

## Up-to-date information affecting your tax return

Visit our website for the tax law changes or forms corrections that occurred after the forms and instructions were finalized (see *Need help?*).

## Contents of this form

Form CT-1 contains both changes for the current tax year and general instructional information, serving as a supplement to corporation tax instructions.

This form contains information on the following topics:

- Changes for the current tax year (non-legislative and legislative)
- Business information (how to enter and update)
- Entry formats
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## Changes for 2016

The following forms (and their separate instructions as applicable) were **created** this year. They are Forms:

**CT-5.6**, *Request for Three-Month Extension to File Form CT-186*

**CT-33.2**, *Life Insurance Company Guaranty Corporation Credit*

**CT-300**, *Mandatory First Installment (MFI) of Estimated Tax for Corporations*

**CT-639-ATT**, *Eligible Employee Information for the Minimum Wage Reimbursement Credit*

The following form was **discontinued** this year:

**CT-502**, *Temporary Deferral Refundable Payout Credit*

## Article 9-A and 33

### Chapter 60 of the Laws of 2016

**Extension of electronic filing and electronic payment** – The electronic filing and electronic payment mandate provisions established under Part U of Chapter 61 of the Laws of 2011 have been extended through December 31, 2019. For more information, see TSB-M-16(4)C, (2)I, (5)S, *Extension of Tax Modernization Provisions Facilitating Tax Compliance*.

## Article 9, 9-A, and 33

**Amendments to tax return due dates and extension** – The Tax Law was amended to change the due dates of certain New York state tax returns. In general, the changes conform to recent changes to federal tax filing deadlines.

In addition, the Commissioner has exercised his authority to change the length of time of automatic extensions for partnership and fiduciary tax returns to conform to the comparable federal extensions.

Although certain corporate tax return due dates were changed, the mandatory first installment (MFI) of the tax and metropolitan transportation business tax (MTA) surcharge are still required to be paid on or before the 15th day of the 3rd month following the close of each tax year. For more information, see TSB-M-16(9)C, (7)I, *Amendments to Tax Return Due Dates and Extensions*.

**Changes to the mandatory first installment (MFI) of estimated tax and MTA surcharge** – Beginning with payments due on or after March 15, 2017, the Tax Law was amended to require certain corporations to use the **second preceding year's tax** as the basis for determining whether the corporation must make an MFI payment and to determine the amount of the MFI payment. **Also, beginning with payments due on or after March 15, 2017, the MFI payment for most corporate taxpayers will no longer be made on the prior year's tax or MTA surcharge return or with a request for an extension of time to file such returns.** They must make MFI payments with **new Form CT-300, Mandatory First Installment (MFI) of Estimated Tax for Corporations**.

Taxpayers that do not have a second preceding tax year because a return was not required to be filed do **not** have to make an MFI payment. (These taxpayers still must make a declaration of estimated tax and pay the remaining three installments of estimated tax and MTA surcharge, when applicable.) No changes were made to the MFI requirements for New York S corporations and continuing section 186 corporations; they must continue to remit their MFI payments with the filing of a return or extension request. Section 183 and 185 corporations are still not required to make MFI payments.

For more information, see TSB-M-16(10)C, *Changes to the Mandatory First Installment of Estimated Tax for Corporations*.

### Economic transformation and facility redevelopment program

**tax credit** – The Economic Development Law was amended to include a certain psychiatric facility in the definition of a closed facility for the purposes of this credit. Also, the Tax Law was amended with regard to the investment tax credit component of this credit. Owners of closed psychiatric facilities who meet all of the requirements to claim the credit are allowed to include in their cost or other basis of the qualified investment at the closed facility, certain demolition costs incurred at the closed facility.

Prospective participants that will operate in a closed psychiatric facility must have submitted a completed application to Empire State Development (ESD) by September 1, 2016. For more information, visit the ESD website (at [www.esd.ny.gov](http://www.esd.ny.gov)). Also

see Form CT-633, *Economic Transformation and Facility Redevelopment Program Tax Credit*, and its instructions.

