

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.

In general, for tax years beginning in or after 2018, taxpayers that allocate business income and business capital inside and outside New York City must do so using their receipts factor (i.e. the percentage of all receipts that are from sources inside New York City). See Administrative Code of the City of New York (“Administrative Code”) sections 11-654(3)(a)(10)(x) and 11-654.2. However, a taxpayer with NYC receipts of \$50,000,000 or less that allocates business income and business capital may make a one-time election to allocate business income and business capital using the three-factor weighted formula applicable to the 2017 tax year. Such election may only be made during a corporation’s first taxable year commencing on or after January 1, 2018, and shall remain in effect until revoked by the corporation. See Administrative Code sections 11-654(3)(a)(10)(xii) and 11-654(3)(a)(10)(ix). For more on this election, see the instructions for Form NYC-2, 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 earned in the regular course of business and included in your business income, determined without regard to the amount subtracted on Schedule B, line 23 (Subtraction modification for qualified banks) and without regard to any amount from investment capital that is determined to exceed the 8% of ENI limitation on gross investment income.

Note: Generally, receipts from services are reported on line 52 (*Receipts from other services/activities not specified*).

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 item being reported on a line unless otherwise specified. If only one line of this form applies to your business, you must still complete both columns for that line. The amounts entered in either column cannot be less than zero. Skip a line only if **both** the numerator (column A) and the denominator (column B) are zero.

Failure to properly complete this form may result in the imposition of a 100% business allocation factor.

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 included in the New York City column when shipments are made to points in the city, or the destination of the property is a point 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 2 – Receipts from the sale of electricity are included in the New York City column 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 – For the New York City column, net the gains from the sales of real property located within the city against the losses from the sales of real property located within the city and enter the result (but not less than zero). For the Everywhere column, net the gains from the sales of real property located everywhere against the losses from the sales of real property located everywhere and enter the result (but not less than zero).

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 included in the New York City column.

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

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, entertainers, 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, and storage of digital products. In addition, it includes 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 digital 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) 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, for which you are subject to Subchapter 3-A.

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* (QFI) means a financial instrument of these types that is marked to market in the tax year by the taxpayer under IRC section 475 or 1256. Type (i) (reported on lines 11 and 12); Type (ii) (reported on lines 13-18); Type (iii) (reported on lines 19-21); Type (iv) (reported on lines 22-24); Type (ix) (reported on line 27); Type(s) (viii) (reported on lines 29 and 30); and Type(s) (vii) (also reported on line 30).

If the taxpayer has in the tax year marked to market a financial instrument within types (i),(ii),(iii), (iv)and (ix), then **any** financial instrument **within that same type** that has not been marked to market by the taxpayer under IRC section 475 or 1256 **is also** a QFI in the tax year. When a financial instrument within either types (viii) or (vii) is marked to market, **not** all financial instruments within type (viii) or (vii), respectively are QFIs, as explained further below.

When reporting interest from “other” financial instruments on line 29, and net gains and other income from “other” financial instruments on line 30, marking to market one “other” financial instrument does **not** necessarily cause all “other” financial instruments to be QFIs. It is an instrument by instrument determination as to when “other” financial instruments are of the same type. Thus, you may have more than one **type** of “other” financial instruments reported on lines 29 and 30, and some types may be QFI while some other types may not be QFI.

Line 30 can be used to report financial instruments under clause (vii) (dividends and net gains from sales of stock or partnership interests) **or** clause (viii) (“other” financial instruments) of §11-654.2(5)(a)(2), or both. Line 30 will be used to report instruments under clause (vii) **only** when the financial instrument is a QFI **and** the 8% fixed percentage method had been elected. When **any** stock that is business capital has been marked to market, **all** stock that is business capital is a QFI (for exception see next paragraph immediately following). When **any** partnership interest in a widely held or publicly traded partnership has been marked to market, **all** partnership interests in a widely held or publicly traded partnership are QFIs. However, marking to market stock that is business capital does **not** cause partnership interests in a widely held or publicly traded partnership that are **not** marked to market to be QFIs. The same is true in regard to the marking to market of partnership interests in a widely held or publicly traded partnership in respect to stock that is business capital. When a financial instrument falling under clause (viii) has been marked to market, it does **not** necessarily cause all financial instruments under clause (viii) to be QFIs. It is an instrument by instrument determination as to when instruments under clause (viii) are of the same **type**. Thus, you may have more than one type of “other” financial instruments under clause (viii) to report on line 30. Marking to market a financial instrument of the type under clause (vii) does **not** cause financial instrument of the type under clause (viii) to be QFIs. The same is true in regard to clause (viii) in respect to clause (vii).

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. A stock that generates other exempt income as defined in section 11-652(5-a) and that is **not, itself**, marked to market under section 475 or section 1256 of the IRC, is **not** a QFI with respect to such other exempt income only, even if other stocks are marked to market in the tax year.

For tax years beginning on or after January 1, 2016, in the case of a regulated investment company (RIC) that is not a captive RIC or a real estate investment trust (REIT) that is not a captive REIT, a qualified financial instrument means a financial instrument of a type that is reported on lines 11 through 24, 27, 29, or 30. Such instruments need not be marked to market to be QFI. A QFI for a RIC or a REIT will not include a loan secured by real property, stock that is investment capital as defined in §11-652(4)(a), and stock that generates other exempt income as defined in §11-652(5-a).

Taxpayers may elect to use the *8% fixed percentage method* to allocate business receipts from QFIs. 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 valid extensions of time for filing) by checking the YES box on line 8. If you check the NO box or do not check either box but still allocate QFIs receipts by 8%, you will be considered to have made the election and to have checked the YES box.

