

Instructions for Form NYC-2.5



Computation of Receipts Factor

2015

All citations are to New York City Administrative Code sections unless specifically noted otherwise.

GENERAL INFORMATION

For tax years beginning on and after January 1, 2015, significant changes were made to the rules for computing the receipts factor of the business allocation percentage. The receipts factor of the business allocation percentage under the Business Corporation Tax generally uses customer-based sourcing. Receipts from services are generally sourced to New York City if the customer receives the benefit of the service in the city.

Both the business income base and total business capital are allocated to New York City using a three factor formula calculated in Schedule F of Form NYC-2. The purpose of this Form NYC-2.5 is to calculate the receipts factor which should then be used in calculating the business allocation percentage in Schedule F. When completing this form, include only the receipts, net income, net gains, and other items described in Administrative Code §11-654.2 that are included in your business income, determined without regard to the amount subtracted on Schedule B, line 23 (Subtraction modification for qualified banks).

Columns A and B – New York City (column A) amounts are determined per the specific line instructions. Everywhere (column B) amounts should be 100% of the receipts, net income, net gains (not less than zero), or other applicable items, unless otherwise specified. If only one category of receipts, net income, net gains (not less than zero), or other applicable item applies to your business, you must still complete both columns for that category. Skip a line only if both the numerator (column A) and the denominator (column B) are zero.

SECTION 11-654.2(2) – SALES OF TANGIBLE PERSONAL PROPERTY, ELECTRICITY AND NET GAINS FROM REAL PROPERTY

Line 1 – Receipts from the sale of tangible personal property are apportioned to New York City when shipments are made to points in the city, or the destination of the property is a point in the city.

Line 2 – Receipts from the sale of electricity are apportioned to New York City when delivered to points in the city. Receipts from sales of tangible personal property and electricity that are traded as commodities, as defined in IRC section 475, are included on line 27, in accordance with §11-654.2(5)(a)(2)(ix).

Line 3 – Net gains (not less than zero) from the sales of real property located within the city are apportioned to New York City.

SECTION 11-654.2(3) – RENTALS OF REAL AND TANGIBLE PERSONAL PROPERTY, ROYALTIES, AND RIGHTS FOR CERTAIN CLOSED-CIRCUIT AND CABLE TV TRANSMISSIONS

Line 4 – Receipts from rentals of real and tangible personal property located within the city are apportioned to New York City.

Line 5 – Receipts of royalties from the use of patents, copyrights, trademarks, and similar intangible personal property within the city are apportioned to New York City.

Line 6 – Receipts from the sales of rights for closed-circuit and cable television transmissions of an event (other than events occurring on a regularly scheduled basis) taking place within the city as a result of the rendition of services by employees of the corporation, as athletes, enter-

tainers, or performing artists, are entered in the New York City column to the extent that those receipts are attributable to such transmissions received or exhibited within the city.

SECTION 11-654.2(4) – RECEIPTS FROM SALE OF, LICENSE TO USE, OR GRANTING OF REMOTE ACCESS TO DIGITAL PRODUCTS

Line 7 – For Subchapter 3-A allocation purposes, the term digital product means any property or service, or combination thereof, of whatever nature delivered to the purchaser through the use of wire, cable, fiber-optic, laser, microwave, radio wave, satellite or similar successor media, or any combination of these. Digital product includes, but is not limited to, an audio work, audiovisual work, visual work, book or literary work, graphic work, game, information or entertainment service, storage of digital products and computer software by whatever means delivered. The term delivered to includes furnished or provided to or accessed by. A digital product does not include legal, medical, accounting, architectural, research, analytical, engineering or consulting services.

If the receipt for a digital product is comprised of a combination of property and services, it cannot be divided into separate components and is considered to be one receipt, regardless of whether it is separately stated for billing purposes. The entire receipt must be allocated according to a hierarchy (see below). Receipts from the sale of, license to use, or granting of remote access to digital products within the city, are determined according to the following hierarchy:

- 1) The customer's primary use location of the digital product.
- 2) The location where the digital product is received by the customer or is received by a person designated for receipt by the customer.
- 3) The receipts fraction determined pursuant to Administrative Code §11-654.2(4) of the taxpayer for the preceding tax year for such digital product.
- 4) The receipts fraction in the current tax year for those digital products that can be sourced using the methods in items 1 and 2.

Note: Item 3 does not apply to your first tax period that begins on or after January 1, 2015.