**Excelsior jobs program tax credit** – The Economic Development Law was amended to allow 100% of the amount of the credits not awarded by ESD at the end of 2024 to be carried forward and awarded by ESD for tax years 2025 and 2026. Also, the annual credit allocations were reduced beginning in 2016. For more information, visit the ESD website (at [www.esd.ny.gov](http://www.esd.ny.gov)). Also see Form CT-607, *Claim for Excelsior Jobs Program Tax Credit*, and its instructions.

## Articles 9-A and 33

**Hire a veteran credit** – This credit was extended through tax years beginning before January 1, 2019. It was due to expire for tax years beginning on or after January 1, 2017. For more information, see Form CT-643, *Hire a Veteran Credit*, and its instructions.

**Low-income housing credit** – The statewide aggregate dollar amount of low-income housing credits that may be allocated to eligible low-income housing projects has been increased through 2020. For more information, visit the New York State Homes and Community Renewal website (at [www.nyshcr.org](http://www.nyshcr.org)).

## Article 9-A

**Qualified financial instruments (QFIs) and other exempt income** – For tax years beginning on or after January 1, 2015, the definition of a QFI was amended to clarify that stock that generates *other exempt income*, and is **not** marked to market under Internal Revenue Code (IRC) section 475 or 1256 is not a QFI with respect to such other exempt income (even if other stocks are marked to market in the tax year). For more information, see TSB-M-16(3)C, *Summary of Corporation Tax Changes Enacted in 2016 Budget Bill*.

**Special additional mortgage recording tax credit** – For tax years beginning on or after January 1, 2015, the credit is now refundable for residential mortgages. Article 9-A taxpayers who, as mortgagee, paid the special additional mortgage recording tax on these residential mortgages on or after January 1, 2015, may elect to treat the unused portion of the credit attributable to those mortgages as an overpayment of tax to be credited or refunded, rather than as a carryforward. Any carryforwards of the credit, including credit earned under former Article 32 or 9-A, from a tax year beginning prior to January 1, 2015, are not eligible to be refunded. See TSB-M-16(3)C, *Summary of Corporation Tax Changes Enacted in 2016 Budget Bill*. Also see Form CT-43, *Claim for Special Additional Mortgage Recording Tax Credit*, and its instructions.

**Subtraction modification for qualified banks reported on Form CT-3.2** – For tax years beginning on or after January 1, 2015, *total assets* include leased property that is **not** properly reflected on a balance sheet **only** when such leased property is **real** property.

Leased real property that is not properly reflected on the balance sheet is valued at the annual lease payment multiplied by eight. For more information, see TSB-M-16(3)C, *Summary of Corporation Tax Changes Enacted in 2016 Budget Bill*.

**Manufacturer's real property tax credit** – For tax years beginning on or after January 1, 2014, the definition of eligible real property taxes for agricultural businesses and commercial fishermen is expanded for purposes of the credit to include real property tax paid on property leased from a **related** party. Prior to the amendment, eligible real property taxes only included taxes paid on property leased from an unrelated party.

A qualified taxpayer who filed a 2014 or 2015 corporation tax return prior to this legislative change may file an amended return to claim the credit for tax years that began in 2014 or 2015. For more information, see TSB-M-16(2)C, *Additional Revisions to the Real Property Tax Credit For Qualified New York Manufacturers*. Also see Form CT-641, *Manufacturer's Real Property Tax Credit*, and its instructions.

**MTA surcharge rate and deriving receipts thresholds** – For tax years beginning on or after January 1, 2016, and before January 1, 2017, the Commissioner has adjusted the MTA surcharge rate to 28%.

The Commissioner must also annually review the thresholds at which a corporation is deemed to be deriving receipts from activity in the Metropolitan Commuter Transportation District (MCTD) for purposes of imposing the MTA surcharge. The thresholds will not be changed for tax years beginning on or after January 1, 2016, and before January 1, 2017. For more information, see TSB-M-16(1)C, *MTA Surcharge Rate and Deriving Receipts Thresholds for 2016*.

**Alcoholic beverage production credit** – For tax years beginning on or after January 1, 2016, the credit, previously known as the beer production credit, is renamed the alcoholic beverage production credit. This credit is expanded to include wine, liquor, and cider produced in New York State. For more information, see TSB-M-16(5)C, (3)I, *Alcoholic Beverage Production Credit*. Also see Form CT-636, *Alcoholic Beverage Production Credit*, and its instructions.

