIONS TO FORMS NYC-3L REQUIREMENTS FOR FILING ON A COMBINED BASIS**

**GENERAL REQUIREMENTS**

A group of corporations meeting the requirements set forth below must file a combined report. Filing or not filing on a combined basis is subject to review on audit. This report will not be considered complete unless all of the information required is submitted.

A combined report is required if the requirements set forth in items A and B below are met:

**A- Related Corporation:**

A related corporation is:

- (1) Any corporation substantially all the capital stock of which the taxpayer owns or controls either directly or indirectly;
- (2) Any corporation which owns or controls directly or indirectly substantially all the capital stock of the taxpayer; and
- (3) Any corporation the capital stock of which is owned or controlled directly or indirectly by interests that own or control directly or indirectly substantially all the capital stock of the taxpayer.

“Substantially all” is ordinarily considered the actual or beneficial ownership or control of 80% or more of the voting stock of the issuing corporation throughout the taxable year.

**B - Substantial Intercorporate Transactions:**

A GCT taxpayer must file on a combined

basis with any related corporations described in item A, above, if there are substantial intercorporate transactions among the related corporations. It is not necessary that there be substantial intercorporate transactions between any one corporation and every other related corporation. It is necessary, however, that there be substantial intercorporate transactions between the taxpayer and a related corporation or, collectively, a group of such related corporations. In determining whether there are substantial intercorporate transactions, the commissioner shall consider and evaluate all activities and transactions of the taxpayer and its related corporations. Activities and transactions that will be considered include, but are not limited to: (1) manufacturing, acquiring goods or property, or performing services, for related corporations; (2) selling goods acquired from related corporations; (3) financing sales of related corporations; (4) performing related customer services using common facilities and employees for related corporations; (5) incurring expenses that benefit, directly or indirectly, one or more related corporations; and (6) transferring assets, including such assets as accounts receivable, patents or trademarks from one or more related corporations.

#### **Additional Circumstances For Combined Filing**

In addition, the Department of Finance may require or permit a taxpayer to file a combined report with one or more related corporations even if substantial intercorporate transactions are absent under circumstances in which a combined report is necessary to properly reflect the taxpayer's GCT liability because of intercompany transactions or some agreement, understanding, arrangement, or transaction.

#### **Exceptions**

Alien corporations, corporations that are taxable under Title 11, Chapter 6, Subchapter 3 or under Title 11, Chapter 11 (except a vendor of utility services that is taxable under both Chapter 11 and Subchapter 2 of Chapter 6), and insurance corporations may not be included in a combined report.

No taxpayer may file a report on a combined basis covering any other corpora-

tion where the taxpayer or the other corporation allocates in accordance with the special allocation provisions applicable to aviation corporations or corporations principally engaged in the operation of vessels and the taxpayer or other corporation does not allocate using the special allocation provisions.

#### **Reporting Corporation**

In general, the parent corporation should act as the reporting corporation for the combined group. The reporting corporation must be the parent corporation if it is a member of the combined group. A parent corporation is the corporation that owns or controls, directly or indirectly, substantially all of the capital stock of each other member of the combined group. If the parent corporation is not part of the combined group, the combined group must then designate a member as its reporting corporation.

If the parent corporation is not part of the combined group, or if substantially all of the capital stock of a parent corporation that is a member of the combined group is owned or controlled, directly or indirectly, by a person or corporation that is not part of the combined group, enter the name of the non-member parent or that person or corporation and its Employer Identification Number (if any) in the box entitled "Name of Parent of Controlled Group" on page 1.

#### **Royalty Payments to Related Members**

For tax years beginning on or after January 1, 2013, the General Corporation Tax has been amended to change the treatment of royalty payments to related members. Under prior law, taxpayers who made royalty payments to related entities were required to add back the amount of the payments to taxable income if they were deducted when calculating federal taxable income. To avoid double taxation, if the royalty recipient was also a New York taxpayer, the statute allowed the recipient to exclude the royalty income if the related member added back the deduction for the royalty payment expense.

Ad. Code section 11-602(8)(n), as

amended, eliminates the income exclusion previously allowed to certain royalty recipients. It also modifies the two previous exceptions to the add-back requirement and adds two additional exceptions. Those four exceptions generally can apply in following situations (for additional conditions that must be met, see the Ad. Code sections indicated below):

- If all or part of the royalty payment a related member received was then paid to an unrelated third party during the tax year, that portion of the payment will be exempt if the transaction giving rise to the original royalty payment to the related member was undertaken for a valid business purpose, and the related member was subject to tax on the royalty payment in this city or another city within the United States or a foreign nation or some combination thereof (Ad. Code section 11-602(8)(n)(2)(B)(i));
- If the taxpayer's related member paid an aggregate effective rate of tax on the royalty payment, to this city or another city within the United States or some combination thereof, that is not less than 80 percent of the rate of tax that applied to the taxpayer under Ad. Code section 11-643.5 for the tax year (Ad. Code section 11-602(8)(n)(2)(B)(ii));
- If the related member is organized under the laws of a foreign country that has a tax treaty with the United States, the related member's income from the transaction was taxed in such country at an effective rate of tax at least equal to that imposed by this city, and the transaction giving rise to the royalty was undertaken for a valid business purpose and reflected an arm's length relationship. (Ad. Code section 11-602(8)(n)(2)(B)(iii)); or
- If the taxpayer and the Department of Finance agree to alternative adjustments that more appropriately reflect the taxpayer's income. (Ad. Code section 11-602(8)(n)(2)(B)(iv)).

The law as amended also defines the term "related member" by linking it to the definition in Internal Revenue Code section

465(b)(3)(c), but substituting 50 percent for the 10 percent ownership threshold.

### **TRANSITIONAL PROVISIONS RELATING TO THE ENACTMENT OF THE GRAMM-LEACH-BLILEY ACT OF 1999**

The enactment of the Gramm-Leach-Bliley Act of 1999 affected the types of activities that banks can conduct and, consequently, affected the qualification of certain corporations as banking corporations subject to the New York City Banking Corporation Tax ("BCT").

#### **Existing Corporations**

Except for a banking corporation described in paragraphs (1) through (8) of Ad. Code section 11-640(a) (see Form NYC-1, Instructions, "Who Must File" items A through C), for taxable years beginning after 1999 and before 2001, a corporation that was in existence before January 1, 2000, was taxable under the same tax (either GCT or NYC Banking Corporation Tax (BCT)) as applied to it for its last taxable year beginning before January 1, 2000. For this purpose, a corporation was considered to have been subject to a tax prior to 2000 if it was not a taxpayer but was properly included in a combined report filed by another corporation under that tax. A corporation that was in existence prior to 2000 but first became subject to tax after 2000 is considered to have been subject to whichever tax, GCT or BCT, would have applied based on its activities had it been a taxpayer prior to 2000.

The transitional provisions relating to the Gramm-Leach-Bliley Act of 1999 with respect to existing corporations have been extended to apply to each tax year following 2000. As a result, existing corporations to which the transitional rules apply remain required to be taxed under the same tax, GCT or BCT, that applied for the preceding years. See Ad. Code §11-640(h)-(l) for more information.

The transition rules were most recently extended to require that a corporation that was in existence before January 1, 2012, be taxed in years beginning after 2011 and before 2015 under the tax, either the GCT or BCT, that applied to it for the last year beginning before 2012. However,

for years beginning after 2011, only corporations that meet the definition of a banking corporation in Ad. Code section 11-640(a) (see "Who Must File," below) will be allowed to remain subject to the Bank Tax under the transitional provisions. Ad. Code §11-640(l)(1) as last amended by Ch. 59, Part R, §3 of the Laws of 2012.

#### **Newly-Formed Corporations**

A corporation formed on or after January 1, 2000, and before January 1, 2001, was permitted to elect to be subject to either the GCT or BCT for its first taxable year beginning after 1999 and before 2001 provided either:

- the corporation was a financial subsidiary, or
- at least 65% of the corporation's voting stock is owned or controlled, directly or indirectly, by a financial holding company, and the corporation is principally engaged in activities described in sections 4(k)4 or 4(k)5 of the Bank Holding Company Act of 1956, as amended, or described in regulations promulgated under that section.

A financial subsidiary is a corporation whose voting stock is 65% or more owned or controlled, directly or indirectly, by a banking corporation (including a corporation that has elected to be subject to the BCT under these transition rules) described in paragraphs (1) through (3) of Ad. Code section 11-640(a) and described in 12 USCS section 24a or section 46 of the Federal Deposit Insurance Act.

A financial holding company is a corporation that has filed with the Federal Reserve Board a written declaration of its election to be a financial holding company under section 4(i) of the Bank Holding Company Act of 1956, as amended, provided the Federal Reserve Board has not found that election to be ineffective.

An election by a newly-formed corporation under this provision must have been made on or before the due date for filing its return for the applicable year, includ-

ing extensions, and was made by filing the return required under the appropriate tax. The election is irrevocable.

The transitional provisions relating to the Gramm-Leach-Bliley Act of 1999 with respect to newly-formed corporations have been extended to apply to each tax year following 2000. As a result, a newly-formed corporation is permitted to elect to be taxed under either the GCT or BCT for its first tax year if it meets the requirements described above. See Ad. Code §640(h)-(l) for more information.

The transition rules were most recently extended to permit a qualifying corporation formed on or after January 1, 2012, and before January 1, 2015, to elect to be taxed under either the GCT or BCT for its first tax year beginning after 2011 and before 2015. Ad. Code §11-640(l)(2) as last amended by Ch. 59, Part R, §3 of the Laws of 2012.

However, see the section entitled "Termination of GCT Tax Status under Transitional Provisions," below, for changes to the law applicable to tax years beginning on or after January 1, 2009, and a description of when a corporation will no longer be taxable under the GCT.

#### **Combined Filing under Transitional Provisions**

A bank holding company doing business in the City that, during a taxable year beginning after 1999 and before 2015, registers for the first time as a bank holding company under the Bank Holding Company Act of 1956, as amended, and elects to be a financial holding company, may file a combined report under the BCT for such year with one or more banking corporations doing business in the City and 65% or more owned or controlled, directly or indirectly, by that bank holding company without seeking permission from the Commissioner. In addition, such bank holding company may, without seeking the Commissioner's permission: (i) include in a combined report filed for a subsequent year beginning after 1999 and before 2015 any eligible banking corporation that, for the first time in such subsequent year, either is

doing business in the City or meets the above ownership requirements; and (ii) eliminate from a combined report filed in any such subsequent year any corporation no longer meeting the requirements for combination in such subsequent year. Except as provided above, the permission of the Commissioner is required for any such bank holding company to cease to file on a combined basis, elect to file on a combined basis or make any changes to the composition of the group of corporations filing on a combined basis for any subsequent year. Ad Code § 11-646(f)(2)(iv).