The taxpayer must exercise due diligence under each method before rejecting it and proceeding to the next method in the hierarchy, and must base its determination on information known to the taxpayer or information that would be known to the taxpayer upon reasonable inquiry.

SECTION 11-654.2(5)(a)(1) – QUALIFIED FINANCIAL INSTRUMENTS (QFIS), THE 8% METHOD

Line 8 – A qualified financial instrument means a financial instrument of a type that is reported on lines 11 through 24, 27, 29, or 30 that is marked to market in the tax year by the taxpayer under IRC section 475 or 1256. Further, if the taxpayer has in the tax year marked to market a financial instrument of the type described on the aforementioned lines, then any financial instrument within that type that has not been marked to market by the taxpayer under IRC section 475 or 1256 is a QFI in the tax year. If the only loans that are marked to market under IRC section

475 or 1256 are loans secured by real property, then no loans are QFIs. Stock that is investment capital shall not be a QFI.

Taxpayers may elect to use the fixed percentage method to allocate QFIs; if so, all income, gain or loss from QFIs, including marked to market net gains as described in the line 28 instructions, constitutes business income, gain or loss. Under the fixed percentage method, 8% of all net income (not less than zero) from QFIs is included in the New York City column. This election is irrevocable, applies to all QFIs and must be made on an annual basis on the original timely filed return (determined with regard to extensions of time for filing) by marking an X in the box on line 8. If you do not mark the box but still allocate QFI receipts by 8%, you will be considered to have made the election.

When any financial instrument has been marked to market that is reported on:

- a) either line 11 or 12, then both boxes on lines 11 and 12 must be marked; and
- b) any of lines 13 through 24, and 27 through 30, then the box next to the section heading above the line on which the financial instrument is reported must be marked.

For all financial instruments that do not meet the definition of a QFI and if you did not elect the fixed percentage method for QFI's, use the allocation rules as detailed in the instructions for lines 9 through 30.

For purposes of these allocation instructions, an individual is deemed to be located in New York City if his or her billing address is in the city. A business entity is deemed to be located in New York City if its commercial domicile is located in the city. Use the following hierarchy to determine the commercial domicile of a business entity, based on known information, or information that would be known upon reasonable inquiry:

- 1) The seat of management and control of the business entity.
- 2) The billing address of the business entity in the taxpayer's records.

You must exercise due diligence before rejecting the first method and proceeding to the next method in this hierarchy. For purposes of these allocation instructions, registered securities broker or dealer means a broker or dealer registered as such by the Securities and Exchange Commission (SEC) or a broker or dealer registered as such by the commodities futures trading commission, and shall include an over-the-counter (OTC) derivatives dealer as defined under regulations of the SEC (17 CFR 240.3b-12).

For purposes of these allocation instructions, gross proceeds are determined after the deduction of any cost incurred to acquire the securities, but shall not be less than zero.

SECTION 11-654.2(5)(a)(2)(i) – LOANS

A loan is secured by real property if 50% or more of the value of the collateral used to secure the loan (when valued at FMV as of the time the loan was entered into) consists of real property. Gross proceeds are determined after the deduction of any cost to acquire the loans, but shall not be less than zero.

Line 9 – Include in the New York City column, interest from loans secured by real property located within the city.

Line 10 – For the New York City column, multiply the amount of net gains (not less than zero) from sales of loans secured by real property by a fraction, the numerator of which is the amount of gross proceeds from sales of loans secured by real property located within the city, and the denominator of which is the amount of gross proceeds from sales of such loans everywhere. In the Everywhere column, include the amount of net gains (not less than zero) from sales of loans secured by real property both within and outside New York City.

Line 11 – In the New York City column, include interest from loans not secured by real property if the borrower is located in New York City.

Line 12 – For the New York City column, multiply net gains (not less than zero) from sales of loans not secured by real property by a fraction, the numerator of which is the amount of gross proceeds from sales of loans not secured by real property to purchasers located within the city, and the denominator of which is the amount of gross proceeds from sales of such loans to purchasers located within and outside the city. In the Everywhere column, include the amount of net gains (not less than zero) from sales of loans not secured by real property within and outside the city.