Regardless of whether or not the 8% fixed percentage method is elected, when **any** financial instrument has been marked to market that is reported on:

- a) **either** line 11 or 12, then the boxes on **both** lines 11 and 12 must be marked; and all financial instruments reported on such lines are QFIs (Type (i) financial instruments);
- b) **any** of lines 13 through 18, then the box above line 13 must be marked and all financial instruments reports on such lines are QFIs (Type (ii) financial instruments);
- c) **any** of lines 19 through 21, then the box above line 19 must be marked, and all financial instruments reported on such lines are QFIs (Type (iii) financial instruments);
- d) **any** of lines 22 through 24, then the box above line 22 must be marked and all financial instruments reported on such lines are QFIs (Type (iv) financial instruments);
- e) line 27, then the box above line 27 must be marked, and all financial instruments reported on line 27 are QFIs (Type (ix) financial instruments);
- f) Line 28, then the box above line 28 must be marked;
- g) Line 29, then the box above line 29 must be marked;
- h) Line 30, due to clause (viii), then Section 11-654.2(5)(a)(2)(viii) box above line 30 must be marked; and
- i) Line 30, due to clause (vii), then the section marked 11-654.2(5)(a)(2)(vii) box above line 30 must be marked.

A marked QFI box does **not** indicate which method of sourcing (8% fixed percentage method or customer-based sourcing rule) is being used to allocate such instruments. Also, because lines 28, 29, and 30 may report more than one **type** of financial instrument when the QFI box above line 28 is marked or one of the boxes above lines 29 and 30 is marked:

- 1) in the case of line 28 it does **not** indicate that all financial instruments being reported on line 28 are QFIs, and
- 2) in the case of lines 29 and 30 it does **not** indicate that all financial instruments being reported on line 29 or line 30 are QFIs.

GENERAL INSTRUCTIONS LINES 9 THROUGH 52

For all financial instruments that do **not** meet the definition of a QFI, or for instruments that meet the definition of a QFI but the 8% fixed percentage method election is **not** in effect, use the customer-based sourcing rules as detailed in the specific instructions for lines 9 through 27, 29 and 30.

Regardless of whether or not the 8% fixed percentage method election is in effect, Worksheets A, B, and C of these instructions compute certain amounts for lines 10, 12, 21, 24, 28, and 30 of this form.

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).

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 originated) consists of real property.

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

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.

Use Worksheet A at the end of these instructions.

Line 11 –When the 8% fixed percentage method **is** elected (the box on line 8 of this form is marked) **and** the QFI box on line 11 is marked, use such method for **all** financial instruments to be reported on this line.

When the 8% fixed percentage method **is not** elected (the box on line 8 of this form is **not** marked), **and** the QFI box on line 11 **is** marked, use the customer-based sourcing rule below for **all** financial instruments to be reported on this line.

When the QFI box on line 11 is **not** marked, use the customer-based sourcing rule below for **all** financial instruments to be reported on this line.

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

In the Everywhere column, include interest from all loans **not** secured by real property.

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.

Use Worksheet A at the end of these instructions.

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

Lines 13 through 18 – Receipts are **not** included in column A (New York City) **unless** you have made the election to allocate QFI receipts using the 8% method. For lines 13,15, and 16, in the Everywhere column, enter 100% of the applicable receipts regardless of if the 8% fixed percentage method election was made. For lines 17 and 18, if the 8% fixed percentage method election was made, and the QFI box above line 13 is marked, enter 100% of the receipts constituting interest and net gains from sales of debt instruments issued by other states or their political subdivisions in the Everywhere column. Otherwise enter 50% for lines 17 and 18 in the Everywhere column..

Line 16— When netting gains and losses, only net the gains from federal, New York State, and New York State political subdivisions debt. Do not enter less than zero.

Line 18— When netting gains against losses, only net the gains from other states and their political subdivisions debt against the losses from other states and their political subdivisions debt. Do not enter less than zero.

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

Line 19 – In the Everywhere column, enter 100% of the interest income from **all**:

- 1) Asset-backed securities issued by government agencies ;
- 2) 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); and
- 3) Asset-backed securities issued by other entities.

In the New York City column, enter 8% of the amount in the Everywhere column.

Line 20 – In the Everywhere column enter the result (but not less than zero) of netting the gains and losses from all:

- 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.

In the New York City column, enter 8% of the amount in the Everywhere column.

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

Use Worksheet A at the end of these instructions.

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.

If the 8% fixed percentage method election has been made (the box on line 8 is marked), **and** the QFI box above line 22 is marked, enter 8% of the applicable receipts in the New York City column.

Line 23 – In the Everywhere column, enter the result (but not less than zero) of netting the gains and losses from the sales of corporate bonds sold through a registered securities broker or dealer, or through a licensed exchange

In the New York City column, enter 8% of the amount in the Everywhere column.

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.

Use Worksheet A at the end of these instructions.

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 reverse 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 reverse 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 Everywhere column, enter 100% of the net interest from federal funds. In determining net interest from federal funds, deduct interest expense from federal funds. The resulting net interest cannot be less than zero.

In the New York City column, enter 8% of the amount in the Everywhere column.

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 – **All** marked to market net gains are reported on this line for **all** financial instruments.

For the purposes of computing marked to market net gains for this line, *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.

All marked to market net gains are reported on this line. When the 8% fixed percentage method **is** elected, use such method to source marked to market net gains for all financial instruments **that are QFIs**.

When the 8% fixed percentage method is elected, use the customer-based sourcing rule below to source the marked to market net gains for those financial instruments that are **not** QFIs. Also, use the customer-based sourcing rule below to source **all** marked to market net gains for **all** financial instruments when the 8% fixed percentage method **is not** elected.

The amount of marked to market net gains (to be included in the New York City column for financial instruments **described** on any certain line of this form, is determined by multiplying such net gains by a fraction, the numerator of which is the amount included in the numerator of the allocation fraction for the net gains from **actual** sales of financial instruments reported on the **same** certain line of this form, and the **denominator** of which is the amount included in the denominator of the allocation fraction for the net gains from **actual** sales of the financial instruments reported on that **same** certain line of this form.

In the **Everywhere** column, enter 100% of the marked to market net gains from financial instruments for which the amount to be included in the New York City column is determined under the immediately preceding paragraph.