### Termination of GCT Tax Status under Transitional Provisions

The law was changed in 2009 to provide conditions under which corporations subject to tax under the GCT as a result of the transition rules relating to the Gramm-Leach-Bliley provisions (both existing and newly-formed corporations as described above) will no longer be taxable under the GCT. If any of the conditions set out below exist or occur in a tax year beginning on or after January 1, 2009, such a corporation will be taxable under the BCT, rather than the GCT, as of the first day of the tax year in which the condition applied:

- The corporation ceases to be a taxpayer under the GCT.
- The corporation becomes subject to the fixed dollar minimum tax under Ad. Code section 11-604(1)(E)(a)(4).
- The corporation has no wages or receipts allocable to New York City pursuant to Ad. Code section 11-604(3) or is otherwise inactive. However, this condition does not apply to a corporation that is engaged in the active conduct of a trade or business, or substantially all of the assets of which are stock and securities of corporations that are directly or indirectly controlled by it and are engaged in the active conduct of a trade or business.
- 65% or more of the voting stock of the corporation becomes owned or

controlled directly by a corporation that acquired the stock in a transaction (or series of related transactions) that qualifies as a purchase within the meaning of Internal Revenue Code section 338(h)(3), unless both corporations, immediately before the purchase, were members of the same affiliated group (as such term is defined in IRC section 1504 without regard to the exclusions provided for in 1504(b)).

- The corporation, in a transaction or series of related transactions, acquires assets, whether by contribution, purchase, or otherwise, having an average value as determined in accordance with Ad. Code section 11-604(2) (or, if greater, a total tax basis) in excess of 40% of the average value (or, if greater, the total tax basis) of all assets of the corporation immediately before the acquisition and, as a result of the acquisition, the corporation is principally engaged in a business that is different from the business immediately before the acquisition (provided that such different business is described in Ad. Code section 11-640(a)(9)(i) or (ii)).

See Ad. Code section 11-640(m).

### Special Rules For Combining Captive Real Estate Investment Trusts (REITs) and Regulated Investment Companies (RICs).

#### Captive REITs and RICs.

For tax years beginning on or after January 1, 2009, the law has been amended to provide that a captive REIT or RIC must generally be included in a combined report under the General Corporation Tax (GCT) or Banking Corporation Tax (BCT). Under new Ad. Code 11-601(12), a REIT or RIC is a captive REIT or RIC if more than 50% of its voting stock is owned or controlled, directly or indirectly, by a single corporation. Any voting stock held in a segregated asset account of a life insurance corporation as described in Internal Revenue Code section 817 is not taken into account for the purpose of determining the percentage of stock ownership. As explained more below, if a corporation subject to the GCT directly owns over

50% of the voting stock of a captive REIT or RIC or is the “closest controlling shareholder” of a captive REIT or RIC, then the captive REIT or RIC must be included in a combined report under the GCT with that corporation. For these purposes, the “closest controlling stockholder” means the corporation: (a) that indirectly owns or controls over 50% of the voting stock of a captive REIT or RIC; (b) is subject to tax under the GCT or BCT or otherwise required to be included in a combined report or report under the GCT or BCT; and (c) is the fewest tiers of corporations away in the ownership structure from the captive REIT or RIC.

If a captive REIT or RIC is required to be included in a combined report under the GCT, it will be subject to tax under the GCT. Ad. Code § 11-605(4)(a)(5). **Note that if a captive REIT or RIC is required to be included in a combined report under the BCT, it will not be subject to tax under the GCT, and, as a result, must file an NYC-1 report. Ad. Code section 11-640(d).**

Requirement to be Included in a Combined Report under the GCT.

A captive REIT or RIC must be included in a combined report under the GCT under the following conditions:

- (1) A captive REIT or RIC must be included in a combined report with the corporation that directly owns or controls over 50% of the voting stock of the captive REIT or RIC if that corporation is subject to tax or required to be included in a combined report under the GCT.
- (2) If over 50% of the voting stock of a captive REIT or RIC is not directly owned or controlled by a corporation that is subject to tax or required to be included in a combined report under the GCT, then the captive REIT or RIC must be included in a combined report with the corporation that is the “closest controlling” stockholder of the captive REIT or RIC. If the corporation that is the “closest controlling” stockholder is subject to tax or required to be included

cluded in a combined report under the GCT, then the captive REIT or RIC must be included in a combined report under the GCT.

- (3) If the corporation that directly owns or controls the voting stock of the captive REIT or captive RIC is described as a corporation that is not permitted to make a combined report as provided in Ad. Code section 11-605(4)(a)(1), (a)(2) or (a)(4), then the captive REIT or captive RIC must determine the closest controlling shareholder under Ad. Code section 11-605(4)(a)(5)(iii) to be included in a combined report with that corporation. If the corporation that is the closest controlling stockholder of the captive REIT or captive RIC is a corporation not permitted to make a combined report, then that corporation is deemed to not be in the ownership structure of the captive REIT or captive RIC, and the closest controlling stockholder will be determined under Ad. Code section 11-605(4)(a)(5)(iii) without regard to that corporation.
- (4) If a captive REIT owns the stock of a qualified REIT subsidiary (as defined in IRC section 856(i)(2)), then the qualified REIT subsidiary must be included in any combined report required to be made by the captive REIT that owns its stock.
- (5) If a captive REIT or RIC is required by any of the conditions set out herein to be included in a combined report with another corporation, and that other corporation is required to be included in a combined report with another corporation under other provisions of Ad. Code 11-605(4)(a), the captive REIT or RIC must be included in that combined report with those corporations.
- (6) If a captive REIT or RIC is not required to be included in a combined report or report under the GCT (Ad. Code § 11-605(4)(a)(5)) or BCT (Ad. Code § 11-646(f), then the corporation will be required to file a combined report if it either meets

the substantial intercorporate transactions requirement provided in Ad. Code 11-605(4)(a) or the inter-company transactions or agreement, understanding, arrangement or transaction requirement of Ad. Code § 11-605(4)(a)(3) is satisfied and more than 50% of the voting stock of the captive REIT or the captive RIC and substantially all of the capital stock of that other corporation are owned and controlled, directly or indirectly, by the same corporation.

#### **Computation of tax for Captive REITs and RICs.**

In the case of a combined report under the GCT, the tax is measured by the combined entire net income or combined capital of all the corporations included in the report, including any captive REIT or RIC.

In the case of a captive REIT or RIC that must be included in a combined report, the entire net income of the captive REIT must be computed under Ad. Code § 11-603(7) and the entire net income of a captive RIC must be computed under Ad. Code § 11-603(8).

In computing entire net income, the deduction under the IRC for dividends paid by the captive REIT or RIC to any member of the affiliated group that includes the corporation that directly or indirectly owns over 50% of the voting stock of the captive REIT or RIC must be added back to the federal taxable income of the captive REIT or RIC for tax years beginning on or after January 1, 2009. The term affiliated group is defined in IRC section 1504 without regard to the exceptions of 1504(b).

#### **WHEN AND WHERE TO FILE**

The due date for filing is on or before March 15, 2014 or, for fiscal year taxpayers, on or before the 15th day of the 3rd month following the close of the fiscal year.

Special short-period returns: If this is NOT a final return and your federal return covered a period of less than 12 months as a result of your joining or leaving a federal consolidated group or as a result of a federal IRC §338 election, this return generally will be due on the due date for the

federal return and not on the date noted above. Check the box on the front of the return.

All returns, except refund returns:

NYC DEPARTMENT OF FINANCE  
GENERAL CORPORATION TAX  
P.O. BOX 5564  
BINGHAMTON, NY 13902-5564

**Remittances** - Pay online with Form NYC-200V at [nyc.gov/finance](http://nyc.gov/finance), or Mail payment and Form NYC-200V only to:

**NYC Department of Finance  
P.O. Box 3646  
New York, NY 10008-3646**

Returns claiming refunds:

NYC DEPARTMENT OF FINANCE  
GENERAL CORPORATION TAX  
P.O. BOX 5563  
BINGHAMTON, NY 13902-5563

#### **AUTOMATIC EXTENSIONS**

An automatic extension of six months for filing this return will be allowed if, by the original due date, the taxpayer files with the Department of Finance an application for automatic extension on Form NYC-EXT and pays the amount properly estimated as its tax. See the instructions for Form NYC-EXT for information regarding what constitutes a proper estimated tax for this purpose. Failure to pay a proper estimated amount will result in a denial of the extension. A taxpayer with a valid six-month automatic extension filed on Form NYC-EXT may request up to two additional three-month extensions by filing Form NYC-EXT.1. A separate Form NYC-EXT.1 must be filed for each additional three-month extension.

Mail Forms NYC-EXT and EXT.1 to the address indicated on those forms.

#### **FINAL RETURNS**

If a corporation ceases to do business in New York City, the due date for filing a final General Corporation Tax Return is the 15th day after the due date of the cessation (Section 11-605 of the NYC Admin. Code). Corporations may apply for an automatic six-month extension for filing a final return by filing Form NYC-EXT, Application for Automatic 6-Month Extension of Time to File Business Income Tax Return. Any tax due must be

paid with the final return or the extension, whichever is filed earlier.

### ACCESSING NYC TAX FORMS

**By Computer** - Download forms from the Finance website at [nyc.gov/finance](http://nyc.gov/finance)

**By Phone** - Order forms by calling 311. If calling from outside of the five NYC boroughs, please call 212-NEW-YORK (212-639-9675).

### OTHER FORMS YOU MAY BE REQUIRED TO FILE

**FORM NYC-EXT** - Application For Automatic 6-Month Extension of Time to File Business Income Tax Return. File it on or before the due date of the return.

**FORM NYC-EXT.1** - Application for Additional Extension is a request for an additional three months of time to file a return. A corporation with a valid six-month extension is limited to two additional extensions.

**FORM NYC-222** - Underpayment of Estimated Tax by Corporations will help a corporation determine if it has underpaid an estimated tax installment and, if necessary, compute the penalty due.

**FORM NYC-245** - Activities Report of Corporations must be filed by a corporation that has an officer, employee, agent or representative in the City but disclaims liability for the General Corporation Tax.

**FORM NYC-399** - Schedule of New York City Depreciation Adjustments is used to compute the allowable New York City depreciation deduction if a federal ACRS or MACRS depreciation deduction is claimed for certain property placed in service after December 31, 1980.

**FORM NYC-399Z** - Depreciation Adjustments for Certain Post 9/10/01 Property may have to be filed by taxpayers claiming depreciation deductions for certain sport utility vehicles or "qualified property," other than "qualified New York Liberty Zone property," "qualified New York Liberty Zone leasehold improvements" and "qualified

resurgence zone property" placed in service after September 10, 2001, for federal or New York State tax purposes. See Finance Memorandum 13-1, "Application of IRC §280F Limits to Sports Utility Vehicles."

**FORM NYC-400** - Declaration of Estimated Tax by General Corporations must be filed by any corporation whose New York City tax liability can reasonably be expected to exceed \$1,000 for any calendar or fiscal tax year. Form NYC-400 may also be used to make the quarterly estimated tax payments.

**FORM NYC-3360** - General Corporation Tax Report of Change in Tax Base Made by Internal Revenue Service and/or New York State Department of Taxation and Finance is used for reporting adjustments in taxable income or other basis of tax resulting from an audit of your federal corporate tax return and/or State audit of your State corporate tax return.

**FORM NYC-CR-A** - Commercial Rent Tax Annual Return must be filed by every tenant that rents premises for business purposes in Manhattan south of the center line of 96th Street and whose annual or annualized gross rent for any premises is at least \$200,000. (Effective June 1, 2001.)

