

**FINANCE MEMORANDUM****Transitional Filing Provisions for Taxpayers  
Affected By Corporate Tax Reform Legislation**

This memorandum explains transitional filing provisions for the 2014 and 2015 tax years for General Corporation Tax and Banking Corporation Tax taxpayers affected by the corporate tax reform legislation that was signed into law as part of the 2015-2016 New York State budget (Part D of Chapter 60 of the Laws of 2015).

Significant changes were made to the Administrative Code as a result of corporate tax reform that require transitional tax filing provisions for the affected corporations. This memorandum discusses the tax filing changes applicable to:

- Banking Corporation Tax (“BCT”),
- General Corporation Tax (“GCT”),
- S corporations, and
- Estimated tax payments,

For more information about corporate tax reform, see our Web site at:

*<http://www1.nyc.gov/site/finance/taxes/corporate-tax-reform.page>*

**2015 transitional filing provisions for Banking Corporation Tax filers**

Effective for tax years beginning on or after January 1, 2015, the BCT only applies if a corporation is an S corporation or a qualified subchapter S subsidiary under the U.S. Internal Revenue Code. Corporations that were previously subject to tax under the Banking Corporation Tax are now subject to tax under Subchapter 3-A of Chapter 6 of Title 11 of the Administrative Code (“Subchapter 3-A”). As a result, these corporations will no longer file BCT returns, but will file Subchapter 3-A tax returns instead.

For tax years beginning before 2015, use the following provisions for filing 2014 BCT returns. For tax years beginning after 2014, follow the information provided for GCT taxpayers under the heading **2015 transitional filing provisions for GCT filers** on Page 2.

- For any 12-month tax year that began before January 1, 2015, including fiscal tax years, complete a BCT tax return according to the Administrative Code in effect before January 1, 2015. Fiscal year taxpayers with a 12-month tax year that begins in 2014 but ends in 2015 are not permitted to file a short period return solely as a result of corporate tax reform.
- For short tax years that began in 2014, use the 2014 BCT tax form regardless of when the tax year ends.

- Any amount of overpayment of BCT claimed on a taxpayer's last return filed under the BCT will be treated as an overpayment of tax under Subchapter 3-A.
- A taxpayer that is an S corporation, or a qualified subchapter S subsidiary, under the U.S. Internal Revenue Code will continue to file a BCT tax return in tax years beginning on or after January 1, 2015 if it is a corporation that is taxable under the BCT.

### **2015 transitional filing provisions for GCT filers**

For tax years beginning on or after January 1, 2015, all corporations subject to tax under Subchapter 3-A (including corporations previously taxable under the BCT) must file using the following forms, as applicable:

- Form NYC-2, Business Corporation Tax Return
- Form NYC-2A, Business Corporation Combined Return

A corporation that is an S corporation, or a qualified subchapter S subsidiary, under the U.S. Internal Revenue Code, will continue to file a GCT tax return in tax years beginning on or after January 1, 2015 if it is a corporation that is taxable under the GCT. The applicable forms have not changed.

Taxpayers must use a 2015 tax form for tax years beginning on or after January 1, 2015, and before January 1, 2016. A tax return submitted on an incorrect form, or on a form for a prior year, generally will **not** be processed, and will **not** be considered timely filed. However, see below for short period returns.

**Fiscal year taxpayers.** Changes to the Administrative Code as a result of corporate tax reform do **not** affect a fiscal tax year beginning before January 1, 2015. Fiscal year taxpayers with a 12-month tax year that begins in 2014 but ends in 2015 are not permitted to file a short period return for 2014 solely as a result of corporate tax reform.

**Filing combined reports when members have different tax years.** When a member of a combined group has a tax year that differs from that of its designated agent, the member's tax year that ends within the designated agent's tax year is included in the combined report. However, any corporation with a fiscal tax year that begins in 2014 and ends in 2015 may not be included in a designated agent's 2015 calendar year combined report.

**Taxpayers using a 52-53 week accounting period.** If a taxpayer reports on the basis of a 52-53 week accounting period, and that period starts within seven days from the first day of a calendar month, its tax year is deemed to begin on the first day of such calendar month. For these taxpayers, if the 52-53 week accounting period starts within seven days from January 1, 2015, the tax year will be deemed to have begun on January 1, 2015. Therefore, the Administrative Code changes resulting from corporate tax reform will apply, and the return must be filed using the applicable 2015 form.

