

# Instructions for Form NYC-2A



## Combined Business Corporation Tax Return for fiscal years beginning in 2021 or for calendar year 2021

### Highlights of Recent Tax Law Changes for Business Corporations

- For details on the proper reporting of income and expenses addressed in the federal Tax Cuts and Jobs Act of 2017, such as mandatory deemed repatriation income, foreign-derived intangible income (FDII), global intangible low-taxed income (GILTI), please refer to Finance Memorandum 18-9. For information about the IRC section 163(j) limitation on the business interest expense deduction, please refer to Finance Memorandum 18-11.
- In general, for tax years beginning in or after 2018, taxpayer combined groups which 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 combined group 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. See Administrative Code section 11-654(3)(a)(10)(xii).
- Section 21 of part Q of Chapter 60 of the Laws of 2016 amended subdivision 1 of section 11-655 of the Administrative Code to provide for tax years beginning on or after January 1, 2016, calendar year taxpayers are required to file tax reports for such year on or before April 15 of the following year, instead of March 15 of the following year, and the fiscal year taxpayers must file tax reports for such fiscal year within 3 and one-half months of the close of the fiscal year instead of 2 and one-half months of the close of the fiscal year.
- However, for the above tax years, calendar year taxpayers must still make the first tax payment (“Mandatory First Installment or “MFI”) for the following tax year on or before March 15 of that following year and fiscal year taxpayers must still make their first tax payment for the following fiscal year within two and one-half months of the close of the fiscal year, if these first payments are required. The MFI is now equal to 25 percent of the tax for the second preceding tax year for which the payment must be made and is required if the tax for such second preceding tax year exceeded \$1,000. See Administrative Code section 11-658, subdivision 1, as amended by section 22 of part Q of Chapter 60 of the Laws of 2016. Taxpayers should file the new Form NYC-300 (Mandatory First Installment (MFI) By Business C Corporations) for this purpose.
- For taxable years beginning on or after January 1, 2015, federal or state tax base changes should be reported on an Amended Return. See Finance Memorandum 17-5, “Reporting Federal or State Changes”, revised and dated October 10, 2018, for more information.

## GENERAL INFORMATION

Subchapter 3-A (“Subchapter 3-A”) of Chapter 6 of Title 11 of the Administrative Code of the City of New York (the “Ad. Code”) applies to tax years starting on or after January 1, 2015. This subchapter applies to corporations that were previously subject to the General Corporation Tax (“GCT”), Subchapter 2 of Chapter 6 of Title 11 of the Code, and the Banking Corporation Tax, Subchapter 3 of Title 11 of the Code, except that it does not apply to any corporation that is an S corporation, or qualified subchapter S subsidiary, under subchapter S of the Internal Revenue Code of 1986 (“IRC”), as amended (collectively, “S Corporations”). S corporations are subject to tax under the GCT and Banking Corporation Tax. Corporations subject to Subchapter 3-A, Business Corporation Tax, must file Form NYC-2 unless they are required or permitted to file as members of a com-

bined group, in which case they would be included on this form.

## S CORPORATIONS

If subject to GCT, an S corporation must file a GCT return (generally Form NYC-4S, Form NYC-4S-EZ or Form NYC-3L). If subject to Bank Tax, an S corporation must file a Banking Corporation Tax return (generally Form NYC-1). Under certain limited circumstances, an S corporation may be permitted or required to file a combined return (Form NYC-3A for GCT or Form NYC-1A for Bank Tax, whichever is applicable). See, e.g., *Finance Memorandum 99-3, New York City Tax Treatment of Federal S Elections by Banking Corporations and Qualified Subchapter S Subsidiaries* for information regarding the treatment of qualified subchapter S subsidiaries. For additional requirements see the instructions to those forms. An S corporation may not be in-

cluded in this return.

## Corporate Tax Filing Requirements

For tax years beginning on or after January 1, 2015, including short periods, all federal C corporations subject to tax under Subchapter 3-A (including those corporations formerly subject to the Bank Tax) must file using the following returns, as applicable:

- Form NYC-2, *Business Corporation Tax Return*
- Form NYC-2A, *Business Corporation Combined Tax Return*. When filing Form NYC-2A,
- Form NYC-2A/BC, *Member’s Detail Report, Filed by a Corporation Included in a Combined Business Tax Return*, must be filed by each member of the combined group, except for

the designated agent, including non-taxpayer members, beginning on or after January 1, 2015.

Any return filed on an incorrect form, or on a form for the wrong year, may not be processed and will not be considered timely filed. As a result, penalties and interest may be incurred. Use this tax return for calendar year 2021, fiscal years that begin in 2021 and end in 2022, and tax years of less than 12 months that begin on or after January 1, 2021, but before January 1, 2022. If you have a tax year of less than 12 months that begins and ends in 2022 and the 2022 return is not yet available at the time you are required to file the return, you may also use this form. See the instructions under “Specific Instructions—Period Covered” on page 7.

Taxpayers using a 52-53 week year – A taxpayer who reports on the basis of a 52-53 week accounting period for federal income tax purposes may report on the same basis for Business Corporation Tax purposes. If a 52-53 week accounting period begins within seven days from the first day of any calendar month, the tax year is deemed to begin on the first day of that calendar month. If a 52-53 week accounting period ends within seven days from the last day of any calendar month, the tax period will be deemed to end on the last day of the calendar month.

### **Corporations Subject to Tax under Subchapter 3-A**

#### **CORPORATION DEFINED**

Any entity that is an association taxable as a corporation for federal income tax purposes pursuant to IRC §7701(a)(3) is treated as a corporation for City tax purposes including an unincorporated entity that elects to be taxable as a corporation. Unincorporated entities that are taxable under the Business Corporation Tax are not subject to the Unincorporated Business Tax. Eligible entities having a single owner disregarded as a separate entity under the “check-the-box” rules and treated as either a sole proprietorship or a branch for federal tax purposes will be similarly treated for City tax purposes. See Finance Memorandum 99-1 for additional information.

### **Corporations Required to File a Business Corporation Tax Return**

Corporations, other than S corporations, doing business, employing capital, owning or leasing property or maintaining an office in the City are required to file a Business Corporation Tax return. Pursuant to section 21 of Chapter 201 of the Laws of 2009, for tax years beginning on or after January 1, 2011, the Banking Corporation Tax was amended to provide criteria by which banking corporations, engaged in the business of credit card transactions and not otherwise doing business in New York City, would be subject to tax if they met certain criteria, regarding credit card customers or merchant customer contracts in the City. Some of these criteria were carried over and incorporated into the Business Corporation Tax. Pursuant to these criteria, a corporation is doing business in the City if (1) it has issued credit cards (bank, credit, travel and entertainment) to one thousand or more customers who have a mailing address in the City as of the last day of its taxable year and (2) it has merchant customer contracts with merchants and the total number of locations covered by those contracts equals one thousand or more locations in the City to whom the corporation remitted payment for credit card transactions during the taxable year, or (3) the sum of the number of customers described in (1) plus the number of locations covered by its contracts describe in (2) equals one thousand or more.

#### **Corporate Partners**

- If a partnership is doing business, employing capital, owning or leasing property, or maintaining an office, or deriving receipts from activity in New York City, then a corporation that is a general partner in that partnership is subject to tax and must file Form NYC-2.
- If a partnership is doing business, employing capital, owning or leasing property or maintaining an office in New York City, then a corporation that is a limited partner of that partnership may be subject to tax pursuant to the regulations promulgated by the Commissioner of Finance.

An LLC or LLP that is treated as a partnership for federal income tax purposes will be treated as a partnership for New York City tax purposes.

A corporation shall not be deemed to be doing business, employing capital, owning or leasing property, or maintaining an office in the City by reason of:

- The maintenance of cash balances with banks or trust companies in the City;
- The ownership of shares of stock or securities kept in the City if kept in a safe deposit box, safe, vault, or other receptacle rented for the purpose, if pledged as collateral security, or if deposited with one or more banks or trust companies, or with brokers who are members of a recognized security exchange, in safekeeping or custody accounts;
- The taking of any action by any such bank or trust company or broker, which is incidental to the rendering of safekeeping or custodian service to the corporation;
- The maintenance of an office in this city by one or more officers or directors of the corporation who are not employees of the corporation if the corporation otherwise is not doing business in the City, and does not employ capital or own or lease property in the City;
- The keeping of books or records of a corporation in the City if such books and records are not kept by employees of the corporation and the corporation does not otherwise do business, employ capital, own or lease property, or maintain an office in the City; or
- Any combination of the activities listed above.

All business corporations subject to tax under Subchapter 3-A must file Business Corporation Tax returns using Form NYC-2, unless such cor-

porations are required or permitted to file as members of a combined group.

**Alien corporations** – An alien corporation (a corporation organized under the laws of a country, or any political subdivision thereof, other than the United States, or organized under the laws of a possession, territory or commonwealth of the United States) is not deemed to be doing business, employing capital, owning or leasing property, maintaining an office, or deriving receipts from activity, in this city if its activities in this city are limited solely to:

- investing or trading in stocks and securities for its own account per IRC section 864(b)(2)(A)(ii);
- investing or trading in commodities for its own account per IRC section 864(b)(2)(B)(ii); **or**
- any combination of the above two activities.

An alien corporation that under any provision of the IRC is not treated as a domestic corporation as defined under IRC section 7701 and has no effectively connected income for the tax year will not be subject to tax under the Business Corporation Tax for that tax year. Ad. Code section 11-652(8) introductory paragraph (iii).

**Who Must File a Combined Return**

Under Administrative Code Section 11-654.3, a taxpayer:

- which owns or controls, either directly or indirectly, more than 50% of the voting power of the capital stock of one or more other corporations; **or**
- more than 50% of the voting power of the capital stock of such taxpayer is owned or controlled, either directly or indirectly, by another corporation; **or**
- more than 50% of the voting power of the capital stock of such taxpayer, and the capital stock of one or more other corporations, is owned or controlled, directly or indirectly, by the same interests; **and**

- that is engaged in a unitary business with such other corporations;

must file a combined return with those other corporations.

A corporation required to file a combined return also includes (§11-654.3(2)(b)):

- a captive real estate investment trust (REIT) (as defined in section 11-601(12)) or captive regulated investment company (RIC) (as defined in §11-601(13));
- a combinable captive insurance company (as defined in section 11-652(12)); **and**
- an alien corporation that satisfies the conditions in section 11-654.3(2)(a) (see above for such conditions), if such corporation is treated, under any provision of the IRC, as a domestic corporation as defined in IRC section 7701, or has effectively connected income pursuant to Ad. Code section 11-652(8) introductory paragraph (iii).

A corporation required or permitted to file a combined return does not include (§11-654.3(2)(c)):

- a corporation that is taxable, or would be taxable if subject to tax, under the General Corporation Tax or the Utility Tax (except for a vendor of utility services that is taxable under both the New York City Utility Tax and Subchapter 3-A) or would have been taxable as an insurance corporation under the former Part IV, Title R, Chapter 46 of the NYC Administrative Code as in effect on June 30, 1974;
- a REIT that is not a captive REIT;
- a RIC that is not a captive RIC; **or**
- an alien corporation that, under any provision of the IRC, is not treated as a domestic corporation as defined in IRC section 7701 and has no effectively connected income for the tax year pursuant to Ad. Code section 11-652(8) introductory paragraph (iii).

If a corporation is subject to tax under Subchapter 3-A solely as a result of its ownership of a limited partner interest in a limited partnership, or its membership interest that is equated to the interest of a limited partner, in an LLC that is being treated as a partnership for federal income tax purposes, that is doing business, employing capital, owning or leasing property, maintaining an office, or deriving receipts from activity, in this city, and none of the corporation’s related corporations are subject to tax under Subchapter 3-A, such corporation shall not be required or permitted to file a combined return with such related corporations.