**Clean heating fuel credit** – This credit, previously set to expire for bioheat purchased after December 31, 2016, is extended to include bioheat purchased before January 1, 2020. Also, bioheat purchased on or after January 1, 2017, must contain at least 6% biodiesel per gallon of bioheat to qualify for the credit. For more information, see TSB-M-16(8)C, (6)I, *Summary of Changes to Existing Tax Credits Enacted as Part of the 2016-2017 New York State Budget*. Also see Form CT-241, *Claim for Clean Heating Fuel Credit*, and its instructions.

**Empire State commercial production credit** – The credit was extended through tax years beginning before January 1, 2019. The credit was due to expire for tax years beginning on or after January 1, 2017. For more information, see Form CT-246, *Claim for Empire State Commercial Production Credit*, and its instructions.

**Taxicab and livery service vehicles accessible to persons with disabilities credit** – This credit was extended through tax years beginning before January 1, 2023. The credit was due to expire on December 31, 2016. See Form CT-236, *Credit for Taxicabs and Livery Service Vehicles Accessible to Persons With Disabilities (For costs incurred on or after January 1, 2011)*, and its instructions.

**Urban youth jobs program tax credit** – The annual allocation for the credit is increased from \$20 million to \$50 million for programs four (tax year 2016) and five (tax year 2017). See Form CT-635, *Urban Youth Jobs Program Tax Credit*, and its instructions.

## How to fill out your tax return

### Business information

Enter the corporation's business information at the top of the first page. Be sure to enter the corporation's mailing name if different from its legal name.

If you need to update your corporation tax address or phone information, you can do so online. Visit our website (see *Need help?*) and look for the change my address option. Otherwise, enter your new address and/or phone number in the appropriate area of your return and mark an **X** in the box under the address. Do not mark an **X** in this box if your address and/or phone number is new since your last filing but was already updated online, or for any change of business information other than your address and/or phone number. Once your corporation tax information is updated online, you do not need to indicate a change of address on any corporation tax forms submitted to the Tax Department (or for any forms for tax types you select to be updated in addition to corporation tax).

If you prefer to change your address by form, use Form DTF-96, *Report of Address Change for Business Tax Accounts*. You must report other changes (such as business name or ID number) on

Form DTF-95, *Business Tax Account Update*. You can get these forms from our website or by phone (see *Need help?*).

## Entry formats

**Entering dates** – Unless you are specifically directed to use a different format, enter dates in the *mm-dd-yy* format (using dashes and not slashes).

**Negative amounts** – Show any negative amounts with a minus (-) sign, unless instructed otherwise.

**Percentages** – When computing percentages, convert decimals into percentages by moving the decimal point two spaces to the right. Round percentages to four decimal places.

**Example:**  $5,000/7,500 = 0.6666666 = 66.6667\%$ .

**Whole dollar amounts** – You may elect to show amounts in whole dollars rather than in dollars and cents. Round any amount from 50 cents through 99 cents to the next higher dollar. Round any amount less than 50 cents to the next lower dollar.

## Are you claiming an overpayment?

If you are claiming an overpayment, mark an **X** in the overpayment box on page 1 of your return to the right of your EIN and file number. The chart below identifies the overpayment line on each New York State corporation tax return.

Form	Line number	Form	Line number
CT-3	Part 2, line 24	CT-183	12
CT-3-A	Part 2, line 25	CT-183-M	12
CT-3-M	13	CT-184	15
CT-3-S	47	CT-184-M	13
CT-13	23	CT-185	14
CT-33	22	CT-186	16
CT-33-A	27	CT-186-E	13b
CT-33-C	20	CT-186-M	17
CT-33-M	23	CT-186-P	18
CT-33-NL	16	CT-186-P/M	15

## NAICS business code number and NYS principal business activity

Use Publication 910 to obtain your six-digit North American Industry Classification System (NAICS) code that describes your principal **business activity in New York State**. Your principal business activity outside of New York State may be different, therefore this may not match the NAICS code you reported on your federal tax return.

## Limitation on tax credit eligibility

As of April 30, 2014, and applicable to acts committed on or after this date, any taxpayer who stands convicted of an offense defined in New York State Penal Law Article 200 (*Bribery Involving Public Servants and Related Offenses*) or 496 (*Corrupting the Government*), or section 195.20 (*Defrauding the Government*), is **not** eligible for any business credits. There is a question related to this topic on your tax return that **must** be answered in order for the Tax Department to process your return. For more information, visit our website (see *Need help?*).