**FORM NYC-RPT** - Real Property Transfer Tax Return must be filed when the corporation acquires or disposes of an interest in real property, including a leasehold interest; when there is a partial or complete liquidation of the corporation that owns or leases real property; or when there is a transfer of a controlling economic interest in a corporation, partnership or trust that owns or leases real property.

**FORM NYC-ATT-S-CORP** - Calculation of federal Taxable Income for S Corporations must be included in the GCT filing of every federal S corporation.

**FORM NYC-NOLD-GCT** - Net Operating Loss Deduction Computation must be included in the GCT filing of every GCT taxpayer claiming a net operating loss deduction.

**FORM NYC-3A/B** - If more than one subsidiary is included in the combined report complete the Subsidiary Detail Spreadsheet which must be included in the Combined GCT tax filing.

**FORM NYC-3A/ATT** - this schedule must be completed by the reporting corporation and any subsidiary which has Subsidiary Capital, Investment Capital, Salaries and Compensation to Stockholders or Business Location(s) outside New York City.

If you have delinquent taxes and you are interested in the Voluntary Disclosure and Compliance Program, please go to our website at [www.nyc.gov/finance](http://www.nyc.gov/finance).

### ESTIMATED TAX

If the tax for the period following that covered by this return is expected to exceed \$1,000, a declaration of estimated tax and installment payments are required. Form NYC-400 is to be used for this purpose. If the tax on this return exceeds \$1,000, Form NYC-400 will automatically be mailed to you.

If, after filing a declaration, your estimated tax substantially increases or decreases as a result of a change in income, deduction or allocation, you must amend your declaration on or before the next date for an installment payment. The procedure is as follows:

- Complete the amended schedule of the notice of estimated tax due. (This is your quarterly notice for payment of estimated tax.)
- Mail the bottom portion of the notice along with your check to:

NYC Department of Finance  
P.O. Box 3922  
New York, NY 10008-3922

If the amendment is made after the 15th day of the 9th month of the taxable year, any increase in tax must be paid with the amendment.

For more information regarding estimated tax payments and due dates, see Form NYC-400.

**PENALTY FOR UNDERSTATING TAX**

If there is a substantial understatement of tax (i.e., if the amount of the understatement exceeds the greater of 10% of the tax required to be shown on the return or \$5,000) for any taxable year, a penalty will be imposed equal to 10% of the amount of the understated tax.

The amount on which you pay the penalty can be reduced by subtracting any item for which (1) there is or was substantial authority for the way in which the item was treated on the return, or (2) there is adequate disclosure of the relevant facts affecting the item's tax treatment on the return or in a statement attached to the return.

**CHANGE OF BUSINESS INFORMATION**

If there have been any changes in your business name, identification number, billing or mailing address or telephone number, complete Form DOF-1, Change of Business Information. You can obtain this form by calling 311. If calling from outside of the five NYC boroughs, please call 212-NEW-YORK (212-639-9675). You can also logon to [nyc.gov/finance](http://nyc.gov/finance).

**SIGNATURE**

This report must be signed by an officer authorized to certify that the statements contained herein are true. If the taxpayer is a publicly-traded partnership or another unincorporated entity taxed as a corporation, this return must be signed by a person duly authorized to act on behalf of the taxpayer.

**TAX PREPARERS**

Anyone who prepares a return for a fee must sign the return as a paid preparer and enter his or her Social Security Number or PTIN. (See Finance Memorandum 00-1.) Include the company or corporation name and Employer Identification Number, if applicable.

**Preparer Authorization:** If you want to allow the Department of Finance to discuss your return with the paid preparer who signed it, you must check the

"Yes" box in the signature area of the return. This authorization applies only to the individual whose signature appears in the "Preparer's Use Only" section of your return. It does not apply to the firm, if any, shown in that section. By checking the "Yes" box, you are authorizing the Department of Finance to call the preparer to answer any questions that may arise during the processing of your return. Also, you are authorizing the preparer to:

- give the Department any information missing from your return,
- call the Department for information about the processing of your return or the status of your refund or payment(s), and
- respond to certain notices that you have shared with the preparer about math errors, offsets, and return preparation. The notices will not be sent to the preparer.

You are not authorizing the preparer to receive any refund check, bind you to anything (including any additional tax liability), or otherwise represent you before the Department. The authorization cannot be revoked; however, the authorization will automatically expire no later than the due date (without regard to any extensions) for filing next year's return. Failure to check the box will be deemed a denial of authority.

**SPECIFIC INSTRUCTIONS**

Special short-period returns: If this is NOT a final return and your Federal return covered a period of less than 12 months as a result of your joining or leaving a Federal consolidated group or as a result of a Federal IRC §338 election, this return generally will be due on the due date for the Federal return and not on the date noted on the return on page 2. Check the box on the front of the return.

Check the appropriate box on page 1 of this form if, on your federal return: (i) you reported bonus depreciation and/or a first year expense deduction under IRC §179 for "qualified New York Liberty Zone

property," "qualified New York Liberty Zone leasehold improvements," or "qualified Resurgence Zone property," regardless of whether you are required to file form NYC-399Z or (ii) you replaced property involuntarily converted as a result of the attacks on the World Trade Center during the five (5) year extended replacement period. You must attach Federal forms 4562, 4684 and 4797 to this return.

**SCHEDULE A*****Computation of Tax*****LINE A - PAYMENT**

After completing this form, enter the amount of your payment.

**LINE 2 - ALLOCATED CAPITAL**

The tax based on allocated combined capital is limited to \$1,000,000. Multiply the amount from Schedule M, line 8 by the applicable percentage, but do not enter more than \$1,000,000 in the right-hand column on line 2, Schedule A.

**LINE 3 - ALTERNATIVE TAX**

Every taxpayer, other than a REIT or RIC, must calculate its alternative tax and enter its computation on line 3. To compute the alternative tax, measured by entire net income plus compensation, you may use the worksheet on page 2 of Form NYC-3A. Professional corporations must calculate the alternative tax.

**ADDITIONAL INFORMATION FOR COMPUTING THE ALTERNATIVE TAX****ALTERNATIVE TAX WORKSHEET**

**Line 1 - Net Income.** Enter the amount on Schedule B, line 19 or 20. If the amount entered on Schedule B, line 19 is 0 because the amount that would have been entered on that line would have been as a loss (i.e., the amount on Schedule B, line 18 was greater than the amount on Schedule B, line 8), enter the amount of this loss on line 1.

**Line 2 - Salaries.** No portion of officers salaries and other compensation is included in the alternative tax base. Notwithstanding the foregoing, include in the alternative tax computation 100% of all salaries and compensation of stock-

holders owning more than 5% of the corporation's stock, as deducted for federal tax purposes and reported on Schedule F of Form NYC-3A/B or NYC-3A/ATT, regardless of whether such stockholders are also officers. In determining whether a stockholder owns more than 5% of the issued capital stock, include all classes of voting and nonvoting stock, issued and outstanding.

**Line 3** - Enter on line 3 the sum of line 1 and line 2.

**Line 4** - Enter \$40,000. If the return does not cover an entire year, the exclusion must be prorated based on period covered by the return.

**Line 6** - The alternative tax measured by entire net income plus compensation is determined by multiplying line 5 by 15 percent.

**LINE 4 - MINIMUM TAX**

For tax years beginning after 2008, the \$300 fixed dollar minimum tax has been replaced with a sliding scale fixed dollar minimum tax based on business receipts allocated to New York City. The sliding scale is the same as the one used to determine the fixed dollar minimum tax under the New York State Franchise Tax, but the receipts used to determine the fixed dollar minimum tax are receipts allocated to the City instead of receipts allocated to New York State, as is done under the Franchise Tax. The amount of City business receipts for this purpose is the same as the amount used for determining the taxpayer's business allocation percentage. See Ad Code § 11-604(1)(E)(a)(4) as amended by Ch. 201, § 17, of the Laws of 2009.

Enter the amount of New York City Receipts for the reporting corporation from (Schedule H, column A, line 2g (A)) and the Minimum Tax amount for the reporting corporation from the following table. If 100% of your business income is to be allocated to the City, enter the total amount of your business receipts, which should be the same as the amount you would have had to enter on (Schedule H, column A, line 2g(A)) if you had been required to complete

that line.

**Table** - Fixed dollar minimum tax  
For a corporation with New York City receipts of:

Not more than \$100,000: .....	\$25
More than \$100,000 but not over \$250,000: .....	\$75
More than \$250,000 but not over \$500,000: .....	\$175
More than \$500,000 but not over \$1,000,000: .....	\$500
More than \$1,000,000 but not over \$5,000,000: .....	\$1,500
More than \$5,000,000 but not over \$25,000,000: .....	\$3,500
Over \$25,000,000: .....	\$5,000

**Short periods** - fixed dollar minimum tax  
Compute the New York City receipts for short periods (tax periods of less than 12 months) by dividing the amount of New York City receipts by the number of months in the short period and multiplying the result by 12. The fixed dollar minimum tax may be reduced for short periods:

**Period Reduction**

- Not more than 6 months .....50%
- More than 6 months  
but not more than 9 months .....25%
- More than 9 months .....None

**CREDITS - GENERAL**

Complete a separate Credit Form for the reporting corporation and any other member of the combined group, if applicable. The Total amount of each credit, i.e. the sum of the credits taken for each member of the combined group, is placed on Schedule A, line 9, 10a, 10b, 11a, or 11b.

**LINE 9 - CREDIT FROM FORM NYC-9.7**

Enter on line 9 the sum of credits against the General Corporation tax for unincorporated business tax paid by partnerships from which any corporation included in this return receives a distributive share or guaranteed payment that is included in calculating General Corporation Tax liability on either the entire net income or income plus compensation base. (Attach Form NYC-9.7.)

**LINE 10a - CREDITS FROM FORM NYC-9.5**

Enter on this line the following credits against the General Corporation Tax:

- 1) Relocation and Employment Assistance Program (REAP) credit (Attach Form NYC-9.5.)
- 2) Sales and compensating use taxes (Refer to instructions on Form NYC-9.5 and attach form.)

NOTE: This credit may only be taken for sales tax paid in the current year for certain purchases in certain prior periods.

**LINE 10b - CREDITS FROM FORM NYC-9.8**

Enter on this line the sum of the credits against the General Corporation Tax for the new Lower Manhattan relocation and employment assistance program. (Attach Form NYC-9.8.)

**LINE 11a - CREDITS FROM FORM NYC-9.6**

Real estate tax escalation credit and employment opportunity relocation costs credit and industrial business zone credit (Refer to instructions on Form NYC-9.6 and attach form.)

**LINE 11b - CREDITS FROM FORM NYC-9.10**

Enter on this line the NYC biotechnology credit. (Attach Form NYC-9.10.)

**LINE 13b - FIRST INSTALLMENT PAYMENT**

Do not use this line if an application for automatic extension, Form NYC-EXT, has been filed. The payment of the amount shown at line 13 is required as payment on account of estimated tax for the 2014 calendar year, if a calendar year taxpayer, or for the taxable year beginning in 2014, if a fiscal year taxpayer.