**Commonly owned group election** (§11-654.3(3)) - Subject to the restrictions of section 11-654.3(2)(c) (see above for such restrictions), a taxpayer may elect to treat as its combined group all corporations that meet only the ownership requirements of section 11-654.3(2)(a) (see above for such requirements) without regard to also meeting the unitary business requirement. If this election is made, such corporations must compute the combined business income, combined capital, and fixed dollar minimum bases of all members of the group, whether or not that business income or business capital is from a single unitary business.

The election must be made on an original, timely filed return of the combined group, determined with regard to valid extensions of time for filing. The election is made by checking “Yes” on line 28a of Schedule A. Any corporation entering a commonly owned group subsequent to the year of election shall be included in the combined group, and is considered to have waived any objection to its inclusion in the combined group.

The election is irrevocable, and binding for and applicable to the tax year for which it is made, and for the next six tax years (not including short tax years). The election will automatically be renewed for another seven tax years, unless it has been revoked by the designated agent on an original, timely filed return for the first tax year after the completion of the prior seven year period. A revocation shall prohibit a new election in any of the imme-

diately following three tax years (not including short tax years) by any member of the commonly owned group.

**Designated agent** – Each combined group must have one designated agent, which must be a taxpayer. The designated agent files the combined return of the combined group. Only the designated agent may act on behalf of the members of the combined group for matters relating to the combined return (§11-654.3(7)). However, every member of the combined group that is subject to tax under Subchapter 3-A is jointly and severally liable for the tax due pursuant to a combined return.

#### Other forms you may need to file

**FORM NYC-2.1 - Investment and Other Exempt Income and Investment Capital**, must be filed by a corporation that has investment capital (Ad. Code section 11-651(4)), investment income (Ad. Code section 11-651(5)), or other exempt income (Ad. Code §11-651(5-a)).

**FORM NYC-2.2 - Subtraction Modification for Qualified Banks and Other Qualified Lenders**, must be filed to utilize the subtraction modification for qualified residential loan portfolios (Ad. Code §11-652(8)(s)), the subtraction modification for community banks and small thrifts (Ad. Code §11-652(8)(q)), the subtraction modification for community banks and small thrifts with a captive REIT (Ad. Code §11-652(8)(r)) or the subtraction modification for qualified affordable housing and low income community loans (Ad. Code §11-652(8)(t)).

**FORM NYC-2.3 - Prior Net Operating Loss Conversion (PNOLC Subtraction)**, must be filed to calculate and utilize the PNOLC subtraction and carryforward (Ad. Code §11-654.1(2)). This form must be filed for every tax year that a combined group carries a balance of a PNOLC subtraction, even if the group is unable to utilize the subtraction in a given year.

**FORM NYC-2.4 - Net Operating Loss Deduction (NOLD)**, must be filed to calculate and utilize the NOLD and carryforward (Ad. Code §11-654.1(3)). This form must be filed with the amended re-

turn when the carryback of a post corporate tax reform net operating loss (NOL) is claimed. NOLs from tax years that begin on or after January 1, 2015, cannot be carried back to tax years that began before January 1, 2015.

**FORM NYC-2.5A - Computation of Receipts Factor** — must be filed by any combined group claiming less than a 100% business allocation percentage to NYC.

**FORM NYC-2.5A/BC - Computation of Receipts Factor, (Member's Detail Report)** - must be filled out for each member of a combined group other than the designated agent when the combined group is claiming less than a 100% business allocation percentage to NYC.

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

**FORM NYC-300** - Mandatory First Installment (MFI) by Business C Corporations. This form is to be submitted with respect to the MFI. The MFI on this form is equal to 25% of the second preceding year's tax. The due date of the form is 2-1/2 months after the close of the previous fiscal year, not the due date of the return or extension for the previous year. For a calendar year taxpayer, the due date is March 15th.

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

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

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

**FORM NYC-399** - Schedule of New York City Depreciation Adjustments is

used to compute the allowable New York City depreciation deduction if a federal ACRS or MACRS depreciation deduction is claimed for certain property placed in service after December 31, 1980.

**FORM NYC-399Z** - Depreciation Adjustments for Certain Post 9/10/01 Property may have to be filed by taxpayers claiming depreciation deductions for certain sport utility vehicles or "qualified property," other than "qualified New York Liberty Zone property," "qualified New York Liberty Zone leasehold improvements" and "qualified resurgence zone property" placed in service after September 10, 2001, for federal or New York State tax purposes. *See Finance Memorandum 21-1, "Application of IRC §280F Limits to Sports Utility Vehicles."*

**FORM NYC-400** - Declaration of Estimated Tax by Business Corporations and Subchapter S General Corporations must be filed by any corporation whose New York City tax liability can reasonably be expected to exceed \$1,000 for any calendar or fiscal tax year.

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

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

For credits or refunds based upon carryback of a net operating loss (NOL)— To claim a credit or refund resulting from the carryback of an NOL to a prior year, file an amended return for the year to which the carryback is being applied within 90 days (120 days if filing an amended com-

bined return) from the date of the document indicating approval of the federal refund or credit. **Note: No NOL may be carried back to a year beginning before January 1, 2015.** You must attach the following to your amended return:

- Federal claim Form 1139, Corporation Application for Tentative Refund, or federal Form 1120X, Amended U.S. Corporation Income Tax Return;
- A copy of the New York City return previously filed with New York City for the loss year;
- Proof of federal refund approval, Statement of Adjustment to your Account.

#### WHEN AND WHERE TO FILE

The due date for filing is on or before April 18, 2022 or, for fiscal year taxpayers, on or before the 15th day of the 4th month following the close of the fiscal year.

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

Mail all returns, except refund returns:

**NYC Department of Finance  
P.O. Box 5564  
Binghamton, NY 13902-5564**

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

**NYC Department of Finance  
P.O. Box 3933  
New York, NY 10008-3933**

*Mail returns claiming refunds:*

**NYC Department of Finance  
P.O. Box 5563  
Binghamton, NY 13902-5563**

#### AUTOMATIC EXTENSIONS

An automatic extension of six months for

filing this return will be allowed if, by the original due date, the taxpayer files with the Department of Finance an application for automatic extension on Form NYC-EXT and pays the amount properly estimated as its tax. See the instructions for Form NYC-EXT for information regarding what constitutes a proper estimated tax for this purpose. Failure to pay a proper estimated amount will result in a denial of the extension.

A taxpayer with a valid six-month automatic extension filed on Form NYC-EXT may request up to two additional three month extensions by filing Form NYC-EXT.1. A separate Form NYC-EXT.1 must be filed for each additional three-month extension. Forms NYC-EXT and EXT.1 may be submitted electronically via the Department's Website or mailed to the address indicated on those forms.

#### FINAL RETURNS

If a corporation ceases to do business in New York City, the due date for filing a final Business Corporation Tax Return is the 15th day after the date of the cessation (Ad. Code § 11- 655). Corporations may apply for an automatic six-month extension for filing a final return by filing Form NYC-EXT, Application for Automatic 6- Month Extension of Time to File Business Income Tax Return on or before that date. Any tax due must be paid with the final return or the extension, whichever is filed earlier.

#### AMENDED RETURNS

If you are filing an amended return for any purpose, mark an X in the Amended return box on page 1 of the return. If you file an amended federal or state return, you must file an amended New York City return within 90 days (or 120 days if filing an amended combined return thereafter).

You must file using the correct year's return for the tax year being amended. Do not use the most current year's return if the current year is not the year being amended. If you file on the wrong year's return, it may cause the amended return to be rejected, or may cause a delay in receiving any tax benefits being claimed. The Business Corporation Tax is effective January 1, 2015 and does not apply

to any tax return filed for a tax year commencing prior to January 1, 2015.

#### FOR AMENDED RETURNS BASED ON CHANGES TO FEDERAL OR STATE TAXABLE INCOME OR OTHER TAX BASE

For taxable years beginning on or after January 1, 2015, changes in taxable income or other tax base made by the Internal Revenue Service ("IRS") and /or New York State Department of Taxation and Finance ("DTF") will no longer be reported on Form NYC-3360 or Form NYC-3360B. Instead, taxpayers must report these federal or state changes to taxable income or other tax base by filing an amended return. This amended return must include a tax worksheet that identifies each change to the tax base ("Tax Base Change") and shows how each such Tax Base Change affects the taxpayer's calculation of its New York City tax. A template for the tax worksheet is available on the DOF website at [nyc.gov/finance](http://nyc.gov/finance). This amended return must also include a copy of the IRS and/or DTF final determination, waiver, or notice of carryback allowance. Taxpayers that have federal and state Tax Base Changes for the same tax period may report these changes on the same amended return that includes separate tax worksheets for the IRS Tax Base Changes and the DTF Tax Base Changes. Note that for taxable years beginning on or after January 1, 2015, DTF Tax Base Changes may include changes that affect income or capital allocation.

The Amended Return checkbox on the return is to be used for reporting any IRS or DTF Tax Base Changes, with the appropriate box for the agency making the Tax Base Changes also checked. Taxpayers must file an amended return for Tax Base Changes within 90 days (120 days for taxpayers filing a combined report) after (i) a final determination on the part of the IRS or DTF, (ii) the signing of a waiver under IRC §6312(d) or NY Tax Law §1081(f), or (iii) the IRS has allowed a tentative adjustment based on a an NOL carryback or a net capital loss carryback.

If the taxpayer believes that any Tax Base Change is erroneous or should not apply to its City tax calculation, it should not in-

corporate that Tax Base Change into its City tax calculation on its amended return. However, the taxpayer must attach: (i) a statement to its report that explains why it believes the adjustment is erroneous or in-applicable; (ii) the explanatory tax worksheet that identifies each Tax Base Change and shows how each would affect its City tax calculation; and (iii) a copy of the IRS and/or DTF final determination, waiver, or notice of carryback allowance.

For more information on federal or state Tax Base Changes, including a more expansive explanation of how taxpayers must report these changes as well as sample tax worksheets to be included within the amended return, see *Finance Memorandum 17-5, "Reporting Federal or State Changes" revised and dated 10/10/2018*.

#### ACCESSING NYC TAX FORMS

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

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

#### OVERVIEW OF BUSINESS CORPORATION TAX

##### Tax Bases and Rates

Under the Business Corporation Tax, the business income base is the primary tax base, with the business capital and fixed dollar minimum tax bases as alternatives. A combined group must pay the tax that results in the largest amount owed. In addition, the tax on a combined return includes the fixed dollar minimum tax of each member of the combined group (other than the designated agent) that is a taxpayer.

##### Tax on Business Income

The tax on the business income base is computed on Schedule B. The business income base is generally determined using a single receipts factor allocation. For more on the allocation of the business income base see Schedule F and the accompanying instructions. For more on the tax rate applicable to the business income base, see Schedule H and accompanying instructions.

##### Tax on Business Capital

The tax on the business capital base is computed on Schedule C. The business capital base is generally determined using a single receipts factor allocation. For more on the allocation of the capital base see Schedule C and the accompanying instructions.

##### Fixed Dollar Minimum Tax.

The fixed dollar minimum tax is determined by the corporation's New York City receipts. To avoid an erroneous assessment or a delay in your refund, you must enter an amount on Form NYC-2A, Schedule A, line 3a. If you do not have New York City receipts, enter 0 in the box on line 3a. Failure to make an entry on this line may result in an assessment of tax, or reduction of your refund or credit.