If financial instruments that are **described** on any certain line of this form, have marked to market net gains, but there are no actual sales of financial instruments reported on that **same** certain line of this form, **or** if there are **actual** sales of financial instruments reported on that **same** certain line of this form, but those **actual** sales resulted in a net **loss**, the amount of the marked to market net gains to include in the **New York City** column of line 28 for those same financial instruments is determined by multiplying such marked to market net gains by a fraction, the **numerator** of which is the **sum** of the amount 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 of this form.

In the **Everywhere** column, enter 100% of the marked to market net gains from financial instruments for which the amount to be included in the New York City column is determined under the immediately preceding paragraph.

Use Worksheet C at the end of these instructions.

However, when sourcing the marked to market net gain from loans secured by real property, always use customer-based sourcing (even when the 8% fixed percentage method election was made). If using customer-based sourcing to source such market to market net gains when 11-654.2(5)(a)(2)(x)(C) applies, never include any amounts sourced under the 8% fixed percentage method election in computing the New York City aggregate marked to market factor in Part 2 of Worksheet C.

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

Line 29 – When the 8% fixed percentage method is elected, use such method for all financial instruments to be reported on this line **that are QFIs**. When the 8% fixed percentage method is elected, use the customer-based sourcing rule below for those financial instruments to be reported on this line that are **not** QFIs. Also use the customer-based sourcing rule below for **all** financial instruments to be reported on this line when the 8% fixed percentage method is **not** elected.

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

Line 30 – More than 1 type of financial instrument may be reported on this line. Report financial instruments under clause (vii) or clause (viii) of §11-654.2(5)(a)(2).

Include clause (vii) financial instruments **only** when the 8% fixed percentage method is elected. The following constitute clause (vii) instruments to be included:

- Dividends and net gains from stock that is business capital if you have, in the tax year, marked to market any stock under IRC section 475 or 1256; provided that dividends that qualify as other exempt income should **not** be included; and
- Net gains from the sale of partnership interests in widely held or publicly traded partnerships if you have, in the tax year, marked to market any partnership interest in a widely held or publicly traded partnership under IRC section 475 or 1256.

Customer-based sourcing rules for clause (viii) instruments included on line 30:

- For gains from “other” financial instruments, for the Everywhere column, net the gains from all sales of a type of “other” financial instrument against the losses from all sale of the **same** type of “other” financial instrument. For the New York City column, for the **same** type of “other” financial instrument being reported in the Everywhere column, net the gains from all sale of such **same** type of “other” financial instrument, where the purchaser or payor is located in New York City, against the losses from all sales of such **same** type of “other” financial

instrument, where the purchaser or payor is located in New York 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 Everywhere amount in the New York City column.

- For “other” income from “other” financial instruments, for the Everywhere column, compute the “other” income (but not less than zero) from a type of “other” financial instrument. For the New York City column, for the **same** type of “other” financial instrument being reported in the Everywhere column, compute the “other” income (but not less than zero) for such **same** type of “other” financial instrument, where the purchaser or payor is located in New York 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 Everywhere amount in the New York City column.

Use Worksheet B at the end of these instructions.

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 through 42 – These lines are used by corporations that **issue or process** credit cards and **not** by businesses that accept credit cards as payment for goods and services.

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 53b 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 oper-

ation 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 | |
|-----|--|--------------------------|-----------------------|
| | | 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 | | % |
| 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 air-

line 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 53b, 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, for which you are subject to Subchapter 3-A.

SECTION 11-654.2(11) – DISCRETIONARY ADJUSTMENTS

Line 53a – Discretionary adjustments. If it appears that the allocation 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 allocation 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 allocation 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 53a to report it. Do **not** use line 53a to report an adjustment **unless** you have received the approval of the commissioner. If you have received the approval of the commissioner, you must attach a copy of such approval to your return. 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.

SECTION 11-654.2(5-A) – GLOBAL INTANGIBLE LOW-TAXED INCOME

Line 53b – Enter in the Everywhere column the amount of Global Intangible Low-Taxed Income (GILTI) **that constitutes business income for City tax purposes** and was required to be included in federal gross income pursuant to IRC section 951A, less the corresponding IRC section 250(a)(1)(B)(i) amount as reduced by IRC section 250(a)(2) (if applicable). Note that GILTI is considered business income if the underlying stock that generates the GILTI is business capital. GILTI amounts must not be included in the numerator of your receipts factor. You must attach to your return a statement detailing your computation of the amount of GILTI included in the Everywhere column, as well as Forms 8992 and 8993 or pro forma Forms 8992 and 8993, and Schedule I-1 of Form 5471. **See Finance Memorandum 18-9.**

Worksheet A – Gross proceeds factors and net gains for lines 10, 12, 21, and 24

| | | | |
|----------------|---|---------------------------|--|
| Line 10 | §11-654.2(5)(a)(2)(i)(C) – Gross proceeds from sales of loans secured by real property (<i>see instructions</i>) | | |
| | 10a | NYC | |
| | 10b | EW | |
| | 10c | NYC gross proceeds factor | |
| | §11-654.2(5)(a)(2)(i)(C) – Net gains from sales of loans secured by real property (<i>see instructions</i>) | | |
| | 10d | EW | |
| | 10e | NYC | |
| Line 12 | §11-654.2(5)(a)(2)(i)(D) – Gross proceeds from sales of loans not secured by real property (<i>see instructions</i>) | | |
| | 12a | NYC | |
| | 12b | EW | |
| | 12c | NYC gross proceeds factor | |
| | §11-654.2(5)(a)(2)(i)(D) – Net gains from sales of loans not secured by real property (<i>see instructions</i>) | | |
| | 12d | EW | |
| | 12e | NYC | |
| Line 21 | §11-654.2(5)(a)(2)(iii) – Gross proceeds from all other asset backed securities not reported on line 20 (<i>see instr.</i>) | | |
| | 21a | NYC | |
| | 21b | EW | |
| | 21c | NYC gross proceeds factor | |
| | §11-654.2(5)(a)(2)(iii) – Net gains from all other asset backed securities not reported on line 20 (<i>see instructions</i>) | | |
| | 21d | EW | |
| | 21e | NYC | |
| Line 24 | §11-654.2(5)(a)(2)(iv) – Gross proceeds from other sales of corporate bonds not reported on line 23 (<i>see instr</i>) | | |
| | 24a | NYC | |
| | 24b | EW | |
| | 24c | NYC gross proceeds factor | |
| | §11-654.2(5)(a)(2)(iv) – Net gains from other sales of corporate bonds not reported on line 23 (<i>see instructions</i>) | | |
| | 24d | EW | |
| | 24e | NYC | |