**LINE 14 - SALES TAX ADDBACK**

This line relates to the General Corporation Tax credit for sales and compensating use taxes paid on certain machinery and equipment and/or certain services. If any of the

corporations included in this return received a credit or refund of any such sales or compensating use taxes during the year covered by this return for which it claimed a General Corporation Tax credit in a prior tax period, the amount of such credit or refund must be added back at line 14. A corresponding adjustment is to be made at line 14 on Schedule B.

#### LINE 16 - PREPAYMENTS

Enter the sum from line H, Prepayment Schedule of all estimated payments made for this tax period, the payment made with the extension request, if any, and both the carryover credit and the first installment recorded on the prior tax period's return.

#### LINE 19a - LATE PAYMENT - INTEREST

If the tax is not paid on or before the due date (determined without regard to any extension of time), interest must be paid on the amount of the underpayment from the due date to the date paid. For information as to the applicable rate of interest, call 311. If calling from outside of the five NYC boroughs, please call 212-NEW-YORK (212-639-9675) or logon to [nyc.gov/finance](http://nyc.gov/finance).

#### LINE 19b - LATE PAYMENT OR LATE FILING/ADDITIONAL CHARGES

- a) A late filing penalty is assessed if you fail to file this form when due, unless the failure is due to reasonable cause. For every month or partial month that this form is late, add to the tax (less any payments made on or before the due date) 5%, up to a total of 25%.
- b) If this form is filed more than 60 days late, the above late filing penalty cannot be less than the lesser of (1) \$100 or (2) 100% of the amount required to be shown on the form (less any payments made by the due date or credits claimed on the return).
- c) A late payment penalty is assessed if you fail to pay the tax shown on this form by the prescribed filing date, unless the failure is due to reasonable cause. For every month or partial month that your payment is late, add to the tax (less any payments made) 1/2%, up to a total of 25%.

- d) The total of the additional charges in a) and c) may not exceed 5% for any one month except as provided for in b).

If you claim not to be liable for these additional charges, attach a statement to your return explaining the delay in filing, payment or both.

#### LINE 19c - PENALTY FOR UNDERPAYMENT OF ESTIMATED TAX

A penalty is imposed for failure to file a declaration of estimated tax or for failure to pay each installment payment of estimated tax due. (For complete details, refer to Form NYC-222, Underpayment of Estimated Tax by Corporations.) If you underpaid your estimated tax, use Form NYC-222 to compute the penalty. Attach Form NYC-222. If no penalty is due, enter "0" on line 19c. Form NYC-222 may be attached as a PDF if you are e-filing.

#### LINE 23 - TOTAL REMITTANCE DUE

If the amount on line 17 is greater than zero or the amount on line 21 is less than zero, enter on line 23 the sum of line 17 and the amount, if any, by which line 20 exceeds the amount on line 18.

#### PREPAYMENTS SCHEDULE

Enter the payment date and the amount of all prepayments made for this tax period. Include on Line G the payments made by any of the subsidiaries. Attach a rider detailing the payments.

For interest calculations and account information, call 311. If calling from outside of the five NYC boroughs, please call 212-NEW-YORK (212-639-9675). You can also visit the Finance website at [nyc.gov/finance](http://nyc.gov/finance)

#### THE FOLLOWING LINE INSTRUCTIONS ARE FOR FORMS NYC-3A, NYC-3A/B AND NYC-3A/ATT.

**Form NYC- 3A** is the form on which the combined tax is computed. In column A, enter the information for the reporting corporation. In column B, enter the total for all subsidiaries from Form NYC-3A/B. If the group is comprised of only one subsidiary, enter the information for that subsidiary in column B and Item 3 of the Additional Information Required on page 10.

Columns A and B on Form NYC-3A are then added together, and the subtotal is indicated in column C. Enter in column D any intercorporate eliminations. Attach a rider of any intercorporate eliminations for each corporation in the combined group. Subtract column D from the subtotal in column C and enter the balance in column E.

**Form NYC- 3A/B** provides a column for each member in the group other than the reporting corporation. The columns are added together and the totals are then carried to the subsidiary column B on Form NYC-3A. If there are only two corporations included in the combined return, Form NYC-3A/B is not required. If more than four corporations are included in the combined return, attach multiple copies of Form NYC-3A/B, pages 2, 4, and 6. Do not attach multiple copies of pages 1, 3 and 5.

**Form NYC-3A/ATT** provides subsidiary capital, investment capital, salaries and compensation of stockholders and business location information. Attach one Form NYC-3A/ATT for the each corporation in the combined group (including the reporting corporation). For subsidiaries, the Total columns from these schedules are carried to Form NYC-3A/B, if Form NYC-3A/B is required. Transfer the amounts to the schedules and lines on the Form NYC-3A/B as indicated. If there are only two corporations included in the combined return, the Total column may be carried directly to the Total Subsidiaries column in the appropriate schedule of Form NYC-3A. For the reporting corporation, the Total column is carried directly to the Parent column in the appropriate schedule on Form NYC-3A.

#### SCHEDULE B (Entire Net Income)

Form NYC-3A/B does not include lines for those items that are computed on the combined basis.

#### LINE 1 - FEDERAL TAXABLE INCOME

Enter your federal taxable income (before net operating loss and special deductions) as required to be reported on

your federal tax return.

If you file federal Form 1120, use the amount from line 28.

If you file federal Form 1120-C, use the amount from line 25c.

If you file federal Form 1120-RIC, see Admin. Code section 11-603.8.

If you file federal Form 1120-REIT, see Admin. Code section 11-603.7.

If you are a member of a federal affiliated group that files a consolidated return, and the city combined group is the same as the federal group or if all members of the city group are included in a larger federal group filing the consolidated return, attach a copy of the federal consolidated return and the consolidating workpapers indicating the separate taxable income of each corporation before elimination of intercorporate transactions. If some members of the state combined group are not included in the federal consolidated return, but instead file separately, send a copy of the federal consolidated return (with consolidating workpapers) plus a complete copy of the separate federal return, as filed with the IRS, for each corporation not included in the federal consolidated group.

**S corporations and qualified subchapter S subsidiaries (QSSS) must file returns as ordinary corporations. Federal S corporation taxpayers included in a combined return must complete form NYC-ATT-S-CORP, Calculation of Federal Taxable Income for S corporations and include it with this Form.**

**NOTE:** The charitable contribution deduction from federal Form 1120S, Schedule K, line 12a may not exceed 10% of the sum of lines 1 through 12d (other than line 12a) of Schedule K.

**LINE 2 - NONTAXABLE INTEREST**  
Include all interest received or accrued which was not taxable on your federal income tax return.

**LINES 3 AND 4 - SUBSIDIARY CAPITAL**

A subsidiary is a corporation which is

controlled by the taxpayer by reason of the taxpayer's ownership of more than 50% of the total number of shares of the corporation's voting capital stock, issued and outstanding. The term "subsidiary capital" means all investments in the stock of subsidiary corporations, plus all indebtedness from subsidiary corporations (other than accounts receivable acquired in the ordinary course of business for services rendered or from sales of property held primarily for sale to customers), whether or not evidenced by bonds or other written instruments, on which interest is not claimed and deducted by the subsidiary for purposes of taxation under Title 11, Chapter 6, Subchapters 2 and 3 of the Admin. Code.

If you have a subsidiary, complete lines 3 and 4, and attach a list of all items included. You will also have to complete Schedule C. If you do not have a subsidiary, enter "0" on lines 3 and 4.

On line 3, enter total of amounts, including interest expense, deducted in computing federal taxable income that are directly attributable to subsidiary capital or to income, gains or losses from subsidiary capital. Include capital losses from sales or exchanges of subsidiary capital, all other losses, bad debts and any carrying charges attributable to subsidiary capital.

On line 4, enter all amounts, including interest, that are indirectly attributable to subsidiary capital or to income, gains or losses from subsidiary capital.

For more information, see also Statement of Audit Procedure GCT-2008-04, Non-interest Expense Attribution, April 9, 2008, available on the Department's website ([nyc.gov/finance](http://nyc.gov/finance)).

**LINE 5 - STATE AND LOCAL BUSINESS TAXES**

On line 5a enter the amount deducted on your federal return for business taxes paid or accrued to any state, any political subdivision of a state or to the District of Columbia if they are on or measured by profits or income or include profits or income as a measure of tax, including taxes expressly in lieu of any of the foregoing taxes. Include the New York State Met-

ropolitan Transportation Business Tax surcharge and the MTA Payroll Tax (New York State Tax Law, Art. 23).

Attach a rider listing each locality and the amount of all those taxes deducted on your federal return.

On line 5b, enter the amount of New York City General Corporation Tax and Banking Corporation Tax deducted on your federal return.

**LINES 6a, 6b, 6c and 6d - NEW YORK CITY ADJUSTMENTS**

a) The credit for sales tax paid on electricity or electric service used in the production of certain tangible property formerly allowed by Admin. Code §11-604.15 has been repealed for purchases on or after November 1, 2000. No amount should be added back with respect to this credit.

Purchases of machinery or equipment for which a credit is allowed by Admin. Code §11-604.12 were exempted from sales tax effective December 1, 1989. Purchases of certain services performed on machinery or equipment used in production for which a credit is allowed by Admin. Code §11-604.17-a were exempted from sales tax effective September 1, 1996. Credits may be taken under these two provisions only if the sales tax payment was made in the current year with respect to a purchase in a period when the applicable sales tax was effective. In such case, the sales tax excluded or deducted for federal tax purposes should be added back. If you are claiming a credit pursuant to §11-604.12, a form NYC-9.5 for the year 1990 or a prior year should be used. If you are claiming a credit pursuant to §11-604.17-a, a form NYC-9.5 for the year 2000 or a prior year should be used.

b&c) For the reporting corporation, enter the amount to NYC-3A, column A. For the other members of the combined group, enter amount on Form NYC-3A/B and the sum on NYC-3A column B. If there is only one other member of the combined group, enter the amount for that corporation on the NYC-3A, column B.

Taxpayers claiming the real estate tax escalation credit and/or the employment opportunity relocation costs credit or the industrial business zone credit must enter on lines 6(c) and 6(b), respectively, the amounts shown on lines 4 and 5, respectively, of Part II of Form NYC-9.6.

- d) The federal bonus depreciation allowed for "qualified property", as defined in the Job Creation and Worker Assistance Act of 2002 is not allowed for General Corporation Tax purposes except for such deductions allowed with respect to "qualified New York liberty zone property", "qualified New York liberty zone leasehold improvements" and "qualified property" placed in service in the Resurgence Zone (generally the area in the borough of Manhattan south of Houston Street and north of Canal Street). For City tax purposes, depreciation deductions for all other "qualified property" must be calculated as if the property was placed in service prior to September 11, 2001.