SECTION 11-654.2(5)(a)(2)(ii) – FEDERAL, STATE, AND MUNICIPAL DEBT

Lines 13 through 18 – Receipts are not included in column A unless you have made the election to allocate QFI receipts using the 8% method. For lines 13 through 16, in the Everywhere column, enter 100% of the applicable receipts. For lines 17 and 18, in the Everywhere column, enter 50% of the receipts constituting interest and net gains (not less than zero) from sales of debt instruments issued by other states or their political subdivisions.

SECTION 11-654.2(5)(a)(2)(iii) – ASSET-BACKED SECURITIES AND OTHER GOVERNMENT AGENCY DEBT

Line 19 – In the New York City column, enter 8% of the interest income from:

- 1) Asset-backed securities issued by government agencies or other securities issued by government agencies, including but not limited to securities issued by the Government National Mortgage Association (GNMA), the Federal National Mortgage Association (FNMA), the Federal Home Loan Mortgage Corporation (FHLMC), or the Small Business Administration (SBA); or
- 2) Asset-backed securities issued by other entities.

Line 20 – In the New York City column, enter 8% of the net gains (not less than zero) from:

- 1) Sales of asset-backed securities or other securities issued by government agencies, including but not limited to securities issued by GNMA, FNMA, FHLMC, or the SBA; and
- 2) Sales of other asset-backed securities that are sold through a registered securities broker or dealer, or through a licensed exchange.

Line 21 – For the New York City column, multiply net gains (not less than zero) from sales of other asset-backed securities not reported on line 20 by a fraction, the numerator of which is the amount of gross proceeds from such sales to purchasers located in the city and the denominator of which is the amount of gross proceeds from such sales to purchasers located within and outside the city. In the Everywhere col-

umn, enter 100% of the amount of net gains (not less than zero) from sales of other asset-backed securities not reported on line 20.

SECTION 11-654.2(5)(a)(2)(iv) – CORPORATE BONDS

Line 22 – In the New York City column, enter interest from corporate bonds when the commercial domicile of the issuing corporation is in the city.

Line 23 – In the New York City column, enter 8% of the net gains (not less than zero) from sales of corporate bonds sold through a registered securities broker or dealer, or through a licensed exchange.

Line 24 – For the New York City column, multiply net gains (not less than zero) from those sales of corporate bonds not reported on line 23 by a fraction, the numerator of which is the amount of gross proceeds from such sales to purchasers located within the city, and the denominator of which is the amount of gross proceeds from such sales to purchasers located within and outside the city. In the Everywhere column, enter the amount of net gains (not less than zero) from sales of corporate bonds to purchasers within and outside the city.

SECTION 11-654.2(5)(a)(2)(v) – INTEREST INCOME FROM REVERSE REPURCHASE AND SECURITIES BORROWING AGREEMENTS

Line 25 – In the New York City column, enter 8% of net interest income (not less than zero) from reverse repurchase agreements and securities borrowing agreements. For this calculation, net interest income is determined after the deduction of the amount of interest expense from the taxpayer's repurchase agreements and securities lending transactions, but cannot be less than zero. The amount of such interest expense is the interest expense associated with the sum of the value of the taxpayer's repurchase agreements where the taxpayer is the seller or borrower, plus the value of the taxpayer's securities lending agreements where the taxpayer is the securities lender, provided such sum is limited to the sum of the value of the taxpayer's reverse repurchase agreements where the taxpayer is the purchaser or lender, plus the value of the taxpayer's securities lending agreements where the taxpayer is the securities borrower.

SECTION 11-654.2(5)(a)(2)(vi) – INTEREST INCOME FROM FEDERAL FUNDS

Line 26 – In the New York City column, enter 8% of the net interest (not less than zero) from federal funds (determined after deduction of interest expense from federal funds).

SECTION 11-654.2(5)(2)(ix) – NET INCOME FROM SALES OF PHYSICAL COMMODITIES

Line 27 – For the New York City column, multiply the net income from sales of physical commodities by a fraction, the numerator of which is the amount of receipts from sales of physical commodities actually delivered to points within the city or, if there is no actual delivery of the physical commodity, the amount sold to purchasers located in the city, and the denominator of which is the amount of receipts from all sales of physical commodities actually delivered to points within and outside the city or, if there is no actual delivery of the physical commodity, the amount sold to purchasers located both within and outside the city.

Net income (not less than zero) from sales of physical commodities is determined after the deduction of the cost to acquire or produce the physical commodities. In the Everywhere column, enter 100% of the net income (not less than zero) from sales of physical commodities.