#### FOR TAXPAYERS CLAIMING A NET OPERATING LOSS DEDUCTION

Taxpayers claiming a deduction for a Net Operating Loss must complete form NYC-2.4 (Net Operating Loss Deduction) and include it with their Business Corporation Tax filing. For more information see Form NYC-2.4. Under Subchapter 3-A, the restriction for REITs on using the NOL deduction is no longer applicable and, thus, REITs are permitted an NOL deduction. Taxpayers subject to the small business tax rate are still subject to the PNOLC limitations (unlike NYS). **NOLs from tax years that begin on or after January 1, 2015, cannot be carried back to tax years that began before January 1, 2015.**

##### ESTIMATED TAX

If the tax for the period following that covered by this return is expected to exceed \$1,000, a declaration of estimated tax and installment payments are required.

Form NYC-400 is to be used for declarations and installment payments of estimated tax. If the tax on this return exceeds \$1,000, submit Form NYC-400 which is available on the Department of Finance's website. If, after filing a declaration, your estimated tax substantially increases or decreases as a result of a change in income, deduction or allocation, you must amend your declaration on or before the next date for an installment payment. Mail the amended declaration, using Form NYC-

400, along with your check to:

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

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

These payments can also be made online at [nyc.gov/eservices](http://nyc.gov/eservices).

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

#### PENALTY FOR UNDERSTATING TAX

If there is a substantial understatement of tax (i.e., if the amount of the understatement exceeds the greater of 10% of the tax required to be shown on the return or \$5,000) for any taxable year, a penalty will be imposed in an amount equal to 10% of the amount of the understated tax. The amount of understated tax on which you pay the penalty can be reduced by subtracting any item for which (1) there is or was substantial authority for the way in which the item was treated on the return, or (2) there is adequate disclosure of the relevant facts affecting the item's tax treatment on the return or in a statement attached to the return.

#### CHANGE OF BUSINESS INFORMATION

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

You can also logon to [nyc.gov/finance](http://nyc.gov/finance).

#### HOW TO FILL OUT YOUR TAX RETURN

##### Important Identifying Information

When preparing your corporation tax return, be sure to accurately complete the corporation's identifying information (employer identification number (EIN)) including the current address. Keep a record of the corporation's identifying in-

formation for future use.

Check all the boxes on the front of the return that apply.

### SIGNATURE

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

### TAX PREPARERS

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

**Preparer Authorization:** If you want to allow the Department of Finance to discuss your return with the paid preparer who signed it, you must check the "Yes" box in the signature area of the return.

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

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

**You are not authorizing** the preparer to receive any refund check, bind you to any statement, act or legal position (including any additional tax liability), or otherwise represent you before the Department.

The authorization cannot be revoked; how-

ever, the authorization will automatically expire no later than the due date (without regard to any extensions) for filing next year's return. **Failure to check the box will be deemed a denial of authority.**

### SPECIFIC INSTRUCTIONS

#### Period Covered

File the 2021 return for calendar year 2021 and fiscal years that begin in 2021 and end in 2022. For a fiscal or short tax year return, fill in the tax year space at the top of the form. The 2021 Form NYC-2A also can be used if:

- You have a tax year of less than 12 months that begins and ends in 2022, and
- The 2022 Form NYC-2A is not available at the time you are required to file the return.

You must show the 2022 tax year on the 2021 Form NYC-2A and take into account any tax law changes that are effective for tax years beginning after December 31, 2021.

#### September 11, 2001 Related Benefits

Check the appropriate box on page 1 of this form ("Claim any 9/11/01-related federal tax benefits") if, on your federal return: (i) you reported bonus depreciation and/or a first year expense deduction under IRC section 179 for "qualified New York Liberty Zone property," "qualified New York Liberty Zone leasehold improvements," or "qualified Resurgence Zone property," regardless of whether you are required to file form NYC-399Z, or (ii) you replaced property involuntarily converted as a result of the attacks on the World Trade Center during the five (5) year extended replacement period. You must attach federal forms 4562, 4684 and 4797 to this return. *See instructions for Schedule B, lines 11 and 19 for more information.*

#### Filing your final return

Mark an **X** in the Final return box on page 1 of the return if the corporation has ceased doing business, employing capital, or owning or leasing property in New York City.

Do not mark an **X** in the Final return if you are only changing the type of return that you file.

Do not mark an **X** in the Final return box in the case of a merger or consolidation. Include the full profit from any installment sale made in your final tax year on your final return. Also include on your final return any remaining profit not yet received from a prior year's installment sale.

#### S Corporation Termination Year

If an S corporation is terminating its federal S election on a day other than the first day of the tax year, the tax year is divided into two tax periods (an S short year and a C short year). The taxpayer must file a GCT or Bank Tax return for the S Corporation short year and a Form NYC-2 or Form NYC-2A for the C corporation short year. *See Finance Memorandum 15-2, "Transitional Filing Provisions for Taxpayers Affected By Corporate Tax Reform Legislation" 4/17/2015.*

#### Special Condition Codes

Check the Finance website for applicable special condition codes. If applicable, enter the two character code in the box provided on the form.

### Schedule A

#### Computation of Balance Due or Overpayment

#### LINE 3 - MINIMUM TAX

This line pertains only to the group's designated agent. The sum of the fixed dollar minimum taxes for each taxable group member is reported on line 5. The fixed dollar minimum tax is determined by a corporation's New York City receipts. Enter your New York City receipts in the first box. If you do not have New York City receipts, enter 0. **To avoid an erroneous assessment or a delay in your refund, you must enter an amount on this line.**

The designated agent's New York City receipts are the receipts as determined on line 54a, column F of Form NYC-2.5A.

Enter the amount of these receipts on line 3a. A homeowners association, as such term is defined in IRC section 528(c) without regard to section 528(c)(1)(E), with no FTI, as the term is defined in section 528(d), is not subject to the fixed dollar minimum tax and must enter **0** on line 3.

**TABLE - FIXED DOLLAR MINIMUM TAX**

For a corporation with New York City receipts of:

Not more than \$100,000.....	\$ 25
More than \$100,000 but not over \$250,000 .....	\$ 75
More than \$250,000 but not over \$500,000 .....	\$ 175
More than \$500,000 but not over \$1,000,000 .....	\$ 500
More than \$1,000,000 but not over \$5,000,000 .....	\$1,500
More than \$5,000,000 but not over \$25,000,000 .....	\$3,500
More than \$25,000,000 but not over \$50,000,000 .....	\$5,000
More than \$50,000,000 but not over \$100,000,000 .....	\$10,000
More than \$100,000,000 but not over \$250,000,000 .....	\$20,000
More than \$250,000,000 but not over \$500,000,000 .....	\$50,000
More than \$500,000,000 but not over \$1,000,000,000 ...	\$100,000
Over \$1,000,000,000.....	\$200,000

**Short Periods - Fixed Dollar Minimum Tax**

Compute the New York City receipts for short periods (tax periods of less than 12 months) by dividing the amount of New York City receipts by the number of months in the short period and multiplying the result by 12. Once this annualized amount is calculated (do not replace your NYC receipts on Line 3 with this annualized amount) use the table above to determine the fixed dollar minimum tax based on the annualized amount. The resulting fixed dollar minimum tax may be reduced for short periods as indicated below. Enter the reduced amount on line 3 (If applicable).

**Period Reduction**

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

**Line 5** – Enter the sum of all the amounts entered on all attached Forms NYC-2-A/BC, Schedule A, "Minimum tax", line 2.

**CREDITS - GENERAL**

Complete a separate Credit Form for the

designated agent and for any other member of the combined group, if applicable. The Total amount of each credit is placed on Schedule A, lines 7 and 9 through 13.

**LINE 7 - UBT PAID CREDIT**

Enter on line 7 the credit against the Business Corporation Tax for Unincorporated Business Tax paid by partnerships from which any corporation included in this report (a "member corporation") receives a distributive share of income, loss or deduction or guaranteed payment that you include in entire net income (ENI) (**Attach a Form NYC-9.7C for each partnership from which you receive a credit.**)

**LINE 9 - REAP CREDIT**

Enter on this line the Relocation and Employment Assistance Program (REAP) credit against the Business Corporation Tax. (**Attach Form NYC-9.5.**)

**LINE 10 - CREDITS FROM FORM NYC-9.6**

Enter on this line the real estate tax escalation credit and employment opportunity relocation costs credit and industrial business zone credit (**Refer to instructions on Form NYC-9.6 and attach form.**)

**LINE 11 - LMREAP CREDIT**

Enter on this line the credit against the Business Corporation Tax for the Lower Manhattan Program. (**Attach Form NYC-9.8.**)

**LINE 13 - BEER PRODUCTION CREDIT**

Enter on this line the NYC beer production credit. (**Attach Form NYC-9.12.**)

**LINE 15 - TOTAL PREPAYMENTS**

Enter the sum of all estimated tax payments made for this tax period, the payment made with the extension request, if any, and both the carryover credit and the first installment reported on the prior tax period's return. This figure should be obtained from the Composition of Prepayments Schedule on page 2 of Form NYC-2A.

**LINE 18a - LATE PAYMENT - INTEREST**

If the tax is not paid on or before the due date (determined without regard to any extension of time), interest must be paid on the amount of the underpayment from the due date to the date paid. For information as to the applicable rate of inter-

est, call 311. If calling from outside of the five NYC boroughs, please call 212-NEW-YORK (212-639-9675) or log on to [nyc.gov/finance](http://nyc.gov/finance).

**LINE 18b - LATE PAYMENT OR LATE FILING/ADDITIONAL CHARGES**

- a) A **late filing penalty** is assessed if you fail to file this form when due, unless the failure is due to reasonable cause. For every month or partial month that this form is late, add to the tax (less any payments made on or before the due date) 5%, up to a total of 25%.
- b) If this form is filed more than 60 days late, the above late filing penalty cannot be less than the lesser of (1) \$100 or (2) 100% of the amount required to be shown on the form (less any payments made by the due date or credits claimed on the return).
- c) A **late payment penalty** is assessed if you fail to pay the tax shown on this form by the prescribed filing date, unless the failure is due to reasonable cause. For every month or partial month that your payment is late, add to the tax (less any payments made) 1/2%, up to a total of 25%.
- d) The total of the additional charges in a) and c) may not exceed 5% for any one month except as provided for in b). If you claim not to be liable for these additional charges, attach a statement to your return explaining the delay in filing, payment or both.

**LINE 18c - PENALTY FOR UNDERPAYMENT OF ESTIMATED TAX**

A penalty is imposed for failure to file a declaration of estimated tax or for failure to pay each installment payment of estimated tax due. (For complete details, refer to Form NYC-222, Underpayment of Estimated Tax by Corporations.). If you underpaid your estimated tax, use Form NYC-222 to compute the penalty. Attach Form NYC-222. If no penalty is due, enter "0" on line 18c.

**LINE 22 - TOTAL REMITTANCE DUE**

If the amount on line 16 is greater than zero or the amount on line 20 is less than zero, enter on line 22 the sum of line 16 and the amount, if any, by which line 19 exceeds the amount on line 17. If filing and *paying*

electronically, enter the amount of your remittance on Line A. If not paying electronically, leave Line A blank. All remittances must be payable in U.S. dollars drawn on a U.S. bank. Checks drawn on foreign banks will be rejected and returned.

Remittances must be made payable to the order of NYC Department of Finance.

### **LINE 23 - NEW YORK CITY RENT**

Enter the total rent deducted for federal purposes for premises located in New York City for each member of the combined group. Rent includes consideration paid for the use or occupancy of premises as well as payments made to or on behalf of a landlord for taxes, charges, insurance or other expenses normally payable by the landlord other than for the improvement, repair or maintenance of the tenant's premises.

If the members of the combined group are carrying on business both inside and outside New York City, complete Schedule E and enter on line 23 of Schedule A the total rent from Schedule E, Part 1. If the members of the combined group are only carrying on business in New York City, enter the total rent deducted on the federal return for premises located in the City.