**Economic Stimulus Act of 2008 and Other Federal Legislation Effecting Depreciation.** Section 102 of the Economic Stimulus Act of 2008, Pub.L. No. 110-185, 122 Stat. 613 (Feb. 13, 2008) amended IRC section 168(k). As amended, section 168(k)(1)(A) provides a 50-percent additional first year depreciation deduction for certain new property acquired by the taxpayer after December 31, 2007, and before January 1, 2009 (in the case of certain property, before January 1, 2010), so long as no written binding contract for the acquisition of the property existed prior to January 1, 2008. Section 1201 of Title I of Division B of the American Recovery and Reinvestment Act of 2009, Pub. L. No. 111- 5, 123 Stat 115 (February 17, 2009) further amended IRC section 168(k) by extending the 50 percent additional first year depreciation deduction to new property acquired before January 1, 2010 (in the case of certain property, before January 1, 2011). Section 2022 of the Small Business Jobs and Credit Act of 2010, Pub. L. No. 111- 240, 124 Stat. 2504 (September 27, 2010) further amended IRC section 168(k) by extending the 50 percent additional first

year depreciation deduction to new property acquired before January 1, 2011 (in the case of certain property, before January 1, 2012.) Section 401 of the Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010, Pub. L. No. 111-312 , 124 Stat. 3296 (Dec. 17, 2010) ("2010 Tax Relief Act") extended and expanded additional first-year depreciation to equal 100% of the cost of qualified property placed in service after Sept. 8, 2010 and before Jan. 1, 2012 (before Jan. 1, 2013 for certain longer-lived and transportation property); and 50% of the cost of qualified property placed in service after Dec. 31, 2011 and before Jan. 1, 2013 (after Dec. 31, 2012 and before Jan. 1, 2014 for certain longer-lived and transportation property). Section 331 of the American Taxpayer Relief Act of 2012, Pub. L. No. 112-240, 126 Stat. 2313 (January 2, 2013) ("2012 Tax Relief Act") extended the 50 percent additional first year depreciation to qualified property acquired after December 31, 2012 and before January 1, 2014 (after December 31, 2013 and before January 1, 2015 for certain longer-lived and transportation property). Consequently, the years in which the first year depreciation for passenger automobiles under §280F(a)(1)(A) is increased by \$8,000 have also been extended. However, as discussed above the Administrative Code limits the depreciation for "qualified property" other than "Qualified Resurgence Zone property" and "New York Liberty Zone property" to the deduction that would have been allowed for such property had the property been acquired by the taxpayer on September 10, 2001, and therefore, except for Qualified Resurgence Zone property, as defined in the Administrative Code and "New York Liberty Zone property," the City has decoupled from the federal bonus depreciation provision. The Administrative Code also requires appropriate adjustments to the amount of any gain or loss included in entire net income or unincorporated business entire net income upon the disposition of any property for which the federal and New York City depreciation deductions differ. Use Form NYC-399Z for this calculation. For tax years beginning on or after January 1, 2004, other than for eligible farmers (for purposes of the New York State farmers' school tax credit), the amount allowed as a

deduction with respect to a sport utility vehicle that is not a passenger automobile for purposes of section 280F(d)(5) of the Internal Revenue Code is limited to the amount allowed under section 280F of the Internal Revenue Code as if the vehicle were a passenger automobile as defined in that section. For SUVs that are qualified property other than qualified Resurgence Zone property and other than New York Liberty Zone property, the amount allowed as a deduction is calculated as of the date the SUV was actually placed in service and not as of September 10, 2001. Note that for the 2013 tax year for General Corporation Tax purposes:

- An SUV cannot qualify as either New York Resurgence Zone Property or as New York Liberty Zone property. See Administrative Code section 11-602(8)(o).
- An SUV cannot qualify for the additional first year depreciation available under the Economic Stimulus Act of 2008, the American Recovery and Reinvestment Act of 2009, the Small Business Jobs and Credit Act of 2010 and the 2010 and 2012 Tax Relief Acts.

On the disposition of an SUV subject to the limitation, the amount of any gain or loss included in income must be adjusted to reflect the limited deductions allowed for City purposes under this provision. Enter on Schedule B, lines 6(d) and 16 the appropriate adjustments from form NYC-399Z. See Finance Memorandum 13-1, "Application of IRC §280F Limits to Sports Utility Vehicles."

The federal depreciation deduction computed under the Accelerated Cost Recovery System or Modified Accelerated Cost Recovery System (IRC Section 168) is not allowed for the following types of property:

- property placed in service in New York State in taxable years beginning before January 1, 1985 (except recovery property subject to the provisions of Internal Revenue Code Section 280-F)
- property of a taxpayer principally en-

gaged in the conduct of an aviation, steamboat, ferry, or navigation business, or two or more such businesses which is placed in service in taxable years beginning after December 31, 1988, and before January 1, 1994

In place of the federal depreciation deduction, a depreciation deduction using pre-ACRS or MACRS rules (IRC Section 167) is allowed. Enter on line 6d the ACRS adjustment from Form NYC-399, Schedule C, line 8, Column A. Enter on line 16 the ACRS adjustment from Form NYC-399, Schedule C, line 8, Column B. ACRS and MACRS may be available for property placed in service outside New York in years beginning after 1984 and before 1994. See Finance Memorandum 99-4 "Depreciation for Property Placed in Service Outside New York After 1984 and Before 1994."

**LINE 7a - PAYMENT FOR USE OF INTANGIBLES**

Add back payments for the use of intangibles made to related members as required by Ad. Code section 11-602.8(n). See Royalty Payments to Related Members, p. 3, above.

**LINE 7b - DOMESTIC PRODUCTION ACTIVITIES DEDUCTION**

Add back any amounts deducted under section 199 of the Internal Revenue Code (Domestic Production Activities Deduction). Please attach federal Form 8903.

**LINE 7c - OTHER ADDITIONS**

a) Effective for taxable years beginning on or after January 1, 1982, the New York City Admin. Code was amended to nullify the effects of federal "safe harbor leases" upon New York City taxable income (Section 11-602.8(a)(8) and (9) of the Admin. Code). This applies to agreements entered into prior to January 1, 1984.

Any amount included in the computation of federal taxable income solely as a result of an election made under IRC Section 168(f)(8) must be removed when computing New York City taxable income. Any amount excluded in the computation of federal taxable income solely as a result of an election made under IRC Section

168(f)(8) must be included when computing New York City taxable income.

Exempt from these adjustments are leases for qualified mass commuting vehicles and property of a taxpayer, subject to the General Corporation Tax, principally engaged in the conduct of an aviation, steamboat, ferry or navigation business, or two or more such businesses, which is placed in service before taxable years beginning in 1989.

Enter the appropriate additions and deductions on lines 7 and 17, respectively, and attach a rider to show the "safe harbor" adjustments to New York City taxable income.

- b) Foreign taxes paid or accrued that are deducted from gross income to determine federal taxable income must be added to entire net income. A foreign tax credit may not be used as a deduction when computing NYC entire net income.
- c) Any "windfall profit" tax deducted in computing federal income must be added back when computing NYC entire net income.
- d) If the taxpayer deducted on its federal return interest paid to a corporate stockholder owning more than 50% of its issued and outstanding stock, that corporate shareholder may not exclude that interest from its NYC entire net income as income from subsidiary capital. (See instructions for lines 3, 4 and 9.) To enable a more than 50% corporate shareholder to treat any such interest as excludible income from subsidiary capital, such interest should be added back on line 7, Column E, of this return in computing NYC entire net income.
- e) In the case of a taxpayer organized outside the United States, all income from sources outside the United States, less all allowable deductions attributable thereto, that was not taken into account in computing federal taxable income must be added back in computing NYC entire net in-

come.

**LINES 9a, 9b AND 9c - INCOME FROM SUBSIDIARY CAPITAL**

Enter on line 9a, Column E, dividends from subsidiary capital that was included as part of federal taxable income. Complete Schedule C.

Enter on line 9b, Column E, interest from subsidiary capital that was included in federal taxable income.

Enter on line 9c, Column E, capital gains and other income and gain from subsidiary capital that was included as part of federal taxable income. Complete Schedule C.

Do not enter on line 9b interest for which the payor subsidiary claimed a deduction. (See instructions for Schedule B, lines 3 and 4, above for the definition of subsidiary capital.)

**LINE 10 - NONSUBSIDIARY DIVIDENDS**

Enter 50% of dividends received from nonsubsidiary corporations. Do not include the following: (1) "gross-up" dividends pursuant to IRS Section 78, and (2) dividends from stocks not meeting the holding period requirement set forth in IRC Section 246(c). Regulated investment companies and real estate investment trusts do not qualify for this deduction.

**LINE 11 - NET OPERATING LOSS**

Taxpayers claiming a deduction for a Net Operating Loss must now complete the form NYC-NOLD-GCT, Net Operating Loss Deduction Computation. Attach a copy of the completed Form NYC-NOLD-GCT.

Enter New York City net operating loss carryforward from prior years. The following rules apply to net operating losses.

- 1) A deduction may only be claimed for net operating losses sustained in taxable years during all or part of which the corporation was subject to the General Corporation Tax. New York City allows net operating losses to be used in the same manner as provided by IRC Section 172. However, the

amount of any federal loss must be adjusted in accordance with Section 11-602.8(f) of the Admin. Code. Regulated investment companies and real estate investment trusts do not qualify for this deduction.

- 2) The deduction of a net operating loss carryforward from prior years may not exceed, and is limited to, the amount of the current year's federal taxable income. A net operating loss may not be claimed as a deduction if Schedule B, line 1 reflects a loss.
- 3) The deduction shall not exceed the deduction that would have been allowed if the taxpayer had not made an election to be an S corporation under the rules of the Internal Revenue Code or had not elected to be included in a group reporting on a consolidated basis for federal income tax purposes.
- 4) The New York City net operating loss deduction taken for City purposes for each year may not exceed the deduction allowable for that year for federal income tax purposes calculated as if the taxpayer had elected to relinquish the carryback period except with respect to the first \$10,000 of each year's loss. The carryback period for General Corporation Tax purposes corresponds to the federal carryback period. If the taxpayer elects to use a 2-year carryback period for federal purposes, the same carryback period applies for City purposes. If the taxpayer elects to relinquish the entire carryback period for federal purposes, then the taxpayer may not carry back any amount for City purposes.
- 5) Losses which are not permitted to be carried back may generally be carried forward and used to offset income for the period permitted for federal tax purposes, generally, 20 years subsequent to the loss year for losses incurred in taxable years beginning after August 5, 1997.
- 6) Corporations principally engaged in the conduct of an aviation, steamboat, ferry or navigation business or two or more of such businesses are

permitted to claim a net operating loss deduction in the same manner as other corporations.

These corporations are allowed to carry forward any net operating losses or a proportionate part of a net operating loss sustained during the federal taxable period(s) covering the years 1985 through 1988, provided the corporation was taxable under Title 11, Chapter 6, Subchapter 4 of the Admin. Code (Transportation Corporation Tax) for the calendar years 1985 through and including 1988. The net operating loss must be computed as if:

- a) the corporation had been subject to taxation under Subchapter 2 (General Corporation Tax) during the period(s) the loss was sustained,
- b) the loss was sustained in 1988, and
- c) the taxpayer had elected to relinquish the entire carryback period under IRC Section 172.

For special rules relating to acquisitions, mergers or consolidations involving corporations principally engaged in the conduct of aviation, steamboat, ferry or navigation business, refer to Section 77b of Chapter 241 of the Laws of 1989.

- 7) Corporations reporting both business and investment income must complete line 22 of this schedule to apportion any net operating loss between business income and investment income.

**CARRYBACK LOSSES**

If the amount on line 18 is greater than the amount on line 8 so that the entry on line 19 would be a loss, a request to carry it back as a net operating loss deduction in any prior year must be made separately on an amended return. Do not attach or mail an amended return with this tax return. This request must be submitted within three years of the due date of the return for the loss year or within the period prescribed in Section 11-678 of the Admin. Code. Corporations that have elected to relinquish the carryback period for a net

operating loss incurred in taxable years beginning after August 5, 1997, must submit a copy of the federal election.