SECTION 11-654.2(a)(2)(x) – MARKED TO MARKET NET GAINS

Line 28 – For purposes of lines 9 through 43, marked to market means that a financial instrument is treated by the taxpayer as sold for its FMV on the last business day of the taxpayer's tax year, despite no actual sale having taken place, under IRC section 475 or 1256. The term marked to market gain or loss means the gain or loss recognized by the taxpayer under IRC section 475 or 1256 because the financial instrument is treated as sold for its FMV on the last business day of the tax year.

The amount of marked to market net gains (not less than zero) from each type of financial instrument to be included in the New York City column is determined by multiplying such net gains (not less than zero) from each such type of financial instrument by a fraction, the numerator of which is the numerator of the allocation fraction for the net gains from **actual** sales of that type of financial instrument as reported on lines 9 through 30 (as applicable), and the denominator of which is the denominator of the allocation fraction for the net gains from actual sales of that type of financial instrument determined on the applicable line.

In the Everywhere column, enter 100% of the marked to market net gains (not less than zero) from financial instruments for which the amount to be included in the New York City column is determined under the immediately preceding paragraph.

If the type of financial instrument that is marked to market is not otherwise sourced by the taxpayer on lines 9 through 30, or if the taxpayer has a net loss from the sales of that type of financial instrument not otherwise sourced on lines 9 through 30, for the New York City column, multiply the marked to market net gains (not less than zero) from that type of financial instrument by a fraction, the numerator of which is the sum of the amount of receipts from financial instruments entered in the New York City column on lines 9 through 30, and the denominator of which is the sum of the amount of receipts entered in the Everywhere column on lines 9 through 30.

In the Everywhere column, enter 100% of the marked to market net gains (not less than zero) from financial instruments for which the amount to be included in the New York City column is determined under the immediately preceding paragraph.

SECTION 11-654.2(5)(a)(2)(viii) – INCOME FROM OTHER FINANCIAL INSTRUMENTS

Line 29 – In the New York City column, enter interest from other financial instruments when the payor is located in New York City.

Line 30 – In the New York City column, include net gains (not less than zero) from sales of other financial instruments and other income (not less than zero) from other financial instruments when the purchaser or payor is located in the city. However, if the purchaser or payor is a registered securities broker or dealer, or the transaction is made through a licensed exchange, then include 8% of the net gains (not less than zero) or other income (not less than zero).

If the fixed percentage method election has been made, include on line 30:

- (1) dividends and net gains from stock that is not investment capital, and dividends from stock that does not generate other exempt income, if the taxpayer has marked to market any stock under IRC section 475 or 1256; and
- (2) net gains from the sale of partnership interests in widely held or publicly traded partnerships if the taxpayer has marked to market any partnership interest in a widely held or publicly traded partnership under IRC section 475 or 1256.

SECTION 11-654.2(5)(b) – OTHER RECEIPTS FROM BROKER OR DEALER ACTIVITIES

For the purposes of lines 31 through 37, securities has the same meaning as in IRC section 475(c)(2), and commodities has the same meaning as in IRC section 475(e)(2). If the taxpayer receives any of the receipts reported on lines 31 through 35 as a result of a securities correspondent relationship that the taxpayer has with another broker or dealer (with the taxpayer acting in this relationship as the clearing firm), those receipts are deemed generated within the city to the extent set forth in §11-654.2(5)(b)(1) through §11-654.2(5)(b)(4). The amount of those receipts excludes the amount the taxpayer is required to pay to the correspondent firm for the correspondent relationship. If the taxpayer receives any of the receipts reported on lines 31 through 35 as a result of a securities correspondent relationship that the taxpayer has with another broker or dealer (with the taxpayer acting in this relationship as the introducing firm), these receipts are deemed generated within the city to the extent set forth in §11-654.2(5)(b)(1) through §11-654.2(5)(b)(4). If the taxpayer is unable to determine the mailing address of the customer from its records, include 8% of the receipts in the numerator of the allocation fraction.

Line 31 – In the New York City column, enter brokerage commissions derived from the execution of securities or commodities purchase or sales orders for the accounts of customers if in the records of the taxpayer, the mailing address of the customer responsible for paying the commissions is in the city.

Line 32 – In the New York City column, enter margin interest earned on behalf of brokerage accounts if in the records of the taxpayer, the mailing address of the customer responsible for paying such margin interest is in the city.