WORKSHEET A – Gross proceeds factors and net gains—Form NYC-2.5, lines 10, 12, 21, and 24

GENERAL INFORMATION

This worksheet computes the amounts for Form NYC-2.5, lines 10, 12, 21, and 24. See the corresponding Form NYC-2.5 line instructions and also the specific instructions below. In the instructions below, **all lines** refers to lines 10, 12, 21, and 24, and specific rows (a, b, c, d, or e) are indicated to clarify which rows of these lines the specific instruction applies to.

LINE INSTRUCTIONS FOR WORKSHEET A

Use the instructions for Condition 1 or Condition 2 below, whichever applies, however:

- for **line 10**, use the specific instructions under Condition 1 below and

skip Condition 2.

- For lines 12, 21, and 24, when the receipts for a certain line are not from QFIs (the QFI box pertaining to that specific line is not marked), use the specific instructions under Condition 1 below.

Condition 1 — If the fixed percentage method for QFIs is not in effect (use when Form NYC-2.5, line 8 box is not marked).

- For all lines, rows a and b respectively, enter the total NYC and EW gross proceeds amount for that line’s category of receipts; do not enter an amount less than zero. In determining such total gross amounts for each line, deduct any cost incurred to acquire the securities. When this results in a negative proceed amount for an individual security reported on a line, such negative amount is not limited to zero, and is netted against any positive proceed amounts for securities also reported on the same line.
- For all lines, row c, divide the amount in row a by the amount in row b, and enter the result rounded to four decimal places; however, if either the amount in row a or the amount in row b is equal to zero enter 0. This is the NYC gross proceeds factor for each respective line. It is used to compute the row e (NYC) amount for all lines.
- For all lines, row d, enter the EW receipts for that line’s category of receipts, but if the result is less than zero enter 0.
- For all lines, row e, multiply the factor in that line’s row c (the NYC gross proceeds factor) by the amount in that line’s row d, and enter the result. If the result is zero, enter 0.

Condition 2 – If the fixed percentage method for QFIs is in effect (use for a specific line when NYC-2.5, line 8 box is marked and the QFI box pertaining to that specific line is also marked)

- Leave rows a through c blank, for such specific line(s).
- For such specific lines, row d, enter the EW receipts for that line’s category of receipts, but if the result is less than zero, enter 0.
- In row e, for such specific line(s), multiply row d by 8% (.08) and enter the result; however, if the result is an amount equal to zero, enter 0 in row e.

Where are the amounts calculated on Worksheet A entered?

The amounts entered or calculated in rows a, b, and c, for all lines, are only used for Worksheet A calculations and do not get transferred to any other form or worksheet. The amounts entered or calculated in rows d and e need to be entered on Form NYC-2.5, as follows:

| Amount from Worksheet A | Amount is entered on |
|-------------------------|---------------------------------|
| Line 10d (EW) | NYC-2.5, line 10 EW (column B) |
| Line 10e (NYC) | NYC-2.5, line 10 NYC (column A) |
| Line 12d (EW) | NYC-2.5, line 12 EW (column B) |
| Line 12e (NYC) | NYC-2.5, line 12 NYC (column A) |
| Line 21d (EW) | NYC-2.5, line 21 EW (column B) |
| Line 21e (NYC) | NYC-2.5, line 21 NYC (column A) |
| Line 24d (EW) | NYC-2.5, line 24 EW (column B) |
| Line 24e (NYC) | NYC-2.5, line 24 NYC (column A) |

| Worksheet B – Net gains and other income for line 30 | | | |
|---|-----------|--|--|
| Part 1 | | | |
| §211-654.2(5)(a)(2)(viii) – Net gains from all “other” financial instruments of one type (see instructions) | | | |
| 30.1a | EW | | |
| 30.1b | NYC | | |
| §11-654.2(5)(a)(2)(viii) – Net gains from all “other” financial instruments of a second type (see instructions) | | | |
| 30.1a | EW | | |
| 30.1b | NYC | | |
| §11-654.2(5)(a)(2)(viii) – Net gains from all “other” financial instruments of a third type (see instructions) | | | |
| 30.1a | EW | | |
| 30.1b | NYC | | |
| §11-654.2(5)(a)(2)(viii) – Other income from all “other” financial instruments of one type (see instructions) | | | |
| 30.2a | EW | | |
| 30.2b | NYC | | |
| §11-654.2(5)(a)(2)(viii) – Other income from all “other” financial instruments of a second type (see instructions) | | | |
| 30.2a | EW | | |
| 30.2b | NYC | | |
| §11-654.2(5)(a)(2)(viii) – Other income from all “other” financial instruments of a third type (see instructions) | | | |
| 30.2a | EW | | |
| 30.2b | NYC | | |
| Part 2 (see instructions) | | | |
| §11-654.2(5)(a)(2)(vii) – Dividends from stock that is business capital (see instructions) | | | |
| 30.3a | EW | | |
| 30.3b | NYC | | |
| §11-654.2(5)(a)(2)(vii) – Net gains from sales of stock that is business capital (see instructions) | | | |
| 30.4a | EW | | |
| 30.4b | NYC | | |
| §11-654.2(5)(a)(2)(vii) – Net gains from sales of partnership interests (see instructions) | | | |
| 30.5a | EW | | |
| 30.5b | NYC | | |
| Totals of Parts 1 and 2 | | | |
| §11-654.2(5)(a)(2)(viii) and (vii) – Net gains and other income from “other” financial instruments (see instructions) | | | |
| 30a | Total EW | | |
| 30b | Total NYC | | |