Because an S corporation does not carry over NOLs, it will not have made a federal election to relinquish any or all of its carryback period. Therefore, for City tax purposes for losses arising in taxable years ending in or after 2002, it will be presumed that, unless the taxpayer S corporation attached a statement to this return indicating that the taxpayer intends to carry back the loss, the taxpayer is presumed to have elected to relinquish the entire carryback period. For S corporations filing on a combined basis only with other S corporations or qualified Subchapter S subsidiaries, any statement attached either to a pro forma NYC-3L or to the NYC-3A will be deemed applicable to the entire group. Any excess net operating loss may be carried forward as if the taxpayer had elected to relinquish the entire carryback period for all but the first \$10,000 of the loss.

**LINE 12 - PROPERTY ACQUIRED PRIOR TO 1966**

A deduction is allowed with respect to gain from the sale or other disposition of any property acquired prior to January 1, 1966 (except stock in trade, inventory, property held primarily for sale to customers in the ordinary course of trade or business, or accounts or notes receivable acquired in the ordinary course of trade or business). The amount of the deduction with respect to each such property is equal to the difference between:

- a) the amount of the taxpayer's federal taxable income; and
- b) the amount of the taxpayer's federal taxable income (if smaller than the amount described in (a)), computed as if the federal adjusted basis of each such property (on the sale or other disposition of which gain was realized) on the date of the sale or other disposition had been equal to either:
  - 1) its fair market value on January 1, 1966, or the date of its sale or other disposition prior to January 1, 1966, plus or minus all adjust-

ments to basis made with respect to such property for federal income tax purposes for periods on or after January 1, 1966; or

- 2) the amount realized from its sale or other disposition, whichever is lower.

In no event, however, shall the total amount computed above exceed the taxpayer's net gain for the year from the sale or other disposition of property (other than stock in trade, inventory, property held primarily for sale to customers in the ordinary course of trade or business, or accounts or notes receivable acquired in the ordinary course of trade or business). Attach a rider showing computation and a copy of federal Form 1120 or 1120-S, Schedule D.

**LINE 13 - CITY AND STATE REFUNDS**

Enter at line 13, in the appropriate columns, refunds or credits of the New York City General Corporation Tax, New York State Franchise Tax or New York City or State Banking Corporation Tax for which no tax exclusion or deduction was allowed in determining the taxpayer's taxable (entire) net income in a prior year.

**LINE 14 - SALES TAX REFUNDS AND CREDITS**

This line relates to credits or refunds of sales and compensating use tax paid on certain machinery and equipment and/or certain services included in federal taxable income for which a credit was claimed in a prior year. The amount entered here should be the same as the amount entered at line 14 in the appropriate columns of Schedule A. (Refer to instructions for Schedule A, line 14.)

There is no addback for current refunds of sales tax paid on purchases of electricity or electric service used in the production of certain tangible property for which the taxpayer took a credit in a prior period under Admin. Code §11-604.15.

**LINE 15 - FEDERAL JOBS CREDIT**

Enter the portion of wages and salaries paid or incurred for the taxable year for which a deduction is not allowed pursuant to the provisions of Section 280C of the Internal Revenue Code because the

federal targeted jobs tax credit was taken. Attach federal Form 5884.

**LINE 16 - DEPRECIATION ADJUSTMENT**

Enter on line 16, in the appropriate columns, the adjustments from Form NYC-399 and/or Form NYC-399Z, Schedule C, line 8, Column B. See instructions for Schedule B, line 6(d).

**LINE 17 - OTHER DEDUCTIONS**

- a) Refer to instructions to Schedule B, line 7 for adjustments relating to safe harbor leases.
- b) Taxpayers entitled to a special deduction for construction, reconstruction, erection or improvement of air pollution control facilities initiated on or after January 1, 1966, and having a situs in NYC in accordance with Section 11-602.8(g) should submit a rider showing the complete computation.

Enclose certification of compliance issued pursuant to Section 17-0707 or Section 19-0309 of the Environmental Conservation Law. Entire net income for the current year and all succeeding years must be computed without any deduction for such expenditures or for depreciation of such property.

- c) Deduct foreign dividend gross-up pursuant to Section 78 of the IRC (see federal Form 1120, Schedule C, line 15) to the extent not deducted at line 9a. Entire net income does not include any amount treated as dividends pursuant to Section 78 of the IRC.
- d) Regulated investment companies must deduct dividends paid to stockholders on this line.

**LINE 19 - ENTIRE NET INCOME**

If line 18 is greater than line 8 so that the amount on this line would be a loss, enter zero ("0") on this line, skip lines 22 through 24, and enter zero ("0") on line 5 of Schedule M and on line 1 of Schedule A. That loss may be available as a carry-over. See instructions to Schedule B, line 11 for more information.

**LINE 20 - SPECIAL ADJUSTMENTS**

If, as a result of the adjustments on this

line, entire net income is a loss, enter zero ("0") on this line, skip lines 22 through 24, and enter zero on line 5 of Schedule M and line 1 of Schedule A.

- a) A corporation organized outside the United States must enter at line 20 its entire net income wherever earned, including all income from sources outside the United States, less all allowable deductions attributable thereto, not taken into account in computing federal taxable income. Attach a schedule. See "FOREIGN AIRLINES" under GENERAL INFORMATION, above.
- b) If you are, either separately or as a member of a partnership, doing insurance business as a member of the New York Insurance Exchange described in Section 6201 of the Insurance Law, make the adjustment required under Section 11-602.8(a)(6) and Section 11-602.8(b)(8) of the Admin. Code.
- c) For tax years beginning on or after August 1, 2002, corporations that are partners in partnerships that receive at least eighty percent of their gross receipts from providing mobile telecommunications services must exclude their distributive share of income, gains, losses and deductions from any such partnership, including their share of separately reported items, from their federal taxable income reported on line 1.

**LINE 21 - INVESTMENT INCOME**

Investment income includes: 50% of dividends from non-subsidary stocks held for investment, interest from investment capital, net capital gain or loss from sales or exchanges of nonsubsidary securities held for investment, and income from cash if an election is made to treat cash as investment capital on line 3 of Schedule D. Do not include any "gross-up" dividends pursuant to Section 78 of the IRC that have been deducted in computing entire net income.

Investment income includes interest received on a loan to a subsidiary if the subsidiary claims such interest as an NYC General or Banking Corporation Tax deduction on any return for any period, and

if such loan is evidenced by a bond or other corporate security. Do not include any capital loss which was not used in computing federal taxable income.

In computing investment income, subtract the amount of deductions allowable in computing entire net income which are directly or indirectly attributable to investment capital or investment income.

**LINE 21a - DIVIDENDS**

Enter dividends not excluded on line 10 except for “gross-up” dividends pursuant to Section 78 of the IRC. This includes 50% of dividends from nonsubsidiary corporations for which an exclusion was allowed on line 10 of this schedule and 100% of dividends from stock not meeting the holding period requirement set forth in Section 246(c) of the IRC.

**LINE 21d - INCOME FROM CASH**

Enter income from cash on Schedule B, line 21d, only if you have elected to treat cash as investment capital and have entered the amount thereof on Schedule D, line 3.

**LINE 21f - DEDUCTIONS ATTRIBUTABLE TO INVESTMENT INCOME**

For more information, see Statement of Audit Procedure GCT-2008-04, Noninterest Expense Attribution, April 9, 2008, and Statement of Audit Procedure PP-2008-12, GCT & UBT Treatment of Repurchase Agreements and Securities Lending and Borrowing Transactions for Financial Services Firms Regularly Engaged in Such Activities, March 31, 2008, available on the Department’s website at [nyc.gov/finance](http://nyc.gov/finance). Attach a list of the deductions directly attributable to investment income and the deductions indirectly attributable to investment income.

**LINE 22 - APPORTIONED NEW YORK CITY NET OPERATING LOSS DEDUCTION**

Corporations that report both business and investment income must apportion any net operating loss deduction on line 11 between business income and investment income. This is computed by multiplying the net operating loss deduction by a ratio. The ratio is a fraction, the numerator of which consists of investment

income before deducting any net operating loss and the denominator of which is entire net income before deducting any net operating loss. The ratio may be expressed as a percentage. Multiply the net operating loss deduction by the result. **Attach a copy of Form NYC-NOLD-GCT, Net Operating Loss Deduction Computation.**

**LINE 23b – COMBINED INVESTMENT INCOME TO BE ALLOCATED**

Enter the amount from line 23a. If the amount on line 23a is greater than the amount on line 19 or 20, enter the amount from line 19 or 20. If the entry on line 23a is a loss, enter zero (“0”) on line 23b.

If the investment allocation percentage is zero, interest on bank accounts must be multiplied by the business allocation percentage.

**SCHEDULE C**  
*(Subsidiary Capital)*

- and -

**SCHEDULE D**  
*(Investment Capital and Investment Allocation Percentage)*

Complete Schedule C if you have any subsidiaries. (Refer to the instructions for Schedule B, lines 3 and 4 for the definition of a subsidiary and subsidiary capital.)

Complete Schedule D if you have investment capital. Investment capital is the average value of your investments in stocks, bonds, and other corporate or government securities, less liabilities, both long term and short term, directly or indirectly attributable to investment capital. Investment capital does not include those stocks, bonds or other securities that are held for sale to customers in the regular course of business or that constitute subsidiary capital. Investment capital does not include interests in, or obligations of, partnerships or other unincorporated entities. (Refer to Title 19 Rules of the City of New York Section 11-37 for the definition of investment capital.)

To determine the value of your assets for business, investment and subsidiary capital purposes, you must include real property and marketable securities at fair

market value.

The fair market value of any asset is the price (without any encumbrance, whether or not the taxpayer is liable) at which a willing seller, not compelled to sell, will sell and a willing purchaser, not compelled to buy, will buy. The fair market value, on any date, of stocks, bonds and other securities regularly dealt in on an exchange, or in the over-the-counter market, is the mean between the highest and lowest selling prices on that date.

The value of all other property must be included at the value shown on the taxpayer’s books and records in accordance with generally accepted accounting principles (GAAP). (Refer to the instructions for Schedule E, lines 1 through 5 for more information on computing average value.)

In completing Schedules C and D of Form NYC-3A/ATT, you may use the worksheet which appears below to determine the amount of liabilities indirectly attributable to a particular asset.

In column D of Schedules C and D of Form NYC-3A/ATT on the line for the asset in question, include the sum of the amount from line 15 of this worksheet and the amount of liabilities directly attributable to that asset.