Line 33 – In the New York City column, enter the amount of fees for advisory services to a customer in connection with the underwriting of securities for the entity that is contemplating issuing or is issuing securities, or fees for managing an underwriting, if in the records of the taxpayer, the mailing address of the customer responsible for paying such fees is in the city.

Line 34 – In the New York City column, enter the receipts constituting the primary spread of selling concession from underwritten securities if the customer is located in the city. The term primary spread means the difference between the price paid by the taxpayer to the issuer of the securities being marketed and the price received from the subsequent sale of the underwritten securities at the initial public offering price, less any selling concession and any fees paid to the taxpayer for advisory services or any manager's fees, if those fees are not paid by the customer to the taxpayer separately. The term public offering price means the price agreed upon by the taxpayer and the issuer at which the securities are to be offered to the public. The term selling concession means the amount paid to the taxpayer for participating in the underwriting of a security where the taxpayer is not the lead underwriter.

Line 35 – In the New York City column, enter account maintenance fees if in the records of the taxpayer, the mailing address of the customer responsible for paying such account maintenance fees is in the city.

Line 36 – In the New York City column, enter fees for management or advisory services, including fees for advisory services in relation to merger or acquisition activities, if in the records of the taxpayer, the mailing address of the customer responsible for paying such fees is in the city. Exclude fees paid for services reported on line 43.

Line 37 – Interest earned on loans and advances made by the taxpayer to a corporation affiliated with the taxpayer, but with which the taxpayer

is not included in a combined return under Subchapter 3-A of Chapter 6 of Title 11 of the Administrative Code are deemed to arise from services performed at the principal place of business of the affiliated corporation. If such principal place of business is in New York City, include the interest in the New York City column.

SECTION 11-654.2(5)(c) – RECEIPTS FROM CREDIT CARD AND SIMILAR ACTIVITIES

Line 38 – In the New York City column, enter interest, fees, and penalties in the nature of interest from bank, credit, travel, and entertainment card receivables if in the records of the taxpayer, the mailing address of the card holder is in the city.

Line 39 – In the New York City column, enter service charges and fees from such cards, if in the records of the taxpayer, the mailing address of the card holder is in the city.

Line 40 – In the New York City column, enter receipts from merchant discounts when the merchant is located within the city. If the merchant has locations both within and outside of New York City, only receipts from merchant discounts attributable to sales made from locations within New York City are entered in the New York City column. The location of the merchant is presumed to be the address of the merchant shown on the invoice submitted to the taxpayer by the merchant.

Line 41 – In the New York City column, enter receipts from credit card authorization processing, and clearing and settlement processing, received by credit card processors if the location where the customer of the credit card processor accesses the credit card processor's network is located within the city.

Line 42 – For the New York City column, multiply the total amount of all other receipts received by credit card processors not reported on lines 1 through 52 by the average of 8% and the percent of its New York City access points. The percent of New York City access points is the number of locations within New York City from which the credit card processor's customers access the credit card processor's network, divided by the total number of locations in the United States where the credit card processor's customers access the credit card processor's network.

SECTION 11-654.2(5)(d) – RECEIPTS FROM CERTAIN SERVICES TO INVESTMENT COMPANIES

Line 43 – For the New York City column, multiply the receipts received from an investment company arising from the sale of management, administration, or distribution services to such investment company by a fraction, the numerator of which is the sum of the monthly percentages determined for each month of the investment company's federal tax year that ends within the tax year of the taxpayer (but excluding any month during which the investment company had no outstanding shares), and the denominator of which is the number of those monthly percentages.

To determine the monthly percentage for each month, divide the number of shares in the investment company that are owned on the last day of the month by shareholders that are located in New York City by the total number of shares in the investment company outstanding on that date. In the Everywhere column, enter 100% of the receipts received from an investment company arising from the sale of management, administration, or distribution services to the investment company.

For purposes of these receipts, the following apply:

- An individual, estate or trust is deemed located in New York City if

his, her, or its mailing address in the records of the investment company is in the city. A business entity is deemed located in New York City if its commercial domicile is located in the city.