### **LINE 25 - GROSS RECEIPTS OR SALES**

The amount entered on line 25 should be the same amount entered on line 1c of the taxpayer's federal Form 1120 (Gross receipts or sales less returns and allowances). If the federal consolidated group and the City combined group differ, attach a copy of the federal consolidated group return, the consolidating workpapers indicating the gross receipts of each corporation and a complete copy of each separate federal return. The amount entered on line 25 should be the gross receipts of all the corporations included in the combined return.

### **Designated agent's information**

**Line 31** - Federal separate taxable income means for this purpose, the amount the designated agent computed (or if the designated agent's federal consolidated group is not the same as its New York City combined group, the amount the designated agent would have computed if the federal

consolidated group was comprised of the same members as the New York City combined group) as follows: Report the amount computed in accordance with the provisions of the IRC that govern the computation of taxable income for separate return purposes, but subject to Treasury Regulations section 1.1502-12.

**Line 32** - Enter the value of the designated agent's total assets at the beginning of the tax year on line 32a, and at the end of the tax year on line 32b. Use the values that would have been shown on the balance sheet of the federal return if the designated agent had filed a separate federal Form 1120. Enter on line 32c the average value, as the average value is described in Schedule C, Part 1, lines 1 through 11 instructions.

**Line 33** - Enter the value of the designated agent's total liabilities at the beginning of the tax year on line 33a, and at the end of the tax year on line 33b. Use the values that would have been shown on the balance sheet of the federal return if the designated agent had filed a separate federal Form 1120. Enter on line 33c the average value, as the average value is described in Schedule C, Part 1, lines 1 through 11 instructions.

**Lines 34 through 36** - the figures on these lines should match the figures on Form NYC-2.3, Schedule A, line 1, columns E, D and G.

### **PREPAYMENTS SCHEDULE**

Enter the payment date and the amount of all prepayments made for this tax period.

### **Schedule B**

#### **Line Instructions**

Schedule B of Form NYC-2A for lines 2 through 20, provides a column for the group designated agent and a separate column for all the other combined members of the group. The amounts that are entered into the column for the combined members of the group should represent the total of the amounts from the corresponding lines from Schedule B of each member's Form 2A/BC that must be attached to Form NYC-2A. For example, on line 12, enter the appropriate adjustment for

the designated agent in the designated agent column on Schedule B, line 12. For each member of the combined group except the designated agent, enter the appropriate adjustment on line 12 on the Form NYC-2A/BC submitted for that member, and enter the sum of these adjustments on line 12 of Schedule B of Form NYC-2A in the "Total of all Affiliates" column.

### **Computation of Tax on Business Income Base**

The combined business income base is the amount of the combined business income of the group that is allocated to New York City, less any PNOLC subtraction and any NOLD for the combined group. In computing the combined business income base, the group is generally treated as a single corporation.

*Combined business income* is the ENI of the group minus the investment income of the group and the other exempt income of the group. In computing combined business income, most intercorporate dividends are eliminated. All other intercorporate transactions are deferred in a manner similar to the United States Treasury Regulations relating to intercompany transactions under IRC section 1502.

### **ENI is:**

- total net income from all sources which is presumably the same as the entire taxable income the taxpayer is required to report to the U.S. Treasury Department, or
- income effectively connected with the conduct of a trade or business within the United States, as determined under IRC section 882, for an alien corporation that under any provision of the IRC is not treated as a domestic corporation as defined in IRC section 7701; or
- Federal taxable income that would have been reported to the IRS in the case of a corporation which is exempt from federal income tax (other than tax on unrelated business income imposed under IRC section 511), but is taxable under Subchapter 3-A;

**plus or minus** certain New York City modifications.

If you have federal capital gains or losses included in your federal consolidated taxable income (CTI) that flow from items that qualify as New York investment capital, you **must** adjust federal CTI on line 1g by recomputing the amount of your federal net capital gain income. In this recomputation, you must net your federal capital gains and losses by the **type** of New York capital (business or investment) that generated the federal capital gain or loss, **rather** than netting business and investment capital gains and losses against each other. Business capital loss(es) are **only** allowed to be netted against business capital gain(s) to the extent that there are business capital gain(s) to absorb the business capital loss(es). Likewise, investment capital loss(es) are only allowed to be netted against investment capital gain(s) to the extent that there are investment capital gain(s) to absorb the investment capital loss(es). When completing Form CT-3.1, the adjustment made for purposes of line 1g **must** be taken into consideration.

The sum of the group's investment income and other exempt income must not exceed the group's ENI.

**Line 1a** – Enter the federal consolidated taxable income (CTI) of the New York City combined group. The CTI of the New York City combined group must be computed as if the New York City combined group, as formulated for purposes of filing this Form NYC-2A, had together filed a consolidated federal Form 1120 (even in instances where that was not the case, and even when some members of the New York City combined group would be prohibited under the IRC to file a consolidated federal Form 1120 with a member of the New York City combined group).

In computing the federal CTI of the New York City combined group, each member of the combined group must first compute its own federal separate taxable income in accordance with the provisions of the IRC that govern the computation of taxable income for separate return purposes, but subject to United States Treasury Regulations section 1.1502-12. Report such fed-

eral separate taxable income of each member of the group on such member's Form NYC-2-A/BC, Schedule A, line 4 and report such income of the group's designated agent on Form NYC-2A, Schedule A, line 31. To this aggregate of federal separate taxable incomes of all group members, including the designated agent, the consolidated items stated in Treasury Regulations section 1.1502-11 must be subtracted from, or added to, such aggregate. The result is entered on line 1a.

**Note:** If you were required to include in your calculation of federal CTI an IRC section 965(a) inclusion amount, the inclusion is already reflected in the line 1a amount. Also reflected in the line 1a amount is the deduction amount allowed under IRC section 965(c). Administrative Code § 11-652(8)(b)(20) requires that any IRC section 965(c) amount deducted when computing CTI must be added back to CTI. Add back the IRC section 965(c) deduction amount on Schedule B, Line 1c(iii).

**FDII and GILTI deductions:** Also reflected in the line 1a amount is the IRC section 250(a)(1)(A) deduction, as reduced by IRC section 250(a)(2) (excluding captive REITs and captive RICs). Administrative Code § 11-652(8)(b)(21) requires that any IRC section 250(a)(1)(A) amount deducted (as reduced by IRC section 250(a)(2)) when computing federal CTI must be added back to federal CTI. Add back the IRC section 250(a)(1)(A) on Schedule B, Line 1c(ii). You are allowed the IRC section 250 deduction for the portion of such deduction computed under IRC section 250(a)(1)(B)(i), as reduced by IRC section 250(a)(2). This amount is included on Line 1a.

When a captive REIT or captive RIC is required to file as a member of a combined group, determine federal separate taxable income of such captive REIT or captive RIC as follows (but also subject to Treasury Regulations section 1.1502-12):

- If you file Form 1120-REIT, use:
  - REIT taxable income as defined in IRC section 857(b)(2), as modified by IRC section 858; **plus**
  - the amount taxable under IRC section 857(b)(3);

- then, in computing the dividends paid deduction, dividends paid by the captive REIT to any member of the affiliated group that includes the corporation that directly or indirectly owns over 50% of the voting stock of the captive REIT are not allowed and must be included in combined business income. An affiliated group is defined in IRC section 1504, but without regard to the exceptions provided for in IRC section 1504(b). Include such disallowed dividends paid deduction amount on Form NYC-2A, Schedule B, line 1d.

**Note:** If you are required to include a captive REIT in your combined return, and the captive REIT is required to include in its calculation of REIT taxable income an IRC section 965(a) inclusion amount, such inclusion, as well as the corresponding IRC section 965(c) amount, is already reflected in the line 1a amount. Administrative Code § 11-652(8)(b)(20) requires that any IRC section 965(c) amount deducted when computing federal CTI must be added back to federal CTI. Add back the IRC section 965(c) deduction amount on Schedule B, Line 1c(iii). A federal election can be made under IRC section 965(m)(1)(B). When this election is made, New York City conforms to it.

- If you file Form 1120-RIC, use:
  - investment company taxable income (as defined in IRC section 852(b)(2)), as modified by IRC section 855; **plus**
  - the amount taxable under IRC section 852(b)(3);
  - then, in computing the dividends paid deduction, any dividends paid by the captive RIC to any member of the affiliated group that includes the corporation that directly or indirectly owns over 50% of the voting stock of the captive RIC are not allowed and must be included in combined business income. An affiliated group is defined in IRC section 1504, but without regard to the

exceptions provided for in IRC section 1504(b). Include such disallowed dividends paid deduction amount on Form NYC-2A, Schedule B, line 1d.

**Note:** If you are required to include a captive RIC in your combined return, and the captive RIC is required to include in its calculation of investment company taxable income an IRC section 965(a) inclusion amount, this inclusion, as well as the corresponding IRC section 965(c) amount, is already reflected in the line 1a amount. Administrative Code § 11-652(8)(b)(20) requires that any IRC section 965(c) amount deducted when computing federal CTI must be added back to federal CTI. Add back the IRC section 965(c) deduction amount on Schedule B, Line 1c(iii).

- If you are exempt from federal income tax but subject to New York City Business Corporation Tax, you must determine the amount you would have had to report as separate federal taxable income, were you not exempt. Attach a separate sheet showing how you determined the amount.
- If you have an amount of excess inclusion as a result of having a residual interest in a real estate mortgage investment conduit (REMIC), you must properly reflect this income.
- If you are a corporate stockholder in a tax-exempt DISC, all transactions between you and each such DISC must be eliminated from your receipts, expenses, assets, and liabilities.

Your ENI must not include the amount of the deemed distribution of current income, if any, that was included in your FTI.

If you are a member of a federal affiliated group that files a consolidated return and the City combined group is the same as the federal group, or if all members of the City group are included in a larger federal group filing the consolidated return, attach a copy of the federal consolidated return and the consolidating workpapers indicating the separate taxable income of each corporation before elimination of intercorporate transactions. If some members of the City combined group are not included in the

federal consolidated return, but instead file separately, send a copy of the federal consolidated return plus a complete copy of the separate federal return, as filed with the IRS, for each corporation not included in the federal consolidated group.

**Line 1c(ii)** - Add back the amount of any federal deduction allowed pursuant to IRC §250(a)(1)(A) to the extent such amount was deducted in computing your FTI reported on line 1a.

**Line 1c(iii)** - Add back the amount of any federal deduction allowed pursuant to IRC §965(c) to the extent such amount was deducted in computing your FTI reported on line 1a.

**Line 1f** - Enter any intercorporate dividends between members of the New York City combined group that remain on line 1e after the application of the federal rules governing the computation of federal CTI. However, if the combined group is claiming the modification for a captive REIT under Ad. Code section 11-652(8)(r), intercompany dividends received from the combined captive REIT should **not** be eliminated.

**LINES 2 and 3 - DIVIDENDS AND INTEREST AND OTHER INCOME EFFECTIVELY CONNECTED WITH THE CONDUCT OF A TRADE OR BUSINESS IN THE UNITED STATES NOT INCLUDED ON LINE 1g BY ALIEN CORPORATIONS**

Alien corporations enter on line 2 dividends and interest on any kind of stock, securities or indebtedness which are effectively connected with the conduct of a trade or business in the U.S. pursuant to section 864 of the IRC, but which are excluded from federal taxable income; and enter on line 3 any other income not included on line 1g which would be treated as effectively connected with the conduct of a trade or business in the U.S. pursuant to section 864 of the IRC were it not excluded from gross income pursuant to section 103(a) of the IRC.