WORKSHEET B – Net gains and other income – Form NYC-2.5, line 30

GENERAL INFORMATION

This worksheet computes certain amounts for Form NYC-2.5, line 30. See the line 30 instructions in Form NYC-2.5, and also the specific instructions below. In the instructions below, **all lines** refers to all lines 30.1 and 30.2, and lines 30.3, 30.4, 30.5, and 30, and specific rows (a or b) are indicated to clarify which rows of these lines the specific instruction applies to. **Note:** Lines 30.1 through 30.5 are specific to this worksheet only. Since Form NYC-2.5, line 30 is comprised of different types of receipts that have to be netted sep-

arately, these receipts amounts are shown separately on lines 30.1 through 30.5.

LINE INSTRUCTIONS FOR WORKSHEET B

Part 1

Only clause (viii) receipts are reported in Part 1.

Step 1 – Lines 30.1 and 30.2, row a – Regardless of whether or not the fixed percentage method is in effect for **lines 30.1 and 30.2**, for **row a (EW)**, follow the applicable Form NYC-2.5, line 30 instructions to determine the amount of everywhere receipts, except that if the amount is less than zero, enter **0**. When you have net gains from sales of more than one type of “other” financial instruments, use separate lines 30.1 to report sales of all “other” financial instruments of each such type. The same is true for lines 30.2 when reporting other income from “other” financial instruments.

If you have receipts reportable on lines 30.1 or 30.2 from **more** than three separate types of “other” financial instruments, use an additional line 30.1 or line 30.2 for **each** additional separate type of “other” financial instrument for which you have net gains (line 30.1) or other income (line 30.2); include the amounts from these additional lines in the same manner as you would for the three lines 30.1 and 30.2 provided on the worksheet, as you complete the steps below, as applicable.

Step 2 – Complete **lines 30.1 and 30.2, row b (NYC)**, using the instructions for Condition 1 or Condition 2, or both, as applicable.

Condition 1 – If the fixed percentage method for QFIs is **not** in effect (Form NYC-2.5, line 8 box is **not** marked); **or** if the receipts from line 30.1 or 30.2 do **not** represent receipts from QFIs (see instructions for NYC-2.5, line 8):

1.1. For such **lines 30.1 and 30.2, row b**, follow the applicable line 30 instructions to determine the amount of NYC receipts, except that if the amount is less than zero, enter **0**. Use a separate line 30.1 for **net gains** from sales of all “other” financial instruments of each certain type, and use a separate line 30.2 for **other income** from all “other” financial instruments of each certain type.

Condition 2 – If the fixed percentage method for QFIs **is** in effect (Form NYC-2.5, line 8 box is marked) **and**:

2.1. the clause (viii) QFI box is **not** marked on Form NYC-2.5, above line 29, then lines 30.1 and 30.2, row **b**, are completed in the same manner as if the fixed percentage method is **not** in effect (see above instructions).

2.2. the clause (viii) QFI box **is** marked on Form NYC-2.5, above line 29, **and** the receipts to be reported on a line 30.1 or 30.2 represent receipts from QFIs (see instructions for NYC-2.5, line 8), then for such lines 30.1 or 30.2, **row b**, multiply row **a**, for each respective line, by 8% (.08) and enter the result; however, if the result is an amount equal to zero, enter **0** in row **b**. Use a separate line 30.1 for net gains from sales of all “other” financial instruments of **each** certain type, and use a separate line 30.2 for other income from all “other” financial instruments of **each** certain type.

Part 2

Only clause (vii) receipts are reported in Part 2.

Part 2 of Worksheet B must **only** be completed **if** the fixed percentage method for QFIs **is** in effect. If Form NYC-2.5, line 8 box is **not** marked, leave lines 30.3, 30.4, and 30.5 blank and continue with *Totals of Parts 1 and 2* instructions below; otherwise continue with Step 1 below.

Step 1 – Lines 30.3 and 30.4, rows a (EW) and b (NYC) – If the fixed percentage method for QFIs **is** in effect and you have marked to market **any** stock that is business capital under IRC section 475 or 1256 in the tax year, complete substep 1.1 below; otherwise leave lines 30.3 and 30.4 blank and continue with Step 2 below.

1.1. Enter on **line 30.3, row a**, 100% of dividends from stock that is business capital, provided that dividends that qualify as other exempt income should **not** be included. **Enter on line 30.4, row a**, 100% of net gains from sales of stock that is business capital; if the amount is less than zero, enter 0.

1.1.1. **For lines 30.3 and 30.4, row b**, multiply row **a**, for each respective line, by 8% (.08) and enter the result; however, if the result is an amount equal to zero, enter **0** in row **b**.

Step 2 – Line 30.5, rows a (EW) and b (NYC) – If the fixed percentage method for QFIs is in effect, and you have marked to market **any** partnership interest in a widely held or publicly traded partnership under IRC section 475 or 1256 in the tax year, complete substep 2.1, below; otherwise leave line 30.5 blank and continue with Totals of Parts 1 and 2 below.

2.1. Enter on **line 30.5, row a**, 100% of net gains from sales of partnership interests in widely held or publicly traded partnerships; if the amount is less than zero, enter 0.

2.1.1. In **line 30.5, row b**, multiply row **a**, for each respective line, by 8% (.08) and enter the result; however, if the result is an amount equal to zero, enter **0** in row **b**.

Totals of Parts 1 and 2

Step 1 – Line 30, rows a and b

2.1. For **line 30, row a**, enter the sum of the amounts in row **a**, lines 30.1 through 30.5.

2.2. For **line 30, row b**, enter the sum of the amounts in row **b**, lines 30.1 through 30.5.

Where are the amounts calculated on Worksheet B entered?