- Investment company means a regulated investment company, as defined in IRC section 851, and a partnership to which IRC section 7704(a) applies (by virtue of section 7704(c)(3)) and that meets the requirements of IRC section 851(b). This is applied to the tax year, for federal income tax purposes, of the business entity that is asserted to constitute an investment company that ends within the tax year of the taxpayer.
- Receipts from an investment company includes amounts received directly from an investment company as well as amounts received from the shareholders in the investment company, in their capacity as such.
- Management services means the rendering of investment advice to an investment company, making determinations as to when sales and purchases of securities are to be made on behalf of an investment company, or the selling or purchasing of securities constituting assets of an investment company, and related activities, but only where such activity or activities are performed pursuant to a contract with the investment company entered into according to the federal Investment Company Act of 1940, section 15(a), as amended.
- Distribution services means the services of advertising, servicing investor accounts (including redemptions), marketing shares or selling shares of an investment company; but in the case of advertising, servicing investor accounts (including redemptions) or marketing shares, only where such service is performed by a person who is (or was, in the case of a closed end company) also engaged in the service of selling such shares. In the case of an open-end company, the service of selling shares must be performed pursuant to a contract entered into pursuant to the federal Investment Company Act of 1940, section 15(b), as amended.
- Administration services includes clerical, accounting, bookkeeping, data processing, internal auditing, legal, and tax services performed for an investment company, but only if the provider of such service or services during the tax year in which such service or services are sold also sells management or distribution services (as defined above), to such investment company.

SECTION 11-654.2(6) – RECEIPTS FROM RAILROAD AND TRUCKING BUSINESSES

Line 44 – For the New York City column, multiply receipts from the conduct of a railroad business or a trucking business (including surface railroad, whether or not operated by steam, subway railroad, elevated railroad, palace car or sleeping car business) by a fraction, the numerator of which is the miles in such business within the city during the period covered by this return, and the denominator of which is the miles in such business both within and outside the city during such period.

SECTION 11-654.2(12) – RECEIPTS FROM OPERATION OF VESSELS

Line 45 – For the New York City column, multiply receipts from the operation of vessels by a fraction, the numerator of which is the aggregate number of working days of the vessels owned or leased by the taxpayer in territorial waters of the city during the period covered by this return, and the denominator of which is the aggregate number of working days of all vessels owned or leased by the taxpayer during such period.

SECTION 11-654.2(7) – RECEIPTS FROM AVIATION SERVICES

Line 46 – Air freight forwarding – In the New York City column, enter the receipts from the activity of air freight forwarding acting as principal and like indirect air carrier receipts arising from that activity as follows:

- 100% of such receipts if both the pickup and delivery associated with those receipts are made in the city; and
- 50% of such receipts if either the pickup or delivery associated with those receipts is made in this city. In the Everywhere column, enter the amount of receipts from all such activity.

Line 47 – Other aviation services – For the New York City and Everywhere columns, determine the portion of receipts from aviation services, other than services described in line 46 (but including the receipts of a qualified air freight forwarder, as described below) to enter by averaging lines 2, 4, and 6 in the worksheet below.

BUSINESS ALLOCATION FOR AVIATION CORPORATIONS	
AVERAGE FOR THE YEAR	
	AVERAGE FOR THE YEAR
	COLUMN A - NEW YORK CITY COLUMN B - EVERYWHERE
1. Aircraft arrivals and departures 1.	
2. New York City percentage (column A divided by column B) 2.	%
3. Revenue tons handled 3.	
4. New York City percentage (column A divided by column B) 4.	%
5. Originating revenue 5.	
6. New York City percentage (column A divided by column B) 6.	%
7. Total of lines 2, 4 and 6 7.	%
8. Allocation percentage (line 7 divided by three rounded to the nearest one hundredth of a percentage point) 8.	%
9. Enter 100% of receipts from other aviation services; also enter on line 47, in column B..... 9.	
10. Multiply line 8 by line 9; also enter on line 47, in column A 10.	

Aircraft arrivals and departures means the number of landings and takeoffs in the tax year, plus the number of air pickups and deliveries by such aircraft. Do not include arrivals and departures solely for maintenance, repair, or refueling (where no debarkation or embarkation of traffic occurs). Arrivals and departures of ferry and personnel training flights, or in the event of emergency situations, are also not included. Arrivals and departures of flights transporting officers and employees receiving air transportation are included (but see Note below for exceptions) without regard to remuneration.

Note: The Commissioner of Finance may exempt from the calculation arrivals and departures of all non-revenue flights including flights involving the transportation of officers and employees receiving air transportation to perform maintenance or repair services, or where such officers or employees are transported in conjunction with an emergency situation or the investigation of an air disaster (other than on a scheduled flight).