**LINE 6 - INCOME TAXES**

Enter any taxes on or measured by income or profit paid or accrued to the United States, or any of its possessions, which were deducted in computing federal CTI on line 1a.

**LINES 7 AND 8 - STATE AND LOCAL BUSINESS TAXES**

On line 7, in the appropriate column, enter the amount deducted on your federal return for business taxes paid or accrued to any state, any political subdivision of a state or to the District of Columbia if they are on or measured by profits or income or include profits or income as a measure of tax, including taxes expressly in lieu of any of the foregoing taxes. Include the New York State Metropolitan Transportation Business Tax surcharge and the MTA Payroll Tax (New York State Tax Law, Art. 23).

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

On line 8, in the appropriate column, enter the amount of New York City General Corporation Tax, Banking Corporation Tax and Business Corporation Tax deducted on your federal return.

**LINES 9, 10 AND 11 - NEW YORK CITY ADJUSTMENTS**

**Lines 9 & 10** – For the designated agent, enter the amount on NYC-2A, column A. For the other members of the combined group, enter amount on Form NYC-2A/BC and the sum on NYC-2A under total of all combined members.

Taxpayers claiming the employment opportunity relocation costs credit or the industrial business zone credit must enter on line 9 the amount shown on line 5 of Part II of Form NYC-9.6. Taxpayers claiming the real estate tax escalation credit must enter on line 10 the amount shown on line 4 of Part II of Form NYC-9.6.

**Line 11** - The federal bonus depreciation allowed for "qualified property", as defined in the Job Creation and Worker Assistance Act of 2002 is not allowed for Business Corporation Tax purposes except for such deductions allowed with respect to "qualified New York liberty zone property", "qualified New York liberty zone leasehold improvements" and "qualified property" placed in service in the Resurgence Zone (generally the area in the borough of Manhattan south of Houston Street and north of Canal

Street). For City tax purposes, depreciation deductions for all other "qualified property" must be calculated as if the property was placed in service prior to September 11, 2001.

### Recent Federal Legislation Effecting Depreciation.

Section 143 of the Protecting Americans from Tax Hikes Act of 2015, Pub. L. No. 114-113, Div Q (December 18, 2015) ("2015 PATH Act") extended bonus depreciation so that it is available for property acquired and placed in service during 2015-2019; bonus depreciation was extended through 2020 for certain property with a longer production period. Under the 2015 PATH Act, the bonus depreciation is 50% for property placed in service during 2015-2017, 40% for property placed in service during 2018, and 30% for property placed in service during 2019. The first year depreciation for passenger automobiles under IRC section 280F(a)(1)(A) is increased by \$8,000 for the 2015 tax year and the 2016 calendar tax year for certain qualified property. However, in the case of a passenger automobile placed in service after December 2016, the first year additional depreciation is phased down to \$6,400 in the case of an automobile placed in service during 2018 and to \$4,800 in the case of automobile placed in service during 2019.

Most recently, section 13201(b) of the Tax Cuts and Jobs Act of 2017 ("TCJA") extended the bonus depreciation deduction to cover property placed in service before January 1, 2027 (except for aircraft and log-production period property had to be placed into service before January 1, 2028.) Pursuant to section 13201(a) of the TCJA, for property placed in service after September 27, 2017, the bonus depreciation rate was raised to 100% with the phase-down to begin in 2023. The taxpayer can elect to apply a 50% depreciation rate for property placed in service in the taxpayer's first tax year ending after September 27, 2017. The phase-down of the bonus depreciation enacted under the 2015 PATH is still applicable for property acquired before September 28, 2017. Thus, for property acquired before September 28, 2017 and placed in service in service in 2018, the bonus depreciation is 40% and

30% for property placed in service in 2019 with no bonus depreciation for property placed in service after 2019.

Under the TCJA, the first year depreciation limit increase of \$8,000 for passenger automobiles under §280F(a)(1)(A) is extended to include automobiles placed in service on or before December 31, 2026. Prior to that, in order to qualify for the \$8,000 increase in bonus depreciation, the passenger automobile would have had to been placed into service on or before December 31, 2019. This extension of the placed in service deadline only applies to automobiles acquired on or after September 28, 2017. However, if the passenger automobiles was acquired before September 28, 2018, the first year additional depreciation is phased down to \$6,400 in the case of an automobile placed in service during 2018 and to \$4,800 in the case of automobile placed in service during 2019.

The Administrative Code limits the depreciation for "qualified property" other than "Qualified Resurgence Zone property" and "New York Liberty Zone property" to the deduction that would have been allowed for such property had the property been acquired by the taxpayer on September 10, 2001, and therefore, except for Qualified Resurgence Zone property, as defined in the Administrative Code and "New York Liberty Zone property," the City has decoupled from the federal bonus depreciation provision. Qualified Resurgence Zone property is qualified property described in section 168(k)(2) of the IRC substantially all of the use of which is in the Resurgence Zone (which is generally in the borough of Manhattan south of Houston Street and north of Canal Street), is in the active conduct of a trade or business by the taxpayer in such zone, and the original use of which in the Resurgence Zone commences with the taxpayer after September 10, 2001. The Administrative Code also requires appropriate adjustments to the amount of any gain or loss included in entire net income or unincorporated business entire net income upon the disposition of any property for which the federal and New York City depreciation deductions differ. For further information, see the instructions to Form NYC-2 and use Form NYC-399Z for this calculation.

For tax years beginning on or after January 1, 2004, other than for eligible farmers (for purposes of the New York State farmers school tax credit), the amount allowed as a deduction with respect to a sport utility vehicle that is not a passenger automobile for purposes of section 280F(d)(5) of the IRC is limited to the amount allowed under section 280F of the IRC as if the vehicle were a passenger automobile as defined in that section. For SUVs that are qualified property other than qualified Resurgence Zone property and other than New York Liberty Zone property, the amount allowed as a deduction is calculated as of the date the SUV was actually placed in service and not as of September 10, 2001. Note that for Business Corporation Tax purposes:

- An SUV cannot qualify as either Qualified Resurgence Zone Property or as New York Liberty Zone property. (See Administrative Code §11-652(8)(o)).
- An SUV cannot qualify for the additional first year depreciation available under the recent federal legislation described above.

On the disposition of an SUV subject to the limitation, the amount of any gain or loss included in income must be adjusted to reflect the limited deductions allowed for City purposes under this provision.

*See Finance Memorandum 21-1, "Application of IRC §280F Limits to Sports Utility Vehicles."*

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

- property placed in service in New York State in taxable years beginning before January 1, 1985 (except recovery property subject to the provisions of Internal Revenue Code Section 280-F)
- property of a taxpayer principally engaged in the conduct of an aviation, steamboat, ferry, or navigation business, or two or more such businesses

which is placed in service in taxable years beginning after December 31, 1988, and before January 1, 1994. In place of the federal depreciation deduction, a depreciation deduction using pre-ACRS or MACRS rules (IRC §167) is allowed. Enter on line 11 the ACRS adjustment from Form NYC-399, Schedule C, line 8, Column A. Enter on line 19 the ACRS adjustment from Form NYC-399, Schedule C, line 8, Column B. ACRS and MACRS may be available for property placed in service outside New York City in years beginning after 1984 and before 1994. *See Finance Memorandum 99-4 "Depreciation for Property Placed in Service Outside New York After 1984 and Before 1994."*

#### LINE 12 - PAYMENT FOR USE OF INTANGIBLES

Add back payments for the use of intangibles made to related members as required by Ad. Code section 11-652(8)(n). Ad. Code section 11-652(8)(n) provides that, except where a taxpayer is included in a combined report pursuant to Ad. Code section 11-654.3 with the applicable related member, for the purpose of computing entire net income or other applicable taxable basis, a taxpayer must add back royalty payments directly or indirectly paid, accrued or incurred in connection with one or more direct or indirect transactions with one or more related members during the taxable year to the extent deductible in calculating federal taxable income. There are four statutory exceptions to this requirement. Those four exceptions generally can apply in following situations (for additional conditions that must be met, see the Ad. Code sections indicated below):

If all or part of the royalty payment a related member received was then paid to an unrelated third party during the tax year, that portion of the payment will be exempt if the transaction giving rise to the original royalty payment to the related member was undertaken for a valid business purpose, and the related member was subject to tax on the royalty payment in this city or another city within the United States or a foreign nation or some

combination thereof (Ad. Code §11-652(8)(n)(2)(ii)(A));

If the taxpayer's related member paid an aggregate effective rate of tax on the royalty payment, to this city or another city within the United States or some combination thereof, that is not less than 80 percent of the rate of tax that applied to the taxpayer under Ad. Code section 11-604 for the tax year (Ad. Code §11-652(8)(n)(2)(ii)(B));

If the related member is organized under the laws of a foreign country that has a tax treaty with the United States, the related member's income from the transaction was taxed in such country at an effective rate of tax at least equal to that imposed by this city, and the transaction giving rise to the royalty was undertaken for a valid business purpose and reflected an arm's length relationship. (Ad. Code §11-652(8)(n)(2)(ii)(C)); or

If the taxpayer and the Department of Finance agree to alternative adjustments that more appropriately reflect the taxpayer's income (Ad. Code §11-652(8)(n)(2)(ii)(D)).

The law as amended also defines the term "related member" by linking it to the definition in Internal Revenue Code section 465(b)(3)(c), but substituting 50 percent for the 10 percent ownership threshold.

#### LINE 14 - OTHER ADDITIONS

a) The Ad. Code nullifies the effects of federal "safe harbor leases" upon New York City taxable income (§§11-652(8)(a)(8) and (9) of the Ad. Code). This applies to agreements entered into prior to January 1, 1984.

Any amount included in the computation of federal taxable income solely as a result of an election made under IRC section 168(f)(8) as it was in effect for agreements entered into prior to January 1, 1984, must be removed when computing New York City taxable income. Any amount excluded in the computation of federal taxable income solely as a result of an election made under IRC section 168(f)(8) must be included when computing New York City taxable income.

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

Enter the appropriate additions and deductions of the designated agent on lines 14 and 20, respectively, and attach a rider to show the "safe harbor" adjustments to New York City taxable income. With respect to the other members of the combined group, enter the adjustments on lines 14 and 20, respectively of each member's NYC-2A/BC and attach a rider showing the "safe harbor" adjustments to New York City taxable income.

- b) Any "windfall profit" tax deducted in computing federal income must be added back when computing NYC entire net income.
- c) For tax years beginning on or after August 1, 2002, corporations that are partners in partnerships that receive at least eighty percent of their gross receipts from providing mobile telecommunications services must exclude their distributive share of income, gains, losses and deductions from any such partnership, including their share of separately reported items, from their federal taxable income reported on line 1a. Include in this line the distributive share of any deductions or losses included in the amount reported on line 1a.
- d) For taxable years beginning on or after January 1, 2021, the amount of any gain excluded from federal gross income for the taxable year pursuant to IRC section 1400Z-2(a)(1)(A) because it is invested in a qualified opportunity zone must be added back. See Ad. Code section 11-652(8)(b)(23).

#### LINE 16 - PROPERTY ACQUIRED PRIOR TO 1966

A deduction is allowed with respect to gain from the sale or other disposition of any property acquired prior to January 1,

1966 (except stock in trade, inventory, property held primarily for sale to customers in the ordinary course of trade or business, or accounts or notes receivable acquired in the ordinary course of trade or business). The amount of the deduction with respect to each such property is equal to the difference between:

- a) the amount of the taxpayer's federal taxable income; and
- b) the amount of the taxpayer's federal taxable income (if smaller than the amount described in (a)), computed as if the federal adjusted basis of each such property (on the sale or other disposition of which gain was realized) on the date of the sale or other disposition had been equal to either:
  - 1) its fair market value on January 1, 1966, or the date of its sale or other disposition prior to January 1, 1966, plus or minus all adjustments to basis made with respect to such property for federal income tax purposes for periods on or after January 1, 1966; or
  - 2) the amount realized from its sale or other disposition, whichever is lower.