**C corporation short period returns.** If a C corporation taxpayer is filing a tax return for a short period that begins on or after January 1, 2015 (for a reason other than terminating a federal S election or completing a corporate dissolution), and the 2015 tax form is not available on the department's web site at the time the C corporation is required to file the return, **the taxpayer should not** file using the 2014 tax form. Instead, the C corporation must file a request for an extension of time to file for the short period, which is available to be filed electronically, and wait until the 2015 tax form becomes available. If a C corporation has filed a short period return for the 2015 tax year prior to the date of this memorandum, the department will automatically treat such return as a request for an extension of time to file for the short period. In either case, the department will automatically provide subsequent three month extensions of time to file for the short period if the 2015 tax form is unavailable prior to the expiration of the initial extension period or an additional extension period. Under these circumstances, penalties will not be asserted for late filings that result from changes in the applicable law.

**Terminating a federal S election.** 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 Form NYC-3L or NYC-4S for the S Corporation short year and a Form NYC-2 or Form NYC-2A for the C corporation short year. The due date of the S corporation short year return is the same as the C corporation short year, even though they are treated as separate short tax years.

**Corporate dissolutions.** If a taxpayer wishes to dissolve prior to the close of a tax year that, for federal income tax purposes, begins on or after January 1, 2015, and before December 31, 2015, and the 2015 form is not yet available on the department's Web site, **it should not file a 2014 return.** Instead, the taxpayer must make a payment of its estimated final tax due. The payment should be estimated based on the taxpayer's final estimated tax liability under the 2015 corporate tax reform rules and submitted in conjunction with an affidavit signed by an officer of the taxpayer. The affidavit should describe, in detail, the calculation of the final tax due and include a statement affirming to file a final return no later than 30 days after the 2015 form has been made available on the department's Web site. The estimated final tax payment and signed affidavit should be sent to the following address:

**NYC Department of Finance  
Collection Division  
Quality Management/Special Project,  
59 Maiden Lane, 28th Floor  
New York, NY 10038**

#### **Filing dates, estimated tax payments, and extensions of time to file**

The filing dates, estimated tax calculations, and rules regarding requests for additional time to file for Subchapter 3-A taxpayers are the **same as** amended as the filing dates, estimated tax calculations, and rules regarding requests for additional time that apply under the GCT. However, when determining the amounts of the second, third, and fourth estimated tax payments for tax year 2015, the effects of corporate tax reform and changes to the computation should be taken into consideration. For information on these rules, see Administrative Code sections 11-652, 11-653, 11-654, 11-654.1, 11-654.2, 11-654.3 and 11-655.

No additions to tax will apply to declarations or payments of estimated tax required to be filed or paid, under sections 11-657 and 11-658 of Subchapter 3-A of the Administrative Code, on or prior to June 15, 2015, if the taxpayer files such declarations and makes such payments no later than the first date after June 15, 2015 on which an installment of estimated tax is required to be paid, together with all other such declarations and payments.

**Mandatory first installment of estimated tax for 2015.** The mandatory first installment for a tax year beginning on or after January 1, 2015, is paid with the applicable 2014 tax return at the time it is filed or with the applicable extension form if the taxpayer requests an extension of time to file its return. The mandatory first installment must be based on the tax or properly estimated tax shown on its 2014 filing. **Law changes that take effect for tax years beginning on or after January 1, 2015, are not required to be taken into consideration for this payment.** Any amount a taxpayer paid as a mandatory first installment for the 2015 tax year prior to the enactment of Subchapter 3-A will be treated as a mandatory first installment under Subchapter 3-A if the taxpayer is a C corporation.

**(Administrative Code:** Part D of Chapter 60 of the Laws of 2015; sections 11-605, 11-606, 11-607, 11-608, 11-644, 11-645, 11-646, 11-647, 11-648, 11-655, 11-656, 11-657, and 11-658; **Business Corporation Law:** sections 104-A, 402 and 1004; **Regulations:** sections 3-02(a)(2), 3-05(a)(2), 3-06, 11-12, 11-81(b) and 11-89)

**NOTE:** This is an informational statement of existing department policies or of changes to the law, regulations, or department policies. It is accurate on the date issued. Subsequent changes in the law or regulations, judicial decisions, Tax Appeals Tribunal decisions, or changes in department policies could affect the validity of the information presented in this statement.