Revenue tons handled by the taxpayer at airports means the weight, in tons, of revenue passengers (at 200 pounds per passenger) and revenue cargo first received, either as originating or connecting traffic or finally discharged at an airport.

Originating revenue means revenue to the taxpayer from the transportation of revenue passengers and revenue property first received by the taxpayer as originating or connecting traffic at airports.

A corporation is a qualified air freight forwarder with respect to another corporation if:

- it owns or controls, either directly or indirectly, all of the capital stock of such other corporation; or if all of its capital stock is owned or controlled, either directly or indirectly, by such other corporation; or if all of the capital stock of both corporations is owned or controlled, either directly or indirectly, by the same interests;
- it is principally engaged in the business of air freight forwarding; and
- its air freight forwarding business is carried on principally with the airline or airlines operated by such other corporation.

SECTION 11-654.2(8) – ADVERTISING: NEWSPAPERS/PERIODICALS, TV/RADIO, AND OTHER MEANS

Line 48 – For the New York City column, multiply receipts from sales of advertising in newspapers or periodicals by a fraction, the numerator of which is the number of newspapers and periodicals delivered to points within the city, and the denominator of which is the number of newspapers and periodicals delivered to points both within and outside the city.

Line 49 – For the New York City column, multiply receipts from sales of advertising on television or radio by a fraction, the numerator of which is the number of viewers or listeners within the city, and the denominator of which is the number of viewers or listeners both within and outside the city.

Line 50 – For the New York City column, multiply receipts from sales of advertising not reported on either line 48 or 49 that is furnished, provided, or delivered to or accessed by the viewer or listener through the use of wire, cable, fiber-optic, laser, microwave, radio wave, satellite or similar successor media, or any combination of these by a fraction, the numerator of which is the number of viewers or listeners within the city, and the denominator of which is the number of viewers or listeners both within and outside the city.

SECTION 11-654.2(9) – RECEIPTS FROM THE TRANSPORTATION OR TRANSMISSION OF GAS THROUGH PIPES

Line 51 – For the New York City column, multiply receipts from the transportation or transmission of gas through pipes by a fraction, the numerator of which is the taxpayer's transportation units within the city, and the denominator of which is the taxpayer's transportation units both within and outside the city.

A transportation unit is the transportation of one cubic foot of gas over a distance of one mile.

SECTION 11-654.2(10) – RECEIPTS FROM OTHER SERVICES/ACTIVITIES NOT SPECIFIED

Line 52 – In the New York City column, enter receipts from services and other business receipts not reported on lines 1 through 51, if the location of the customer is within the city. The determination of the amount of receipts included in the New York City column is made according to the Hierarchy of methods below.

The taxpayer must exercise due diligence under each method described before rejecting it and proceeding to the next method in the hierarchy, and must base its determination on information known to the taxpayer, or information that would be known to the taxpayer upon reasonable inquiry.

Hierarchy of methods

- 1) The benefit is received in this city.
- 2) Delivery destination.
- 3) The receipts fraction for such receipts within the city determined according to §11-654.2(10) for the preceding tax year.
- 4) The receipts fraction for the current tax year determined according to §11-654.2(10) for those receipts that can be sourced using the hierarchy of sourcing method in item 1 or 2.

Note: Item 3 does not apply to your first tax period that begins on or after January 1, 2015.

SECTION 11-654.2(11) – DISCRETIONARY ADJUSTMENTS

Line 53 – If it appears that the apportionment fraction determined according to §11-654.2 does not result in a proper reflection of the taxpayer's business income or capital within New York City, the Commissioner of Finance is authorized in his or her discretion to adjust it, or the taxpayer may request that the commissioner adjust it. This is done by:

- excluding one or more items in such determination,
- including one or more other items in such determination, or
- any other similar or different method calculated to effect a fair and proper apportionment of the business income and capital reasonably attributed to the city. The party seeking the adjustment bears the burden of proof to demonstrate that the apportionment fraction determined according to §11-654.2 does not result in a proper reflection of the taxpayer's business income or capital within the city and that the proposed adjustment is appropriate.

Where you have received approval from the commissioner to make such adjustment, use line 53 to report it. Do not use line 53 to report an adjustment unless you have received the approval of the commissioner. If you have not received the approval of the commissioner before filing this return, you must file using the statutory rules for allocation. You may file an amended return after you have received approval.