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

**LINE 17 - CITY AND STATE REFUNDS**

Enter on line 17 refunds or credits of the New York City General Corporation Tax, New York State Franchise Tax or New York City or State Banking Corporation Tax or New York City Business Corporation Tax for which no tax exclusion or deduction was allowed in determining the taxpayer's taxable (entire) net income in a prior year.

**LINE 18 - FEDERAL JOBS CREDIT**

Enter the portion of wages and salaries paid or incurred for the taxable year for which a deduction is not allowed pur-

suant to the provisions of Section 280C of the Internal Revenue Code because the federal targeted jobs tax credit was taken. Attach federal Form 5884 or any other applicable federal forms.

**LINE 19 - DEPRECIATION ADJUSTMENT**

Enter on line 19 the adjustments from Form NYC-399 and/or Form NYC-399Z, Schedule C, line 8, Column B. See instructions for Schedule B, line 11.

**LINE 20 - OTHER SUBTRACTIONS**

- a) Refer to instructions to Schedule B, line 14 for adjustments relating to safe harbor leases.
- b) Taxpayers entitled to a special deduction for construction, reconstruction, erection or improvement of industrial waste treatment facilities or air pollution control facilities initiated on or after January 1, 1966, and having a situs in NYC in accordance with section 11-652(8)(g) should submit a rider showing the complete computation.

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

- c) Deduct foreign dividend gross-up pursuant to section 78 of the IRC (see federal Form 1120, Schedule C, line 15) to the extent included in line 1a. Entire net income does not include any amount treated as dividends pursuant to section 78 of the IRC.
- d) Regulated investment companies and Real Estate Investment Trusts (REITs) must include the amount of their federal dividends paid deduction on this line.
- e) For tax years beginning on or after August 1, 2002, corporations that are partners in partnerships that receive at least eighty percent of their gross receipts from providing mobile telecommunications services must exclude their distributive share of income, gains, losses and deductions from any such partnership, including their share of separately

reported items, from their federal taxable income reported on line 1a. Include in this line the distributive share of any such income or gains included in the amount reported on line 1a.

- f) The amount of any gain included in entire net income pursuant to Ad. Code section 11-652(8)(b)(23) in a previous tax year that is included in federal gross income in the current tax year should be subtracted. See Ad. Code section 11-652(8)(a)(16).

**LINES 23 THROUGH 36**

**Forms NYC-2.1 NYC-2.2, NYC-2.3 and NYC-2.4** generally should be completed on a combined basis. See the instructions for each of those forms for more information.

**LINE 23 - SUBTRACTION MODIFICATION FOR QUALIFIED BANKS**

Four new ENI modifications have been created under Subchapter 3-A to encourage local lending. The first modification is available to small thrifts and qualified community banks for holding a significant amount of New York City small business loans and New York City residential mortgages. The second modification is available to small thrifts and qualified community banks that maintained a REIT on April 1, 2014. The third modification is available to thrifts and qualified community banks that hold a qualified residential loan portfolio. The fourth modification is available for taxpayers and combined groups that have less than \$150 billion of assets and make or purchase (immediately after origination) loans secured by residential real property in New York City that is used for affordable housing or located in a low income community. There are limitations on which modifications a taxpayer meeting these general criteria are eligible to subtract. Further information can be found in the instructions to Form NYC-2.2.

If you have completed Form NYC-2.2, enter the amount from Form NYC-2.2, schedule A, line 1 on Line 23.

**LINE 24 - ENTIRE NET INCOME**

If line 21 is greater than line 15 or line 23 is greater than line 22 so that the amount on this line is a loss, you must continue to complete this form. **DO NOT enter zero or skip any lines.**

**LINE 25 - INVESTMENT AND OTHER EXEMPT INCOME**

Under Subchapter 3-A, investment income is not subject to tax. Investment income is income from stocks of nonunitary corporations held for investment for more than one year that satisfy the definition of capital asset under section 1221 of the Internal Revenue Code (IRC) at all times during the year, that would generate capital gain or loss upon disposition and that are clearly identified as held for investment in the same manner required under IRC section 1236(a)(1) (whether or not the taxpayer is a dealer), and for all stock acquired after January 1, 2015, that has never been held for sale to customers after the close of the day on which the stock was acquired. Income that cannot be included in allocable business income under the U.S. Constitution is also investment income. See *Ad. Code §§11-652(4) and (5), the instructions to Form NYC-2.1 and Finance Memorandum 15-3*. If you have this type of income, complete Form NYC-2.1 and enter the amount from Line 1 of Schedule D of that form on this line. The amount entered on this line must not exceed your combined ENI (line 24).

**LINE 27 - EXCESS INTEREST DEDUCTIONS ATTRIBUTABLE TO INVESTMENT INCOME**

Enter amount from Form NYC-2.1, Schedule D, line 2. *For more information see the instructions for Form NYC-2.1.*

**LINE 29 - ADDBACK OF INCOME PREVIOUSLY REPORTED AS INVESTMENT INCOME**

An addback to business income is required when the presumptive holding period for qualification as investment capital is not met. *See the instructions to Form NYC-2.1 and Ad. Code §§11-652(4)(d) and 11-652(5) for more information.*

Enter the amount from NYC-2.1, Schedule F, line 6 on line 29.

**LINE 32b**

If the amount on line 32a is not correct, enter the correct amount on line 32b and explain in a rider.

**LINES 33, 34 AND 35 - PRIOR NET OPERATING LOSS CONVERSION****SUBTRACTION AND NET OPERATING LOSS DEDUCTION**

**NOTE:** Line 35 is to be used for any net operating loss accumulated for tax years beginning on or after January 1, 2015. You may not carry forward to any period beginning on or after January 1, 2015 any net operating loss (NOL) from any period beginning before that date. Accordingly, no NOL from any period beginning before January 1, 2015 may be deducted on line 35. Instead, all NOLs from periods beginning before January 1, 2015 must be converted into the Prior Net Operating Loss Conversion (PNOLC) Subtraction pool and then deducted on line 33 in accordance with the PNOLC Subtraction rules. *For more on the PNOLC Subtraction rules see the instructions for Form NYC-2.3. For more on the NOL deduction, see instructions for Form NYC-2.4.*

For the PNOLC Subtraction, complete Form NYC-2.3 and enter the amount from Schedule C, line 4 of that form on line 33. Subtract the amount on line 33, if any, from the amount on line 32a or 32b. Enter the result on line 34. For the NOL deduction, complete Form NYC-2.4 and enter the amount from line 6 of that form on line 35.

**Reconciliation of aggregate of federal separate taxable income to federal consolidated taxable income (CTI)**

**Column A** - Enter the legal name of each member of the New York City combined group. Use row A to enter the group's designated agent. Include non-taxpayer members of the group.

**Column C** - For each member, enter the percentage of the voting power of the capital stock that is owned, directly or indirectly, by all other members of the New York City combined group.

**Column D** - If the member filed as part of a federal consolidated group, mark an X in the box.

**Column E** - For each member, enter the form number of the federal return filed by, or on behalf of, that member.

**Column G** - For each member, enter the federal separate taxable income or loss **before** applying the rules and the adjustments required by Treasury Regulations section 1.1502-12.

**NOTE:** The amount to enter is **not** the amount the designated agent entered on line 32 of Schedule A, nor is it the amount a combined group member entered on line 4 of Schedule A of its Form NYC-2A/BC, as those amounts were **after** the application of Treasury Regulations section 1.1502-12. If more space is needed, attach additional sheets providing the information in the same format.

**Line 2** - Enter the combined group's aggregate amount of the adjustment to line 1 as a result of the application of the rules of Treasury Regulations section 1.1502-12. Apply such rules as if the New York City combined group had together filed a consolidated federal Form 1120.

**Line 4** - Enter the combined group's aggregate amount of the adjustment to line 3 as a result of the application of the rules of Treasury Regulations section 1.1502-11. Apply such rules as if the New York City combined group had together filed a consolidated federal Form 1120.

**Line 6** - The amount entered on this line should equal the amount entered on Schedule B, line 1a.

**Lines 7 through 10** - Report the amount of certain specific adjustments that were included on either line 2 or line 4. The amount reported should be computed as if the New York City combined group had together filed a consolidated federal Form 1120.

**Schedule C****Computation of tax on combined capital base**

The tax on the combined capital base is computed on that portion of the combined capital allocated to New York City. In computing combined capital, all intercorporate stockholdings, intercorporate bills, intercorporate notes receivable and payable, intercorporate accounts receivable and payable, and other intercorporate indebtedness, shall be eliminated. Combined capital is all assets, other than investment capital and stock issued by the taxpayer, less liabilities not deducted from investment capital. Combined capital includes only those assets the income, loss, or expense of which are properly reflected (or would have been properly reflected if

not fully depreciated or expensed, or depreciated or expensed to a nominal amount) in the computation of ENI for the tax year. Corporate partners filing using the aggregate method must include their proportionate part of the partnership's assets and liabilities in their computation.

**SCHEDULE C, PART 1  
COMPUTATION OF TOTAL BUSINESS CAPITAL**

If this report is for a period other than twelve calendar months, do not prorate the amounts in Parts 1 and 2. Amounts are only prorated in Part 3 of this schedule (see special instructions for Schedule C, Part 3).

**Check the box to indicate the basis used to determine the average value in column D. Attach a detailed schedule to show the calculation of the average value listed in column D.**

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

To determine the value of your assets for business and investment capital purposes, you must include real property and marketable securities at fair market value. The value of all other property must be included at the value shown on the taxpayer's books and records in accordance with generally accepted accounting principles (GAAP). Attach a schedule showing the computation of the average value. Average value is generally computed on a quarterly basis. A more frequent basis (monthly, weekly or daily) may be used. Where the taxpayer's usual accounting practice does not permit computation of average value on a quarterly or more frequent basis, a semiannual or annual basis may be used if no distortion of average value results.

Distortion is more likely to be present in a return covering a short period (a period less than twelve calendar months) where the average value is determined on a quarterly or less frequent basis. Therefore, the taxpayer should use as frequent a basis as possible to provide an accurate average value of capital.

**With respect to real property owned by the taxpayer and located within New York City, the fair market value**

**is presumed to be not less than the estimated market value of the property on the Final Assessment Roll of the City for the period covered by the return or the most recent sales price, whichever is greater.**

In column A, enter the average value entered on line 33c of Schedule A for the designated agent. In column B, enter the sum of the amounts from Form NYC-2A/BC, Schedule C, line 1, column C, for each other member of the combined group. In column D, enter the result of column A, plus column B, minus column C. On line 2, enter the value of real property and marketable securities included in line 1. Enter on line 4 the fair market value of real property and marketable securities.

**LINE 6 - TOTAL LIABILITIES**

Enter the amount of all liabilities attributable to assets entered on line 1, both long and short term. Use the same method of averaging used to determine average value of assets. In column A, enter the average value entered on line 34c of Schedule A for the designated agent. In column B, enter the sum of the amounts from Form NYC-2A/BC, Schedule C, line 6, column C for each other member of the combined group. In column C, enter any required intercorporate eliminations. In column D, enter the result of column A, plus column B, minus column C.

**LINES 8 AND 9**

Enter on line 8 the amount from Schedule D, line 4. Subtract the amount on line 8 from the amount on line 7 and enter the difference on line 9 of this Schedule C. If the amount on Schedule D, line 4 is less than zero, enter zero ("0") on line 8 of Schedule C, Part 1, and enter the amount from line 7 on line 9.

