



GENERAL INFORMATION

(Additional instructions are on Form NYC-3L.)

This return may be made only by corporations that qualify to file on a combined basis, pursuant to Title 11, Chapter 6 of the NYC Administrative Code.

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

If the parent corporation is not part of the combined group, or if substantially all of the capital stock of a parent corporation that is a member of the combined group is owned or controlled, directly or indirectly, by a person or corporation that is not part of the combined group, enter the name of the non-member parent or that person or corporation and its Employer Identification Number (if any) in the box entitled "Name of Parent of Controlled Group" on page 1. The name entered should correspond to the person or corporation listed on line 4 or 5 in the Additional Information Section on page 5 of Form NYC-3L.

REQUIREMENTS FOR FILING ON A COMBINED BASIS

A combined return may be required or permitted when all of the following requirements have been met:

A - Stock ownership or control:

- 1) A reporting corporation owns or controls, either directly or indirectly, substantially all of the capital stock of all the other corporations that are to be included in the combined return; or
- 2) Substantially all of the capital stock of the reporting corporation is owned or controlled, either directly or indirectly, by other corporations that are to be included in the combined return; or
- 3) Substantially all of the capital stock of the reporting corporation and

substantially all of the capital stock of the other corporations that are to be included in the combined return are owned or controlled, either directly or indirectly, by the same interests.

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

B - Unitary business:

The corporations that are to be included in the combined return engage in a "unitary business." A unitary business may exist when the activities of each corporation in the group are related to the activities of the other corporations in the group, e.g., manufacturing or acquiring goods or performing services for the other corporations in the group; selling goods acquired from corporations in the group; or financing sales of other corporations in the group. Another consideration is whether the corporation engages in the same or related lines of business as the other corporations in the group, such as: the manufacture or sale of similar products, the performance of similar services, or the performance of services for the same customers.

C - Filing on Separate Basis Creates Distortion:

A combined return must be filed if filing on a separate basis would distort a corporation's activities, business, income or capital in New York City. Filing on a separate basis is presumed to be distortive when there are "substantial intercorporate transactions" among the corporations meeting the requirements in Section A above. The substantial intercorporate transaction test may be met where as little as 50 percent of a corporation's receipts or expenses are from

- manufacturing or acquiring goods or property or performing services for,
- selling goods acquired from or financing sales of, or
- performing related customer services using common facilities and employees with,

corporations meeting the requirements in Section A above. Only transactions directly connected with the business conducted by the corporation will be considered. Service

functions (such as accounting, legal and personal services) are not considered when they are incidental to the business of the corporation providing the services.

Corporations not subject to tax will not be required to be included in a combined report unless the Department of Finance determines inclusion is necessary to properly reflect the tax liability in accordance with 19 RCNY Section 11-92(a) (formerly Section 5-29(a) of the Regulations).

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

Effective for taxable years beginning on or after January 1, 1994, a corporation that elects the application of IRC Section 936 (Puerto Rico and U.S. possessions tax credit) with respect to a particular federal tax year is not required or permitted to be included in a combined report with respect to the same taxable year (or part thereof).

No taxpayer may file a report on a combined basis covering any other corporation where the taxpayer or the other corporation allocates in accordance with the special allocation provisions applicable to aviation corporations or corporations principally engaged in the operation of vessels and the taxpayer or other corporation does not allocate using the special allocation provisions.

For tax periods ending on or after December 31, 1997, advance permission to file on a combined basis is not required. Provided all of the information required to be submitted on the Affiliations Schedule and the Combined Group Information Schedule is submitted, a group of corporations meeting the requirements set forth above is deemed to have tentative permission to file on a combined basis. However, the combined filing is subject to revision or disallowance on audit. This return will not be considered complete unless all of the information required is submitted.

OTHER FORMS AND MINIMUM TAX

Every corporation included in this combined return is required to file a separate return on Form NYC-3L. Schedules B through H on the separate returns (Form NYC-3L) must be completed and the appropriate information transferred to Schedules

I through M on Form NYC-3A to compute the combined tax. If any member of the combined group has elected to use optional depreciation, it must complete and attach a Form NYC-324 to its Form NYC-3L.