**WORKSHEET**

Total liabilities from the appropriate column on NYC-3A or NYC-3A/B, Sch. E, line 6 1. \_\_\_\_\_

Liabilities directly attributable to:  
Subsidiary capital 2. \_\_\_\_\_

Investment capital 3. \_\_\_\_\_

Business capital 4. \_\_\_\_\_

Add: lines 2, 3, and 4 5. \_\_\_\_\_

Subtract line 5 from line 1 6. \_\_\_\_\_

Enter amount from either:  
NYC-3A/ATT, Sch. C,  
line 1, col. C less  
amount from line 2  
of worksheet 7a. \_\_\_\_\_

**OR**  
NYC-3A/ATT, Sch. D,

line 1, col. C less amount from line 3 of worksheet 7b. \_\_\_\_\_

Adjusted total assets from the appropriate column on NYC-3A or NYC-3A/B, Sch. E, line 5 less amount from line 5 of worksheet 8. \_\_\_\_\_

Divide: line 7a or 7b by line 8 9. \_\_\_\_\_%

Multiply line 6 by line 9 10. \_\_\_\_\_

Average value of a particular asset 11. \_\_\_\_\_

Enter amount from either: NYC-3A/ATT, Sch. C, line 1, col. C 12a. \_\_\_\_\_

**OR**

NYC-3A/ATT, Sch. D, line 1, col. C 12b. \_\_\_\_\_

Divide: line 11 by line 12a or 12b 13. \_\_\_\_\_%

Enter amount from line 10 14. \_\_\_\_\_

Multiply: line 14 by line 13 15. \_\_\_\_\_

To determine the portion of subsidiary or investment capital to be allocated within the City, multiply the amount of subsidiary or investment capital during the period covered by the return by the issuer's allocation percentage (as defined in the instructions for Schedule M, line 10).

This percentage may be obtained (1) from tax service publications, (2) from the Department's website under "Forms & Publications" at [nyc.gov/finance](http://nyc.gov/finance), or (3) by calling 311. If calling from outside of the five NYC boroughs, please call 212-NEW-YORK (212-639-9675). If the subsidiary or other issuer was not doing business in New York City during the preceding year, the percentage is zero. The investment allocation percentage should be rounded to the nearest one hundredth of a percentage point.

**SCHEDULE D, LINE 6 - CASH**

If you have both business and investment capital, you may elect to treat cash on hand or on deposit as either business or investment capital. If you wish to elect to treat

cash as investment capital, you must include it on this line. Otherwise, you will be deemed to have elected to treat cash as business capital. You may not elect to treat part of such cash as business capital and part as investment capital. You may not revoke your election after it has been made.

**SCHEDULE E  
(Total Capital)**

**LINES 1 THROUGH 5 - AVERAGE VALUE OF TOTAL ASSETS**

To determine the value of your assets for business, investment and subsidiary capital purposes, you must include real property and marketable securities at fair market value.

The value of all other property must be included at the value shown on the taxpayer's books and records in accordance with generally accepted accounting principles (GAAP).

Use lines 2, 3 and 4 to adjust the value of the assets reported and use the average value. Average value is generally computed on a quarterly basis. A more frequent basis (monthly, weekly or daily) may be used. Where the taxpayer's usual accounting practice does not permit computation of average value on a quarterly or more frequent basis, a semiannual or annual basis may be used if no distortion of average value results.

**With respect to real property owned by the taxpayer and located within New York City, the fair market value is presumed to be not less than the estimated market value of the property on the Final Assessment Roll of the City for the period covered by the return or the most recent sales price, whichever is greater.**

**LINE 6 - TOTAL LIABILITIES**

The liabilities deductible in computing each type of capital are those liabilities (both long and short term) that are directly or indirectly attributable to each type of capital. Use the same method of averaging as is used in determining average value of assets.

**LINES 7 THROUGH 11**

If the period covered by this report is other

than a period of twelve calendar months, first follow the instructions on Schedule E to calculate preliminary amounts for lines 7 through 11. Before entering these amounts on Schedule E, multiply each amount by a fraction, the numerator of which is the number of months or major parts thereof included in such period and the denominator of which is twelve.

If the amount on line 8, Column E is less than zero because liabilities attributable to subsidiary capital exceed the value of the assets reported in Schedule C, add the absolute amount of the amount on line 8, Column E to the amount on line 7, Column E and enter the total on line 9, Column E. For example, if the amount on Schedule E, line 8, Column E is (\$100) and the amount on Schedule E, line 7, Column E is \$200, the amount on Schedule E, line 9, Column E should be \$300.

If the amount on Schedule D, line 7, Column E is less than zero, enter zero ("0") on line 10, Column E of this Schedule E, enter the amount from line 9, Column E on line 11, Column E.

**SCHEDULE F - (SALARIES AND COMPENSATION OF CERTAIN STOCKHOLDERS)**

Include all stockholders owning in excess of 5% of taxpayer's issued capital stock who received any compensation, including commissions.

**SCHEDULE G -  
(Business Location Information)  
(Form NYC-3A-ATT only).**

**SCHEDULE H  
(Business Allocation Percentage)**

**Note:** Zip codes beginning with the following three-digits are within the five boroughs of New York City:

Manhattan	100, 101, 102
Bronx	104
Brooklyn	112
Queens	111, 113, 114, 116
Staten Island	103

In addition, the five-digit zip codes 11004, 11005 and some addresses with a zip code of 11001, 11040 and 11096 are in the borough of Queens. If the zip code

is 11001, 11040 or 11096, consult the address translator located on the City’s website <http://gis.nyc.gov/dcp/at/f1.jsp> to determine if the corporation's address is within New York City.

A corporation is entitled to allocate part of its business income and capital outside New York City if it carries on business both inside and outside New York City and, for taxable years beginning before July 1, 1996, only if it has a “regular place of business” outside the City. Otherwise, 100% of its business income and capital must be allocated to New York City. If you did not carry on business both inside and outside New York City, you must enter 100% at Schedule H, line 5. If you carried on business both inside and outside New York City, you must complete Schedule G, parts I and II and Schedule H, business allocation percentage. Aviation corporations and corporations operating vessels qualified to file a combined return with similar corporations, do not complete Schedule H. See instructions on page 20.

The business allocation percentage is generally computed by means of a three-factor formula:

- real and tangible personal property (including rented property)
- business receipts
- payroll

**WEIGHTED FACTOR ALLOCATION**

For taxable years beginning in 2013, taxpayers must weight the three factors as follows: 16.5% for property; 16.5% for wages; and 67% for receipts. Those corporations using weighted factors must complete Schedule H.

The following example illustrates the calculation of the business allocation percentage using weighted factors:

**EXAMPLE**

Assume the percentages on lines 1g, 2h and 3b are as follows:

- 1g. 25.0001%
- 2h. 65.2207%
- 3b. 35.6103%

The amounts on lines 1h, 2i, 3c, 4a and 4b should be calculated as follows:

- 1h. 25.0001 X 16.5 = 412.5017
- 2i. 65.2207 X 67 = 4369.7869
- 3c. 35.6103 X 16.5 = 587.5700
- 4a. Sum of above = 5369.8586
- 4b. divide line 4a by 100

Express as a percentage: 53.70%

**ALTERNATIVE ALLOCATION METHOD**

You cannot use an allocation method other than the formula basis set out in Schedule H without the consent of the Department of Finance. In order to request consent to use a different method of allocation, a written request, separate and apart from filing this return, must be submitted. For details on how to make such a request, go to [www.nyc.gov/finance](http://www.nyc.gov/finance). If the consent to use a different allocation method has not been obtained at the time of the filing of the return, you must use the formula basis set out in Schedule H and pay the tax in accordance therewith. If the Department consents to your proposed alternative allocation method and it results in a lower tax liability than the formula basis set out in Schedule H, you may be entitled to claim a refund of the excess amount you have paid.

**LINES 1 AND 2**

**Property Factor**

When computing the property percentage, value real and tangible personal property owned by the corporation at the adjusted basis used for federal income tax purposes. However, you may make a one-time revocable election to value real and tangible personal property owned at fair market value. You must make this election on or before the due date (or extended due date) for filing the taxpayer’s first General Corporation Tax Return. This election will not apply to any taxable year with respect to which the corporation is included in a combined report unless each of the corporations included on the combined report has made the election which remains in effect for such year.

**LINE 1b - REAL ESTATE RENTED**

The value of real property rented to the taxpayer is eight times the gross rent

payable during the year covered by this return. Gross rent includes any amount payable as rent or in lieu of rent, such as taxes, repairs, etc., and, if there are leasehold improvements made by or on behalf of the taxpayer, the amount of annual amortization of such cost. Do not include the rental of personal property on this line.

**LINE 1d - TANGIBLE PERSONAL PROPERTY OWNED**

Enter the average value of the tangible personal property owned. The term “tangible personal property” means corporeal personal property, such as machinery, tools, implements, goods and wares. Do not include cash, shares of stock, bonds, notes, credits, evidences of an interest in property, or evidences of debt.

**LINE 1e - TANGIBLE PERSONAL PROPERTY RENTED**

Enter the average value of the tangible personal property you rented. The value of rented tangible personal property is eight times the gross rent payable during the year covered by this return.

**Receipts Factor**

**LINES 2a AND 2b - SALES OF TANGIBLE PERSONAL PROPERTY**

Enter on line 2a, column A, receipts in the regular course of business from the sale of tangible personal property where shipments are made to points within New York City. Enter on line 2b, column B, receipts from all sales of tangible personal property.

**LINE 2c - SERVICES PERFORMED**

Receipts from services performed within New York City are allocable to New York City. All amounts received by the taxpayer in payment for such services are allocable to New York City regardless of whether the services were performed by employees or agents of the taxpayer, by subcontractors, or by any other persons. It is immaterial where such amounts were payable or where they actually were received.

Commissions received by the taxpayer are allocated to New York City if the services for which the commissions were paid were performed in New York City.

If the taxpayer's services for which commissions were paid were performed for the taxpayer by salesmen attached to or working out of a New York City office of the taxpayer, the taxpayer's services will be deemed to have been performed in New York City.

Corporations engaged in publishing newspapers or periodicals must allocate receipts from advertising in such publications based on the circulation of the publication in the City compared to the total circulation. Corporations engaged in radio or television broadcasting, whether by cable or other means, must allocate receipts from broadcasting programs or commercial messages based upon the location of the audience for the broadcasts in the City compared to the total audience. For taxable years beginning on or after January 1, 2002, corporations engaged in publishing newspapers or periodicals or in radio or television broadcasting must allocate receipts from subscriptions to such newspapers, periodicals and broadcast programs based on the location of the subscriber.

Taxpayers principally engaged in the activity of air freight forwarding acting as principal and like indirect air carriers are required to determine receipts for purposes of the receipts factor arising from the activity from services performed within New York City as follows: 100% of the receipts if both the pick up and delivery associated with the receipts are made in New York City and 50% of the receipts if either the pickup or delivery associated with the receipts is made in the City but not both.

Receipts from management, administration or distribution services provided to a regulated investment company (RIC) must be allocated based upon the percentage of the RIC's shareholders domiciled in New York City. (Attach rider showing computation.)

#### **SOURCING OF RECEIPTS OF REGISTERED SECURITIES OR COMMODITIES BROKERS OR DEALERS**

For taxable years beginning after 2008,

new rules are applicable in determining the sourcing of the receipts of taxpayers which are registered securities or commodities brokers or dealers. The rules below apply for determining whether a receipt is deemed to arise from services performed in New York City by a registered securities or commodities broker or dealer, for purposes of computing the receipts factor of the BAP. See Ad. Code §11-604(3)(a)(10) as added by section 34 of Chapter 201 of the Laws of 2009.