**Line 10** - An addback to business capital is required when the presumptive holding period for qualifications of investment capital is not met (Ad. Code §11-652(4)(d); See Form NYC-2.1).

**For Taxpayers who are Cooperative Housing Corporations: Multiply Line 11 by the business allocation percentage from Schedule F, Part 3 and enter the result on Schedule C, Part 3, line 3a. If the result is less than zero, enter**

**zero. Enter the Boro, block and lot numbers for the taxpayer where indicated on Schedule C, Part 3, line 3b and complete line 3b. DO NOT complete Schedule C, Part 2.**

**All other taxpayers must complete Schedule C, Part 2.**

**SCHEDULE C, PART 2** (For more information see Finance Memorandum 17-2, "Tax on Capital: Calculating Liabilities Attributable to Categories of Business Capital" 03/02/2017)

**COMPUTATION OF LIABILITIES ATTRIBUTABLE TO INVESTMENT CAPITAL AND WITHIN BUSINESS CAPITAL**

**LINE 1 - TOTAL LIABILITIES**

Enter the total liabilities from line 6 of Schedule C, Part 1, above.

**LINE 2 - LIABILITIES DIRECTLY ATTRIBUTABLE TO INVESTMENT CAPITAL**

Enter the portion of the amount included on form NYC-2.1, Schedule E, Part 4, Column G, line 4 that represents the liabilities directly attributable to investment capital. This would be the amount that would have been entered on Line B of the Column G worksheet in the instructions to Form NYC-2.1.

**LINE 3 - LIABILITIES DIRECTLY ATTRIBUTABLE TO BUSINESS CAPITAL**

Enter the same amount that you entered on Line C of the Column G worksheet (Computation of liabilities indirectly attributable to a particular item of investment capital) on page 4 of the Instructions to Form NYC-2.1.

**LINE 6 - AVERAGE FMV OF INVESTMENT CAPITAL BEFORE SUBTRACTION OF LIABILITIES ATTRIBUTABLE**

Enter the average FMV of investment capital before subtraction of liabilities attributable from Form NYC-2.1, Schedule E, Part 4, column F, line 4.

**LINE 8 - INVESTMENT CAPITAL FACTOR**

Divide line 6 by line 7 and express as a percentage. Round to the nearest ten-thousandth of a percentage point.

**LINE 12 - LIABILITIES DIRECTLY AND INDIRECTLY ATTRIBUTABLE TO BUSINESS CAPITAL**

If the amount of liabilities directly and indirectly attributable to business capital exceeds the fair market value of business capital, STOP HERE. You do not owe any tax on business capital.

**LINE 13 - LIABILITES DIRECTLY ATTRIBUTABLE TO INSURANCE AND UTILITY CAPITAL**

Enter the amount of liabilities directly and indirectly attributable to Insurance and Utility Capital.

**LINE 14 - LIABILITIES DIRECTLY ATTRIBUTABLE TO GENERAL BUSINESS CAPITAL**

Enter the liabilities directly attributable to "General Business Capital." General Business Capital is Business Capital other than Insurance Capital and Utility Capital.

**LINE 15 - AVERAGE FMV OF INSURANCE AND UTILITY CAPITAL BEFORE SUBTRACTION OF LIABILITIES ATTRIBUTABLE**

Enter the average fair market value of Insurance and Utility Capital before subtraction of any liabilities.

**LINE 16 - INSURANCE AND UTILITY CAPITAL FACTOR**

Divide line 15 by line 10 and express as a percentage. Round to the nearest ten-thousandth of a percentage point.

**LINE 19 - NET INSURANCE AND UTILITY CAPITAL**

If this line has a positive number after subtracting the amount on line 18 from the amount on line 15, reduce this amount by any negative value from line 22.

**LINE 22 - NET GENERAL BUSINESS CAPITAL**

Subtract the amounts on lines 15 and 21 from the amount on line 10, and add the amount on Schedule C, Part 1, line 10 to that amount. If the result is positive, reduce this result by any negative value from line 19.

**SCHEDULE C, PART 3  
COMPUTATION OF CAPITAL BASE**

**Special Instructions If This Report Is For A Period Other Than 12 Calendar Months.**

If the period covered by this report is other than a period of twelve calendar months,

first calculate preliminary amounts for lines 1a, 2a and 3a of this Part by filling in Schedule C, Parts 1 and 2 without prorating. Before entering these amounts on lines 1a, 2a and 3a of this Part, multiply each amount by a fraction, the numerator of which is the number of months or major parts thereof included in such period and the denominator of which is twelve.

**LINES 1a AND 1b**

If the amount on Part 2, line 22 is less than zero, enter zero on lines 1a and 1b.

**LINES 2a AND 2b**

If the amount on Part 2, line 20 is greater than zero, enter that amount on line 2a, and multiply that amount by 0.075% and enter the result on line 2b. If the amount on Part 2, line 20 is not greater than zero, enter zero on lines 2a and 2b. In all cases, check the box(s) to indicate if the capital is attributable to a utility corporation or an insurance corporation.

**LINE 3a**

See the last paragraph of the instructions to Schedule C, Part 1.

**Schedule D**

***Computation of combined investment capital for the current tax year.***

This schedule computes the amount of investment capital that is excluded from the tax on the capital base and is reported on Schedule C, Part 1, line 8. Enter on this Schedule D the amounts indicated on Schedule E and Schedule F from Form NYC-2.1.

*For more information on investment capital, see Form NYC-2.1.*

**NOTE:** You **must** file Form NYC-2.1 and identify investment capital items or the subtraction will be disallowed.

**Schedule F**

***Business Allocation***

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

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

In addition, the five-digit zip codes 11004, 11005 and some addresses with a zip code of 11001, 11040 and 11096 are in the borough of Queens. If the zip code is 11001, 11040 or 11096, consult the address translator located on the City's website at:

<http://a030-goat.nyc.gov/goat/Default.aspx> to determine if the corporation's address is within New York City.

A corporation is entitled to allocate part of its business income and capital outside New York City if it carries on business both inside and outside New York City, or otherwise carries on business in New York City and less than 100% of its receipts are allocated to New York City.

Except for eligible combined groups who make the election to allocate using weighted allocation factors, taxpayer combined groups who allocate income and capital both inside and outside of New York City must so allocate based on their receipts factor: i.e. the percentage of all receipts that are from sources inside New York City. See Administrative Code sections 11-654(3)(a)(10)(x) and 11-654.2. These combined groups as well as combined groups that do not allocate income and capital outside of New York City must complete Schedule F, Part 1.

A combined group that has New York City receipts of \$50,000,000 or less which allocates business income and business capital may make a one-time election to allocate business income and business capital using the same weighted three-factor weighted formula used to allocate income and capital for the 2017 tax year. See Administrative Code sections 11-654(3)(a)(10)(xii) and 11-654(3)(a)(10)(ix). An eligible combined group which makes the weighted factor election must check the appropriate box provided, skip Schedule F, Part 1 and complete Schedule F, Part 2. For more information on the weighted factor election, see below.

**Special Entities**

**FOREIGN AIRLINES**

Foreign airlines that have a foreign air carrier permit pursuant to section 402 of the Federal Aviation Act of 1958 may exclude from ENI all income from international operations effectively connected to

the United States, foreign passive income, and income earned from overseas operations, provided the foreign country in which the airline is based has a similar exemption from tax with respect to United States airlines. (Ad. Code Section 11-652(8)(c-1)).

Receipts directly attributable to the generation of income described above not included in entire net income under Ad. Code Section 11-652(8)(c-1) are excluded when calculating the business allocation percentage. The same is true for property and wages, salaries or other personal service compensation for eligible taxpayers making the weighted factor election. See Ad. Code Section 11-654(3)(a)(11)).

However, if the country in which the foreign airline is based does not provide a similar exemption from tax with respect to United States airlines, the foreign airline is not entitled to the exclusions from income and capital described above. (Ad. Code §11-652(6)(b)).

#### AVIATION CORPORATIONS AND CORPORATIONS OPERATING VESSELS

Aviation corporations and corporations operating vessels must complete this Schedule F. Additionally, these corporations must complete Form NYC-2.5A. The special allocation rules formerly used to allocate the income of these corporations are now used in allocating the receipts of these corporations on Form NYC-2.5A. *See the instructions for Form NYC-2.5A for more information.*

#### ALTERNATIVE ALLOCATION METHOD

You cannot use an allocation method other than as set out in Schedule F without the consent of the Department of Finance. In order to request consent to use a different method of allocation, a written request, separate and apart from filing this return, must be submitted. *For details on how to make such a request, go to [www.nyc.gov/finance](http://www.nyc.gov/finance).*

If the consent to use a different allocation method has not been obtained at the time of the filing of the return, you must use the formula basis set out in Schedule F and

pay the tax in accordance therewith. If the Department consents to your proposed alternative allocation method and it results in a lower tax liability than the formula basis set out in Schedule F, you may be entitled to claim a refund of the excess amount you have paid by filing an amended return and reporting the change in your tax liability using the alternative allocation method.

#### PART 1

##### LINE 1

Enter on line 1, column A, the amount from Form NYC-2.5A, line 54a, column D. Enter on line 1, column B, the amount from Form NYC-2.5A, line 54b, column E.

#### ELECTION TO USE WEIGHTED FACTOR ALLOCATION

A combined group that has New York City receipts of \$50,000,000 or less which allocates business income and business capital may make a one-time election to allocate business income and business capital using the same weighted three-factor weighted formula taxpayer combined groups used to allocate income and capital for the 2017 tax year. Such election may only be made during the corporations' first taxable year commencing on or after January 1, 2018, and shall remain in effect until revoked. To revoke the election, check the revocation box and complete Schedule F, Part 1. Once revoked, the election may not be made again. See Administrative Code sections 11-654(3)(a)(10)(xii) and 11-654(3)(a)(10)(ix).

#### WEIGHTED FACTOR ALLOCATION

For taxable years beginning in or after 2018, combined groups using the three factor allocation must use same weights as used in the 2017 taxable year for the three factors as follows: 3.5% for property; 3.5% for wages; and 93% for receipts. Eligible combined groups making the weighted factor election for the first time must check the appropriate box, skip Schedule F, Part 1 and complete Schedule F, Part 2. The following example illustrates the calculation of the business allocation percentage using weighted factor formula:

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

- 1g. 25.0002%
- 2b. 65.2206%
- 3b. 35.6104%

The amounts on lines 1h, 2c, 3c, 4 and 5 should be calculated as follows:

- 1h.  $25.0002 \times 3.5 = 87.5007$
- 2c.  $65.2206 \times 93 = 6065.5158$
- 3c.  $35.6104 \times 3.5 = 124.6364$
- 4. Sum of above = 6277.6529
- 5. divide line 4 by 100

Express as a percentage: 62.7765%

#### COMPLETING SCHEDULE F, Part 2

For lines 1a(A) through 1e(B) as well as 3a(A) and 3a(B), use Column A for the group designated agent and Column B for all the other combined members of the group. The amounts entered in Column B should be the total of the amounts from the corresponding lines from Schedule F, Part 2, of each member's Form 2A/BC that must be attached to Form NYC-2A.

New York City amounts to enter in **row (A)** of Schedule F, Part 2, lines 1a through 3a are determined per the specific line instructions below. Everywhere amounts to enter in **row (B)** of Schedule F, Part 2, lines 1a through 3a should be 100%, before intercorporate eliminations, of the Property, Receipts, or Wages, salaries or other compensation of employees, unless otherwise specified. The amount entered on line 2a(A) of Schedule F, Part 2, is from line 54a, Column D of Form NYC-2.5A. The amount entered on line 2a(B) of Schedule F, Part 2, is from line 54b, Column E of Form NYC-2.5A.