The amounts entered or calculated on lines 30.1 through 30.5 are used to compute the line 30 totals and do not get transferred to any other form or worksheet; the line 30 totals need to be entered on Form NYC-2.5 as follows:

| Amount from Worksheet B | Amount is entered on |
|--------------------------------|--------------------------------------|
| Line 30b (Total NYC) | Form NYC-2.5, line 30 NYC (column A) |
| Line 30a (Total EW)..... | Form NYC-2.5, line 30 EW (column B) |

| Worksheet C – Marked to market (MTM) net gains for line 28 | | | | |
|--|---|-----|----|---------------|
| Part 1 – MTM net gains under §§11-654.2(a)(1) and 11-654.2(5)(a)(2)(x) (see instructions) | | | | |
| Line 10 | MTM net gains from loans secured by real property | | | |
| | 10a | EW | | |
| | 10b | NYC | | (x)(B) (x)(C) |
| Line 12 | MTM net gains from loans not secured by real property | | | |
| | 12a | EW | | |
| | 12b | NYC | 8% | (x)(B) (x)(C) |
| Line 14 | | | | |
| Line 16 | MTM net gains from federal, NYC, and NYC political subdivisions debt | | | |
| | 16a | EW | | |
| | 16b | NYC | 8% | (x)(B) (x)(C) |
| Line 18 | MTM net gains from other states and their political subdivisions debt | | | |
| | 18a | EW | | |
| | 18b | NYC | 8% | (x)(B) (x)(C) |
| Line 20 | MTM net gains from government agency debt or asset-backed securities sold through an exchange | | | |
| | 20a | EW | | |
| | 20b | NYC | 8% | (x)(B) (x)(C) |
| Line 21 | MTM net gains from all other asset-backed securities | | | |
| | 21a | EW | | |
| | 21b | NYC | 8% | (x)(B) (x)(C) |
| Line 23 | MTM net gains from corporate bonds sold through broker/dealer or licensed exchange | | | |
| | 23a | EW | | |
| | 23b | NYC | 8% | (x)(B) (x)(C) |
| Line 24 | MTM net gains from other corporate bonds | | | |
| | 24a | EW | | |
| | 24b | NYC | 8% | (x)(B) (x)(C) |
| Line 27 | MTM net gains from physical commodities | | | |
| | 27a | EW | | |
| | 27b | NYC | 8% | (x)(B) (x)(C) |
| Line 30 | MTM net gains from all "other" financial instruments of one type | | | |
| | 30a | EW | | |
| | 30b | NYC | 8% | (x)(B) (x)(C) |
| Line 30 | MTM net gains from all "other" financial instruments of a second type | | | |
| | 30a | EW | | |
| | 30b | NYC | 8% | (x)(B) (x)(C) |
| Line 30 | MTM net gains from all "other" financial instruments of a third type | | | |
| | 30a | EW | | |
| | 30b | NYC | 8% | (x)(B) (x)(C) |
| Line 30-Stk | MTM net gains from stock that is business capital | | | |
| | 30a Stk | EW | | |
| | 30b Stk | NYC | 8% | |
| Line 30-Pship | MTM net gains from partnership interests | | | |
| | 30a Pship | EW | | |
| | 30b Pship | NYC | 8% | |
| (x)(B) Totals (see instructions) | | | | |
| (x)(B) Total EW | | | | |
| (x)(B) Total NYC | | | | |
| Line 28 | Total MTM net gains under §11-654.2(5)(a)(2)(x) | | | |
| | 28a | EW | | |
| | 28b | NYC | | |
| Part 2 – NYC aggregate MTM factor, based on net gains from actual sales, plus (x)(B) MTM net gains (see instr.) | | | | |
| A | NYC | | | |
| B | EW | | | |
| C | NYC aggregate MTM factor | | | |

WORKSHEET C – Marked to market (MTM) net gains – Form NYC-2.5, line 28

GENERAL INFORMATION

Note: You must first complete Worksheets A and B, and lines 9 through 27, 29, and 30 of Form NYC-2.5; then, follow the steps below, in order, to complete Worksheet C.

This worksheet computes the amounts for Form NYC-2.5, line 28. See the Form NYC-2.5, line 28 instructions and also the specific instructions below. For purposes of Worksheet C, §11-654.2(5)(a)(2)(x)(B) is referred to as x(B), and §11-654.2(5)(a)(2)(x)(C) as x(C). x(B) sources MTM net gains based on the sourcing of net gains from **actual** sales of financial instruments of the **same** type. x(C) is used when there are no actual sales of a type, or the actual sales of a type resulted in a net **loss** for that type.

Part 1 of the worksheet computes MTM net gains for those financial instruments that are **described on** Form NYC-2.5, lines 10, 12, 16, 18, 20, 21, 23, 24, 27, and 30, **and that have been MTM**. Row b is broken out into subcolumns for lines 10, 12, 16, 18, 20, 21, 23, 24, 27, and all lines 30. For each such line, only **one** of the subcolumns will apply for that line, depending on the sourcing rule that applies for that line; the subcolumns that do not apply should be left **blank**.

Part 2 of the worksheet is generally only applicable if the 8% fixed percentage method for QFIs is **not** in effect. Provided however, that if the fixed percentage method for QFIs **is** in effect, and you have MTM net gains reportable on line 10 of the worksheet, you **may** have to complete Part 2 of the worksheet, as instructed further below. Part 2 computes the NYC aggregate MTM factor. This factor is used to determine NYC MTM net gains under x(C) in Part 1, as per the specific line instructions under *Customer-based sourcing* below.

Line instructions for Worksheet C

If the fixed percentage method for QFIs **is** in effect (Form NYC-2.5, line 8 box **is** marked), you **must** complete the steps under the *8% fixed percentage method* elected instructions below to complete Worksheet C. Do not complete the steps under the *Customer-based sourcing* instructions, unless specifically instructed to do so for a certain line.