## Third-party designee

If you want to authorize another individual (third-party designee) to discuss this tax return with the New York State Tax Department, mark an **X** in the Yes box in the third-party designee area of your return. Also print the designee's name, phone number, e-mail address, and any five-digit number the designee chooses as his or her personal identification number (PIN). If you want to authorize

the paid preparer who signed your return to discuss the return with the Tax Department, print the preparer's name in the space for the designee's name and enter the preparer's phone number in the space for the designee's phone number. You do not have to provide the other information requested. If you do not want to authorize another person, mark an **X** in the *No* box.

If you mark the Yes box, you are authorizing the Tax Department to discuss with the designee any questions related to this return. You are also authorizing the designee to give and receive confidential taxpayer information relating to:

- this return, including missing information,
- any notices or bills arising from this filing that you share with the designee (they will not be sent to the designee),
- any payments and collection activity arising from this filing, and
- the status of your return or refund.

This authorization will not expire but will only cover matters relating to this return. If you decide to revoke this designee's authority at any time, call us (see *Need help?*).

You are not authorizing the designee to receive your refund, bind you to anything (including any additional tax liability), or otherwise represent you before the Tax Department. If you want someone to represent you or perform services for you beyond the scope of the third-party designee, you must designate the person using a power of attorney (for example, Form POA-1, *Power of Attorney*).

## Paid preparer identification numbers

**Paid preparer's responsibilities** – Under the law, all paid preparers must sign and complete the paid preparer section of the return. Paid preparers may be subject to civil and/or criminal sanctions if they fail to complete this section in full.

When completing the paid preparer section, you must enter your New York tax preparer registration identification number (NYTPRIN) if you are required to have one. If you are not required to have a NYTPRIN, enter in the *Excl. code* box one of the specified 2-digit codes listed below that indicates why you are exempt from the registration requirement. You **must** enter a NYTPRIN or an exclusion code. (Information on the New York State Tax Preparer Registration Program is available on our website (see *Need help?*).) In addition, you must enter your federal preparer tax identification number (PTIN) if you have one; if not, you must enter your social security number (SSN). (PTIN information is available at [www.irs.gov](http://www.irs.gov).)

Code	Exemption type	Code	Exemption type
01	Attorney	02	Employee of attorney
03	CPA	04	Employee of CPA
05	PA (Public Accountant)	06	Employee of PA
07	Enrolled agent	08	Employee of enrolled agent
09	Volunteer tax preparer	10	Employee of business preparing that business' return

See our website for more information about the tax preparer registration requirements.

**Important reminder to file a complete return:** You must complete all required schedules and forms that make up your return, and include **all pages** of those forms and schedules when you file. Returns that are missing required pages or that have pages with missing entries are considered incomplete and cannot be processed, and may subject taxpayers to penalty and interest.



## Is your return in processible form?

Returns must be prepared in a manner that will permit their routine handling and processing and include all pages. We will not pay interest on an overpayment of taxes until a return is in a processible form which includes a required signature.

## Use of reproduced and computerized forms

Photocopies of returns are acceptable if they are of good quality and have an original signature in the proper place. We will accept computer-produced corporation tax returns if they meet our printing specifications. For more information, see Publication 76, *Specifications for Reproduction of New York State Corporation Tax Forms*.

## General information

### Electronic filing and electronic payment mandate

Certain tax preparers using tax software to prepare tax documents, and certain taxpayers preparing their own tax documents using tax software, must, for the applicable calendar year and all succeeding calendar years, e-file all documents authorized by the Commissioner to be e-filed. Any tax liability or other amount due required to be paid with a tax document that must be e-filed may also be required by the Commissioner to be e-paid. Where e-pay is required, payment must be made via electronic means.

### Web File

You can Web File Forms CT-400, *Estimated Tax for Corporations*, and CT-300, *Mandatory First Installment (MFI) of Estimated Tax for Corporations*, on our website (see *Need help?*). You will need to create an *Online Services* account or log into your existing one, and select the corporation tax estimated payment option.