Payment must include the combined tax plus the minimum tax of \$300 for each corporation included in the combined report with the exception of any corporation not otherwise subject to the tax. The remittance must be payable in U.S. dollars drawn on a U.S. bank. Checks drawn on foreign banks will be rejected and returned.

Each General Corporation Tax Return (NYC-3L) attached to this return must be signed by a duly authorized officer of the corporation.

BUSINESS AND INVESTMENT ALLOCATIONS

Corporations that allocate must complete Schedules D and H of Form NYC-3L.

SPECIFIC INSTRUCTIONS

SCHEDULE A

Computation of Tax

LINE A - PAYMENT

After completing this form, enter the amount of your payment. Your payment should be the full amount as shown on line 22.

LINE 2 - ALLOCATED CAPITAL

The tax based on allocated combined capital is limited to \$350,000. Multiply the amount from Schedule M, line 10 by the applicable percentage, but do not enter more than \$350,000 on line 2, Schedule A.

LINE 7 - MINIMUM TAX

Each corporation included in the combined return, other than the corporation paying the combined tax and any corporation included in the combined return that is not subject to the General Corporation Tax, is required to pay the \$300 minimum tax.

LINE 9 - UBT PAID CREDIT

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

LINES 14a, 14b & 16

Prepayment Credits / Other Credits

LINE 14a

Attach copy of Form(s) NYC-9.5 and/or NYC-9.6 (Claim for Credit Applied to General Corporation Tax).

LINE 14b

Attach Form(s) NYC-ECS (Energy Cost Savings Credit). If the total available credit from the form(s) exceeds the total tax shown on line 13 reduced by the 25% first installment entered on line 11a or 11b and the credits taken on line 14a, enter only that portion of the allowable credit that reduces the balance to zero. Any excess credit must be carried forward to future years.

LINE 16

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

SCHEDULE J

Business allocation from Form NYC-3L

For taxable years beginning after 6/30/96, a manufacturing business may elect to use a double-weighted receipts factor. An election must be made on a timely filed original return. For purposes of this election, a corporation is engaged in a manufacturing business if it is primarily engaged in the manufacturing and sale of tangible personal property. Manufacturing includes assembly, working raw materials into wares, and giving new shapes, qualities or combinations to matter that has already gone through some artificial process, through the use of machinery, tools, appliances or other similar equipment. A corporation is primarily engaged in manufacturing if more than 50% of its gross receipts for the year are attributable to manufacturing. If a corporation that is otherwise eligible to elect to use a double-weighted receipts factor is permitted or required to file on a combined basis with one or more corporations, the corporation may elect to use a double-weighted receipts factor only if the requirements for the election would be met if all of the corporations included in the combined report were treated as a single corporation. If the corporation included in a combined report properly makes an election to use a double-weighted receipts factor, each of the other corporations in the combined group

will be treated as having made a proper election to use a double-weighted receipts factor. If each member of a combined report is treated as having elected to use a double-weighted receipts factor, enter on line 7 the amount from line 6. If you make an election, add the percentages in column C and divide the sum by 4 and enter the result on line 12. If one or more of the other factors is missing, add the remaining percentage(s) and divide by the number of percentages so added. If you do not wish to make the election, do not enter an amount on line 7.

SCHEDULE M

Summary

The amount of unused optional depreciation that may be carried over is determined by limiting the combined taxable New York City income to zero.

COMBINED GROUP INFORMATION SCHEDULE

All of the information required on this Schedule must be submitted for this return to be considered complete. Failure to provide any information requested will result in correspondence and may result in the filing on a combined basis by this group of corporations being revised or disallowed.

AFFILIATIONS SCHEDULE

List names of all affiliated corporations, including those not included in this combined report, their federal Employer Identification Number, if any, and principal business activity. In addition, list the entity that directly owns the corporation, the Employee Identification Number and the number of shares of voting capital stock owned and outstanding at the beginning of the year. An affiliated corporation for purposes of completing the schedule is a corporation that satisfies the stock ownership or control requirements set forth in Section A, "Stock Ownership or Control," on page 1 of these instructions, without regard to any limitation that may otherwise exclude the corporation from the combined report.

You may attach a completed federal Form 851 for any domestic corporations that would otherwise be included on the Affiliations Schedule.