If the fixed percentage method for QFIs is **not** in effect (Form NYC-2.5, line 8 box is not marked), you **must** complete the steps under the *Customer-based sourcing* instructions below to complete Worksheet C. Do **not** complete the steps under the *8% fixed percentage method* elected instructions.

Regardless of whether or not the fixed percentage method for QFIs is in effect, use a **separate** line 30 for MTM net gains from all "other" financial instruments of one **same** certain type. If you need more than three lines 30, use an additional line 30 for each separate type of "other" financial instrument for which you have MTM net gains; include the amounts from these additional lines in the same manner as you would for the three lines 30 provided on the worksheet, as you complete the steps below, as applicable.

8% fixed percentage method elected

When the 8% fixed percentage method for QFIs is in effect, follow the instructions for Condition 1 or Condition 2 below, whichever applies. When Condition 1 applies, only Part 1 of Worksheet C needs to be completed, and the **Part 1, x(B) Totals** section should be left blank. When Condition 2 applies, you may need to complete Part 2 of the worksheet and the **Part 1, x(B) Totals** section.

Condition 1 – If you do **not** have MTM net gains reportable on line 10 of

this worksheet, complete **steps 1 and 2** below (under these *8% fixed percentage method elected* instructions) and do **not complete** any of the steps under the *Customer-based sourcing* instructions.

Condition 2 – If you have MTM net gains reportable on line 10 of this worksheet, you must determine the amounts to enter on line 10 by completing the applicable steps under *Customer-based sourcing for line 10 only*. When Condition 2 applies:

- First, **for line 10 only**, complete **steps 1.1 through 4.1.2** under *Customer-based sourcing*, (do **not** complete step 5).
- Next, complete **all of steps 1 and 2 below** (under these *8% fixed percentage method elected* instructions) for all remaining lines (including lines 30-STK and 30-Pship, if applicable).

Step 1 – Part 1, rows a and b

1.1. In **row a** (EW), lines 12, 16, 18, 20, 21, 23, 24, 27, all lines 30, 30-Stk, and 30-Pship, enter **100%** of your MTM net gains for those financial instruments **described** on each such line (and described further in the corresponding line instructions in Form NYC-2.5), except that if the net amount is less than or equal to zero, enter **0**.

Note: Use **line 30** for MTM net gains from “other” financial instruments (§11-654.2(5)(a)(2)(viii)). If in the tax year you have MTM **any** stock under IRC section 475 or 1256, use **line 30-Stk** for MTM net gains from sales of stock that is business capital (§11-654.2(5)(a)(2)(vii)); otherwise leave line 30-Stk blank. If in the tax year you have MTM **any** partnership interest in a widely held or publicly traded partnership under IRC section 475 or 1256, use **line 30-Pship** for MTM net gains from sales of partnership interests in widely held or publicly traded partnerships (§11-654.2(5)(a)(2)(vii)); otherwise, leave line 30-Pship blank.

1.2. In **row b** (NYC), **subcolumn 8%**, lines 12, 16, 18, 20, 21, 23, 24, 27, all lines 30, 30-Stk, and 30-Pship, multiply row **a**, for each respective line, by 8% (.08) and enter the result; if the result is equal to zero, enter **0**. You must leave **row b, subcolumn x(B)** and **row b, subcolumn x(C)** blank for all such lines as they are not applicable when the *8% fixed percentage method sourcing* is in effect for QFIs.

Step 2 – Part 1, line 28, rows a and b

2.1. For worksheet line 28, **row a**, enter the **sum** of the amounts from row a for lines 10, 12, 16, 18, 20, 21, 23, 24, 27, all lines 30, 30-Stk, and 30-Pship.

2.2. For worksheet line 28, **row b**, enter the **sum** of all amounts from all applicable subcolumns in row b for lines 10, 12, 16, 18, 20, 21, 23, 24, 27, all lines 30, 30-Stk, and 30-Pship.

Customer-based sourcing

Parts 1 and 2 of Worksheet C need to be completed when the *8% fixed percentage method* for QFIs is **not** in effect. To complete Worksheet C in this instance, follow Steps 1 through 5 below, in that order.

Note: Lines 30-Stk and 30-Pship should **not** be completed as these lines are not applicable when customer-based sourcing is used (§11-654.2(5)(a)(2)(vii)).

If the fixed percentage method for QFIs is in effect **and** you have MTM net gains reportable on worksheet line 10, then you must use customer-based sourcing for the MTM net gains for **line 10 only**. In this instance follow the instructions for **Condition 2** under the *8% fixed percentage method elected* instructions, above.

Step 1 – Part 1, row a, and row b, subcolumn x(B)

1.1. In **row a**, lines 10, 12, 16, 18, 20, 21, 23, 24, 27, and all lines 30, enter **100%** of your MTM net gains for those financial instruments described on each such line (and **described** further in the corresponding line instructions in Form NYC-2.5), except that if the net amount is less than or equal to zero, enter **0**.

1.2. **Row b, subcolumn x(B)** - Subcolumn x(B), lines 10, 12, 16, 18, 20, 21, 23, 24, 27, and all lines 30, is used to compute NYC MTM net gains, for those financial instruments **described** on each such line, under the sourcing rules of x(B). Follow the steps below to compute the subcolumn x(B) amounts. Complete substeps 1.2.1 through 1.2.4 for each line (10, 12, 16, 18, 20, 21, 23, 24, 27, and all lines 30):

1.2.1. If the step 1.1 amount is equal to zero, for any line, enter **0** in row b, subcolumns x(B) and x(C), for **that** line.