Skip a line only if **both** the numerator (New York City) and the denominator (Everywhere) are zero.

For column **C**, the amount entered can be either a positive or negative amount depending on what is being eliminated. If a negative amount, use a minus (-) sign, not parentheses or brackets.

For columns **D and E**, if any combined total for a particular line nets to less than zero, enter 0 for that line. Unless specif-

ically instructed otherwise, enter in column D of any given line the result of row A, column A plus column B, minus column C for that particular line; and enter in column E of any given line the result of row B, column A plus column B, minus column C for that particular line.

**LINES 1 AND 2 -**

**Property Factor**

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

**LINE 1b - REAL ESTATE RENTED**

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

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

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

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

Enter the average value of the tangible personal property you rented. The value

of rented tangible personal property is eight times the gross rent payable during the year covered by this return.

**Receipts Factor**

**LINES 2a, 2b AND 2c - RECEIPTS**

Enter on line 2a(A), column D, the amount from Form NYC-2.5A line 54, column D. Enter on line 2a(B), column E, the amount from Form NYC-2.5A line 54, column E.

**Payroll Factor**

**LINE 3a - WAGES AND SALARIES**

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

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

**LINE 4 -**

Taxpayers using Schedule F, Part 2 must add the values from lines 1h, 2c and 3c.

**PART 3**

**All taxpayers must complete Part 3 for the return to be accepted.**

If not allocating, enter 100%.

If using Schedule F, Part 1, divide Part 1, line 1, column A by column B. Round the result to the nearest ten-thousandth of a percentage point.

If using Schedule F, Part 2, divide Part 2 line 4 by 100 if no factors are missing. If a factor is missing, divide Part 2, line 4 by the total of the weights of the factors present. Note that a factor is not missing merely because its numerator is zero, but is missing if both its numerator and denominator are zero. Round the result to the nearest ten-thousandth of a percentage point.

**Schedule G**

**Additional Required Information**

**All questions must be answered.**

**Question 1**

Please attach a schedule indicating all of the significant business activities of the combined group both in New York City and everywhere. State the broad fields of business activities as well as the specific products or services (e.g., mining copper, manufacturing cotton broad woven fabric, wholesale meat, retail men’s apparel, export or import chemicals, real estate rental, or real estate operation of motel).

**Question 2**

Enter your Secondary Business Code

**Question 4**

If the designated agent is included in a consolidated federal return, give the name and EIN of the common parent corporation filing the consolidated return.

**Question 7**

Note: a Form NYC-3360 or Form NYC-3360B, as applicable should be filed if the federal or New York State change involved a tax period beginning before January 1, 2015.

For federal or state changes involving tax periods beginning on or after January 1, 2015, please submit an amended return for the tax period involved. *For more information, see pages 5-6 of these instructions.*

**Questions 10, 11a through 11d, 12 and 13**

If you answer “yes” to question 10, attach a separate sheet providing street address, borough, block and lot number of such property. If you answer “yes” to questions 11b, 11c or 11d, complete questions 12 and 13.

A controlling interest in the case of a corporation means:

50% or more of the total combined voting power of all classes of stock of such corporation; or

50% or more of the total fair market value of all classes of stock of such corporation.

**Schedule H****Determination of Tax Rate****LINES A AND B**

Enter on line A the tax rate computed or used below. Enter on line B the line number of the tax rate computed or used below.

**LINES Ca AND Cb**

Enter the amount on Schedule B, line 30 on line Ca. If the amount on Schedule B, line 30 does not include all your unallocated business income, including distributive shares from partnerships, add those amounts to the amount on Schedule B, line 30 and enter the resulting amount on line Cb. This line Cb amount is to be used in place of the amount on Schedule B, line 30 when determining the applicable tax rate on lines 1 through 13. Be sure to attach an explanation.

**Generally Applicable Tax Rate**

The generally applicable tax rate for Business Corporations other than Financial Corporations as defined in Ad. Code section 11-654(1)(e)(1)(i) is 8.85 percent. However, special lower tax rates are applicable to small corporations and Qualified New York Manufacturing Corporations as described below. For any tax rate calculated under lines 4 through 6 or lines 10 through 12 of Schedule H, express the finally determined rate as a percentage carried out and rounded to three (3) decimal places – i.e., 7.053%, not 7.1% or 7.05%.

**Special Lower Tax Rates for Small Corporations**

For corporations, other than financial corporations (as defined in Ad. Code section 11-654(1)(e)(1)(i)(A)), a lower tax rate may be applicable to any corporation that meets the income criteria set forth on line 1 or lines 4 through 6 of Schedule H. For a combined filer, the combined group shall be treated as one corporation and one taxpayer for determining whether the taxpayer meets the income requirements for the special lower tax rate to apply. (See Ad. Code section 11-654.3(1)(a)(1)).

The special lower tax rate will be determined in accordance with whichever of the above stated lines is applicable.

**Special Lower Tax Rates for Qualified Manufacturing Corporations**

A “manufacturing corporation” is a corporation principally engaged in the manufacturing and sale of tangible personal property. For this purpose, the term “manufacturing” includes the process (including the assembly process) (A) of working raw materials into wares suitable for use or (B) which gives new shapes, new qualities or new combinations to matter which already has gone through some artificial process by the use of machinery, tools, appliances and other similar equipment. A corporation is “principally engaged” in the manufacturing activities described above, if during the taxable year, more than fifty (50) percent of the gross receipts of the corporation are derived from receipts from the sale of goods produced by such activities.

For a combined group, more than (50) percent of the combined group’s receipts (with any intercorporate receipts eliminated) must be the sale of goods produced by the above-described activities. See Ad. Code section 11-654(1)(k)(4)(i).

A “qualified New York manufacturing corporation” is a manufacturing corporation that has property described in Ad. Code section 11-654(1)(k)(5) and either (A) the adjusted basis of that property for New York State tax purposes at the close of the taxable year is at least \$1,000,000 or (B) more than 50% of its real and personal property is located in New York State. A combined group will be treated as one corporation and one taxpayer for this purpose.

Any amount of global intangible low-taxed income (GILTI) included in FTI is disregarded for purposes of the principally engaged test used to determine a taxpayer’s, or combined group’s, eligibility for preferential rates and amounts available to manufacturers.

For qualified New York manufacturing corporations, a lower tax rate will be applicable to any such corporation which meets the income criteria set forth on line 7 and lines 10 through 12 of this Schedule H.

A combined group shall be treated as one corporation and one taxpayer for determining whether the taxpayer meets the

income requirements for the special lower tax rate to apply. (See Ad. Code section 11-654.3(1)(a)(1)).

The special lower tax rate will be determined in accordance with whichever of the above stated lines is applicable.

**Financial Corporations**

Under Subchapter 3-A, a “financial corporation” means a corporation or, if the corporation is included in a combined group, a combined group, that (A) has total assets reflected on its balance sheet at the end of its taxable year in excess of one hundred billion dollars, computed under generally accepted accounting principles and (B)(I) allocates more than fifty percent of the receipts included in the denominator of its receipts fraction, determined under Ad. Code section 11-654.2, pursuant to Ad. Code section 11-654.2(5) for its taxable year, or (II) is itself or is included in a combined group in which more than fifty percent of the total assets reflected on its balance sheet at the end of its taxable year are held by one or more corporations that are classified as (a) registered under state law as a bank holding company or registered under the Federal Bank Holding Company Act of 1956 (12 U.S.C. §1841, et seq., as amended), or registered as a savings and loan holding company under the Federal National Housing Act (12 U.S.C. §1701, as amended), (b) a national bank organized and existing as a national bank association pursuant to the provisions of the National Bank Act, (12 U.S.C. §21 et. seq.), (c) a savings association or federal savings bank as defined in the Federal Deposit Insurance Act, (12 U.S.C. § 1813(b)(1)), (d) a bank, savings association, or thrift institution incorporated or organized under the laws of any state, (e) a corporation organized under the provisions of 12 U.S.C. sections 611 to 631, (f) an agency or branch or a foreign depository as defined in 12 U.S.C. section 3101, (g) a registered securities or commodities broker or dealer registered as such by the securities and exchange commission or the commodities futures trading commission, which shall include an OTC derivatives dealer as defined under regulations of the securities and exchange commission at title 17, part 240, section 3b-12 of the code of federal regulations

(17 CFR 240.3b-12), or (h) any corporation whose voting stock is more than fifty percent owned, directly or indirectly, by any person or business entity described in subitems (a) through (g) of this item, other than an insurance company taxable under article thirty-three of the New York State Tax Law. (See Ad. Code §11-654(1)(e)(1)(i)).

The rate for financial corporations is 9.00 percent as stated on line 13 of Schedule H.

## AFFILIATIONS SCHEDULE

**If the city combined group is the same as the federal consolidated group, see below.**

### General Requirements

List names and addresses of all affiliated corporations, including those not included in this combined report, their federal Employer Identification Number, if any, and principal business activity on Part I. List the NAICS code and stock holdings at the beginning of the year on Part II. Complete Parts III and IV of this Schedule, if applicable. An affiliated corporation for purposes of completing the schedule is a corporation that satisfies the stock ownership, control or voting power requirements set forth under “Who Must File A Combined Return” on page 3 of these instructions, without regard to any limitation that may otherwise exclude the corporation from the combined report, including whether it is engaged in a unitary business with other affiliated corporations. Submit in PDF form a copy of your New York State Form CT-50 or CT-51 along with a completed federal Form 851 for any domestic corporations included on the Affiliations Schedule.

### Exception: If City Combined Group Is the Same As Federal Consolidated Group

If the corporations in the New York City combined group are *exactly* the same as the corporations in the federal consolidated group as shown on federal Form 851, just submit federal Form 851 in PDF form. You need not complete the Affiliations Schedule.

### Affiliations Schedule Requirements for Net Operating Losses (NOLs) or

### Amended Returns Regarding Preceding Years

Taxpayers with any NOLs from any tax year to be carried back to any of the 3 previous tax years or with any NOLs from a previous tax year beginning on or after January 1, 2015 to be carried forward to any tax year must complete and submit an affiliations schedule for the previous tax year(s) if an NOL is to be carried forward from or back to any previous tax year beginning on or after January 1, 2015.

Taxpayers filing any amended tax return for any tax years beginning on or after January 1, 2015 must submit an affiliations schedule with any amended return filed for any of these years. This requirement includes any amended return filed to report any Tax Base Adjustments due to federal or state tax changes. For more information see *Finance Memorandum 17-5, “Reporting Federal or State Changes” revised 10/10/2018*.

Taxpayers filing any amended tax return for tax years 2015 or 2016 must submit an affiliations schedule with any amended return filed for these years. This requirement includes any amended return filed to report any Tax Base Adjustments due to federal or state tax changes. For more information see *Finance Memorandum 17-5, “Reporting Federal or State Changes” revised 10/10/2018*.

Use the affiliations schedule that is part of this 2021 form for the 2015 and/or the 2016 tax year.

### PRIVACY ACT NOTIFICATION

The Federal Privacy Act of 1974, as amended, requires agencies requesting Social Security Numbers to inform individuals from whom they seek this information as to whether compliance with the request is voluntary or mandatory, why the request is being made and how the information will be used. The disclosure of Social Security Numbers for taxpayers is mandatory and is required by section 11-102.1 of the Administrative Code of the City of New York. Such numbers disclosed on any report or return are requested for tax administration purposes and will be used to facilitate the process-

ing of tax returns and to establish and maintain a uniform system for identifying taxpayers who are or may be subject to taxes administered and collected by the Department of Finance, and, as may be required by law, or when the taxpayer gives written authorization to the Department of Finance for another department, person, agency or entity to have access (limited or otherwise) to the information contained in his or her return.