A registered securities or commodities broker or dealer is a broker or dealer who is registered by the Securities and Exchange Commission (SEC) or the Commodities Futures Trading Commission and includes over-the-counter (OTC) derivatives dealers as defined under regulations of the SEC (17 CFR 240.3b-12). The terms securities and commodities have the same meanings as the meanings in IRC sections 475(c)(2) and 475(e)(2).

- **Brokerage commissions** - Brokerage commissions earned from the execution of securities or commodities purchase or sales orders for the accounts of customers are deemed to arise from a service performed in New York City if the customer who is responsible for paying the commissions is located in New York City. See Ad. Code § 11-604(3)(a)(10)(A)(i) as added by section 34 of Chapter 201 of the Laws of 2009.
- **Margin interest** - Margin interest earned on brokerage accounts is deemed to arise from a service performed in New York City if the customer who is responsible for paying the margin interest is located in New York City. See Ad. Code § 11-604(3)(a)(10)(A)(ii) as added by section 34 of Chapter 201 of the Laws of 2009.
- **Account maintenance fees** - Account maintenance fees are deemed to arise from a service performed in New York City if the customer who is responsible for paying the account maintenance fees is located in New York City. See Ad. Code § 11-604(3)(a)(10)(A)(vi) as added by section 34 of Chapter 201 of the Laws of 2009.

- **Income from principal transactions** - Gross income from principal transactions (that is, transactions in which the registered broker or dealer is acting as principal for its own account, rather than as an agent for the customer) is deemed to arise from a service performed in New York City if the production credits for these transactions are awarded to a New York City branch, office, or employee of the taxpayer.

Registered broker dealers may elect to source the gross income from principal transactions based on the location of the customer to the principal transaction. If the election is made, gross income from principal transactions is deemed to arise from a service performed in New York City to the extent that the gross proceeds from the transactions are generated from sales of securities or commodities to customers within the city based upon the mailing addresses of those customers in the records of the taxpayer. See Ad. Code § 11-604(3)(a)(10)(A)(iii) as added by section 34 of Chapter 201 of the Laws of 2009.

- **Fees from advisory services for the underwriting of securities** - Fees earned from advisory services for a customer in connection with the underwriting of securities (where the customer is the entity contemplating the issuance of the securities or is issuing securities) or for the management of an underwriting of securities are deemed to arise from a service performed in New York City if the customer responsible for paying the fee is located in New York City. See Ad. Code § 11-604(3)(a)(10)(A)(iv)(I) as added by section 34 of Chapter 201 of the Laws of 2009.
- **Receipts from the primary spread for the underwriting of securities** - Receipts from the primary spread or selling concession from underwritten securities are deemed to arise from a service performed in New York City if production credits are awarded to a branch, office, or employee of the taxpayer in New York City as a result of the sale of underwritten securities. See

Ad. Code § 11-604(3)(a)(10)(A)(iv)(II) as added by section 34 of Chapter 201 of the Laws of 2009.

- **Interest earned on loans to affiliates** - Interest earned on loans and advances made by a taxpayer to an affiliate with whom they are not required or permitted to file a combined return are deemed to arise from a service performed in New York City if the principal place of business of the affiliate who is responsible for the payment of interest is located in New York City. See Ad. Code § 11-604(3)(a)(10)(A)(v) as added by section 34 of Chapter 201 of the Laws of 2009.
- **Fees for management or advisory services** - Fees earned from management or advisory services, including fees from advisory services for activities relating to mergers or acquisition activities, are deemed to arise from a service performed in New York City if the customer responsible for paying these fees is located in New York City. See Ad. Code § 11-604(3)(a)(10)(A)(vii) as added by section 34 of Chapter 201 of the Laws of 2009.

A customer is located in New York City if the mailing address of the customer, as it appears in the broker's or dealer's records, is in New York City. See Ad. Code § 11-604(3)(a)(2)(B)(v) as added by section 33 of Chapter 201 of the Laws of 2009.

If the taxpayer is unable from its records to determine the mailing address of the customer, the receipts enumerated in any of such items shall be deemed to arise from services performed at the branch or office of the taxpayer that generates the transaction for the customer that generated such receipts. See Ad Code § 11-604(3)(a)(10)(D) as added by section 34 of Chapter 201 of the Laws of 2009.

Note that the rules for the receipts under Ad. Code § 11-604(3)(a)(10)(A) described above shall also apply to receipts described herein arising from a correspondent securities relationship. See Ad. Code § 11-604(3)(a)(10)(C) as added by section

34 of Chapter 201 of the Laws of 2009.

#### **LINE 2d - RENTALS OF PROPERTY**

Receipts from rentals of real and personal property situated in New York City are allocable to New York City. These include all amounts received by the taxpayer for the use or occupation of property, whether or not such property is owned by the taxpayer.

#### **LINE 2e - ROYALTIES**

Royalties from the use in New York City of patents or copyrights are allocable to New York City. These include all amounts received by the taxpayer for the use of patents or copyrights, whether or not the patents or copyrights were originally issued to or are owned by the taxpayer. A patent or copyright is used in New York City to the extent that activities there under are carried on in New York City.

#### **LINE 2f - OTHER BUSINESS RECEIPTS**

All other business receipts earned by the taxpayer within New York City are allocable to New York City. Business receipts are not considered to have been earned by the taxpayer in New York City solely by reason of the fact that they were payable in New York City or actually were received in New York City. Receipts from sales of capital assets (property not held by the taxpayer for sale to customers in the regular course of business) are not business receipts.

The following are also business receipts and are allocable to New York City.

- receipts from the sale of real property held by the taxpayer as a dealer for sale to customers in the regular course of business, provided the real property was situated in New York City
- receipts from sales of intangible personal property included in business capital held by the taxpayer as a dealer for sale to customers in the regular course of business, provided the sales were made in New York City or through a regular place of business in New York City

#### **Payroll Factor**

#### **LINE 3a - WAGES AND SALARIES**

Employees within New York City generally include all employees, except general executive officers, regularly connected with or working out of an office or place of business maintained by the taxpayer within New York City. For more information, please see 19 RCNY Section 11-66(a)(4).

General executive officers include the chairman, president, vice-president, secretary, assistant secretary, treasurer, assistant treasurer, comptroller, and any other officer charged with the general executive affairs of the corporation. An executive officer whose duties are restricted to territory either inside or outside of New York City is not a general executive officer.

#### **Weighted Factor Allocation**

##### **LINE 4a**

Those taxpayers using the weighted factor allocation should add the values from lines 1h, 2i and 3c.

##### **LINE 4b**

Divide line 4a by 100 if no factors are missing. If a factor is missing, divide line 4a by the total of the weights of the factors present. Note that a factor is not missing merely because its numerator is zero, but is missing if both its numerator and denominator are zero. Enter as a percentage. Round to the nearest one hundredth of a percentage point.

#### **LINE 5 - BUSINESS ALLOCATION PERCENTAGE**

Corporations using the weighted factor allocation method should enter the amount from line 4b.

Aviation corporations may only file a combined return with other aviation corporations which allocate in the same manner. Similarly, corporations operating vessels may only file a combined return with other corporations operating vessels which allocate in the same manner. These combined filers must compute their business allocation percentage using a separate schedule. For aviation corporations, this schedule must aggregate the applicable allocation factors (aircraft arrivals and departures; revenue tons; and

originating revenue) for both New York City and everywhere. For corporations operating vessels this schedule must aggregate the number of working days the vessel was in New York City territorial waters and everywhere.

**SCHEDULE M**

*Summary*

**LINES 6 THROUGH 9**

If the tax period reported on this return is less than 12 months and allocated capital has been separately prorated for the corporations included in this combined report, do not prorate allocated capital again. See instructions for Schedule E, lines 7 through 11 for more information and for information on calculating business and investment capital for the corporations included in this combined report.

**LINE 10 - ISSUERS ALLOCATION PERCENTAGE**

Enter on line 10, the amount from line 8 plus the amount from line 9 divided by the amount from Schedule, E, line 7, column E rounded to the nearest one hundredth of a percentage point. Do not calculate your issuer's allocation percentage by adding the business, investment and subsidiary capital allocation percentages and dividing that total by the number of percentages. If the tax period reported on this return is less than 12 months and the amount on line 9 has been prorated, in calculating the issuers allocation percentage, use the amount that would have been entered on line 9 had there been no proration. The issuer's allocation percentage cannot be less than zero.

**LINE 11 - NUMBER OF SUBSIDIARIES INCLUDED IN THE COMBINED GROUP**

Enter the number of subsidiaries in the combined group.

**LINES 11a to 11g**

Enter the number of taxable subsidiaries with NYC Receipts and multiply by the amount shown. A subsidiary is any corporation other than the reporting corporation. For NYC Receipts, each subsidiary should use the amount on Form 3A/B, Schedule H, Line 2g(A) in the column for that subsidiary. If there is only one subsidiary, use the amount en-

tered on Form 3A, Schedule H, Line 2g(A) (Column B) for the NYC Receipts for that subsidiary.

**LINE 12**

Add lines 11a through 11g.

**ADDITIONAL REQUIRED INFORMATION**

All questions must be answered. For purposes of these questions, the term "member corporation" shall mean a corporation that is a member of the combined group of corporations included in this Combined General Corporation Tax Return (the "Combined Group").

**QUESTION 1**

In reporting the "NYC principal business activity," give the one activity that accounts for the largest percentage of total receipts for the Combined Group. Total receipts means gross receipts plus all other income. State the broad field of business activity as well as the specific product or service (e.g., mining copper, manufacturing cotton broad woven fabric, wholesale meat, retail men's apparel, export or import chemicals, real estate rental, or real estate operation of motel).

**QUESTION 10**

If you answer "yes" to question 9, attach a separate sheet providing street address, borough, block and lot number of such property. If you answer "yes" to question b, c or d, complete questions 11 and 12. The term "owning corporation" means the member corporation which owns the real property.

A controlling interest in the case of a corporation means:

- 50% or more of the total combined voting power of all classes of stock of such corporation, or
- 50% or more of the total fair market value of all classes of stock of such corporation.

**QUESTION 13**

If you answer "yes" to question 13, no portion of the income, gain, loss, deduction or capital of a QSSS is permitted to be included in a separate report filed by

the S corporation parent. The QSSS must either: 1) be included in the Combined Group as a separate member corporation or 2) file a separate General Corporation Tax return. See Finance Memorandum 99-3. Note that to be included in the Combined Group, the QSSS would have to be required to be included or to be permitted to be included and to have elected such inclusion.

**PRIVACY ACT NOTIFICATION**

The Federal Privacy Act of 1974, as amended, requires agencies requesting Social Security Numbers to inform individuals from whom they seek this information as to whether compliance with the request is voluntary or mandatory, why the request is being made and how the information will be used. The disclosure of Social Security Numbers for taxpayers is mandatory and is required by section 11-102.1 of the Administrative Code of the City of New York. Such numbers disclosed on any report or return are requested for tax administration purposes and will be used to facilitate the processing of tax returns and to establish and maintain a uniform system for identifying taxpayers who are or may be subject to taxes administered and collected by the Department of Finance, and, as may be required by law, or when the taxpayer gives written authorization to the Department of Finance for another department, person, agency or entity to have access (limited or otherwise) to the information contained in his or her return.