1.2.2. For **each** line for which row **a** is **not** equal to zero, determine if you have **actual** everywhere sales that generated a **net gain** during the tax year, for **that** type of financial instrument. You had **actual** everywhere sales that generated a **net gain** during the tax year for a specific type of financial instrument if there is an amount greater than zero reported on **that** type of financial instrument’s corresponding line of Form NYC-2.5, column **B** (EW). However, for line 30, you had **actual** everywhere sales that generated a **net gain** during the tax year for a type of financial instrument described in §11-654.2(5)(a)(2)(viii) if there is an amount greater than zero reported on Worksheet B, on line 30.1 (used to report the **same** specific type of financial instruments), row **a**.

1.2.3. For **each** line for which Worksheet C, row **a**, is **not** equal to zero, if you **did** have **actual** everywhere sales that generated a **net gain** for the **same** specific type of financial instrument described on such line (as determined in substep 1.2.2 above), enter in row b, subcolumn x(B), for such line, the **product** of: the amount in row **a** for such line, and a fraction, the numerator and the denominator of which are determined as follows:

- For all such lines (except line 30): the **numerator** of the fraction for such line (except line 30) is the amount from Form NYC-2.5, column A (NYC) of the corresponding line; and the **denominator** of the fraction for such line (except line 30) is the amount from Form NYC-2.5, column B (EW) of the corresponding line. However, if the numerator so determined is equal to zero, enter **0**. For line 30, see the specific line 30 instruction below.
- **Line 30** – The **numerator** of the fraction for any specific line 30 is the amount from Worksheet B, line 30.1 (used to report the **same** specific type of financial instrument), row b (NYC). The **denominator** of the fraction for any **specific** line 30 is the amount from Worksheet B, line 30.1 (used to report the **same** specific type of financial instrument), row a (EW). However, if the numerator so determined is zero, enter **0**.

1.2.4. For **each** line for which row **a** is **not** equal to zero, if you did **not** have **actual** everywhere sales that generated a **net gain** for the **same** specific type of financial instrument described in **that** line (as determined in substep 1.2.2 above), leave row b, subcolumn x(B) **blank** for **that** line.

Step 2 – Part 1, x(B) Total EW, and x(B) Total NYC

When you have completed Part 1, row a, and row b subcolumn x(B), for lines 10, 12, 16, 18, 20, 21, 23, 24, 27, and all lines 30, you must next complete the **x(B) Total** lines for EW and NYC, which are below line 30-Pship.

The x(B) totals are needed to calculate the NYC aggregate MTM factor in Part 2 of this worksheet, when applicable.

2.1. Enter in the **x(B) Total EW** line, the **sum** of the row **a** amounts for all lines that have an amount entered in row **b**, subcolumn x(B) even if the amount entered is zero.

2.2. Enter in the **x(B) Total NYC** line, the **sum** of the row **b**, subcolumn x(B) amounts for all lines that have an amount entered in row **b**, subcolumn x(B).

Step 3 – Part 2

Part 2 of the worksheet computes your NYC aggregate MTM factor which you will need in order to complete Part 1, row **b**, subcolumn x(C), when applicable.

Never include any amounts sourced under the 8% fixed percentage method election when determining the amounts to include in the sums described in these step 3 instructions.

3.1. **Line A** – Enter the **sum** of: the **x(B) Total NYC** amount from Part 1 of this worksheet plus the amounts from Form NYC-2.5, column A (NYC), lines 9 through 27, 29, and 30.

3.2. **Line B** – Enter the **sum** of: the **x(B) Total EW** amount from Part 1 of this worksheet plus the amounts from Form NYC-2.5, column B (EW), lines 9 through 27, 29, and 30.

3.3. **Line C** – Divide the line A amount by the line B amount and enter the result, rounded to four decimal places.

Step 4 – Part 1, row b, subcolumn x(C)

4.1. **Row b, subcolumn x(C)** - Subcolumn x(C), lines 10, 12, 16, 18, 20, 21, 23, 24, 27, and all lines 30, is used to compute **NYC MTM** net gains, for those financial instruments **described** on each such line, under the sourcing rules of x(C). Follow the steps below to compute the subcolumn x(C) amounts. Complete substeps 4.1.1 and 4.1.2 for each line (10, 12, 16, 18, 20, 21, 23, 24, 27, and all lines 30):

4.1.1. For **each** line, if there is an amount greater than or equal to zero entered in row **b**, subcolumn x(B), then leave row **b**, subcolumn x(C) **blank** for **that** line. **Note:** When you had **actual** everywhere sales that generated a **net gain** for **that type** of financial instrument during the tax year, subcolumn x(B) should have an amount entered, and subcolumn x(C) should be left **blank**.

4.1.2. For **each** line, if you did **not** have **actual** everywhere sales that generated a **net gain** for the **specific type** of financial instrument **described** on **that** line (**row b, subcolumn x(B)** was left blank per substep 1.2.4), enter in row **b**, subcolumn x(C), for **that** line, the **product** of: the amount in row **a** (EW) for **that** line, and the factor in Part 2, line C.

Step 5 – Part 1, line 28, rows a and b

5.1. For line 28, **row a** (EW), enter the sum of the amounts from row **a** (EW) for lines 10, 12, 16, 18, 20, 21, 23, 24, 27, and all lines 30.

5.2. For line 28, **row b** (NYC), enter the **sum** of all amounts from row **b** (NYC), subcolumns x(B) **and** x(C) for lines 10, 12, 16, 18, 20, 21, 23, 24, 27, and all lines 30.

Where are the amounts calculated on Worksheet C entered?

The amounts entered or calculated on Part 1, lines 10, 12, 16, 18, 20, 21, 23, 24, 27, 30, 30-Stk, and 30-Pship and Part 2, lines A, B, and C are only used

to compute the line 28 MTM totals in Part 1 and do not get transferred to any other form or worksheet; the **line 28 totals** from Part 1 need to be entered on Form NYC-2.5 as follows:

| Amount from Worksheet C | Amount is entered on |
|--------------------------------|--------------------------------------|
| Line 28b (NYC) | Form NYC-2.5, line 28 NYC (column A) |
| Line 28a (EW) | Form NYC-2.5, line 28 EW (column B) |