You can also Web File the following extension requests:

- Form CT-5, *Request for Six-Month Extension to File (for franchise/business taxes, MTA surcharge, or both)*
- Form CT-5.3, *Request for Six-Month Extension to File (for combined franchise tax return, or combined MTA surcharge return, or both)*
- Form CT-5.4, *Request for Six-Month Extension to File New York S Corporation Franchise Tax Return*
- Form CT-5.6, *Request for Three-Month Extension to File Form CT-186 (for utility corporation franchise tax return, MTA surcharge return, or both)*
- Form CT-5.9, *Request for Three-Month Extension To File (for certain Article 9 tax returns, MTA surcharge, or both)*
- Form CT-5.9-E, *Request for Three-Month Extension to File Form CT-186-E (for telecommunications tax return and utility services tax return)*

Benefits of Web filing include:

- direct payment from your bank account or by ACH credit
- instant confirmation

For more information, visit our website and select the corporation tax Web File option.

### Form CT-200-V, Payment Voucher for E-Filed Corporation Tax Returns and Extensions

This form is a payment voucher for taxpayers who e-file their forms but cannot e-pay and need to pay with a paper check or money order. Form CT-200-V is for use only for returns or extensions that were e-filed and should never accompany a paper-filed return.

## Collection of debts from your refund or overpayment

We will keep all or part of your refund or overpayment if you owe a past-due, legally enforceable debt to a New York State agency, or if you owe a New York City tax warrant judgment debt. We may also keep all or part of your refund or overpayment if you owe a past-due legally enforceable debt to another state, provided that state has entered into a reciprocal agreement with New York State. If we keep your refund or overpayment, we will notify you.

A New York State agency includes any state department, board, bureau, division, commission, committee, public authority, public benefit corporation, council, office, or other entity performing a governmental or proprietary function for the state or a social services district. We will refund or apply as an overpayment any amount over your debt.

The Tax Department is authorized to charge the taxpayer, as part of the taxpayer's tax debt, any cost or fee imposed or charged by the United States, or any state, for the payment or remittance of a taxpayer's overpayment to satisfy a New York State tax debt.

If you have any questions about whether you owe a past-due, legally enforceable debt to a state agency, or to another state, or whether you owe a New York City tax warrant judgment debt, contact the state agency, the other state, or the New York City Department of Finance.

For New York State tax liabilities only, call (518) 457-5434 or write to: NYS Tax Department, Civil Enforcement Division, W A Harriman Campus, Albany NY 12227-4000.

### More collection options for New York State

If you owe unpaid debt to New York State, we may collect your debt by taking money from, or offsetting, payments owed you by the federal government or by another state. Reciprocal offset agreements also allow the federal government, as well as other states, to collect delinquent non-tax debt by offsetting payments owed you by New York State.

**Lottery prizes applied against tax liabilities** – As a result of matching names of those owing tax liabilities to New York against the names of those winning lottery prizes in excess of \$600, the Tax Department may automatically apply all or part of the lottery prize against any outstanding liabilities for taxes we administer.

### Fee for payments returned by banks

The law allows the Tax Department to charge a \$50 fee when a check, money order, or electronic payment is returned by a bank for nonpayment. However, if an electronic payment is returned as a result of an error by the bank or the department, the department will not charge the fee. If your payment is returned, we will send a separate bill for \$50 for each return or other tax document associated with the returned payment.

### Reporting requirements for tax shelters

The Tax Law requires taxpayers to report information about transactions that present the potential for tax avoidance (tax shelters). There are separate reporting requirements for those who use tax shelters and for those who promote the use of tax shelters. For the most recent information on these reporting requirements, visit our website.

### Tax shelter penalties

The Tax Law provides penalties for failure to disclose certain transactions and related information regarding tax shelters and for the underpayment of taxes due to participation in these shelters. For more information, refer to TSB-M-05(2)C, *Disclosure of Certain Transactions and Related Information Regarding Tax Shelters*.

## Voluntary Disclosure and Compliance Program

The Voluntary Disclosure and Compliance Program provides relief from certain penalties and criminal prosecution to eligible taxpayers who come forward and reveal previously undisclosed liabilities. For more information, see TSB-M-08(11)C, *Voluntary Disclosure and Compliance Program*.

## Your rights under the Tax Law

The Taxpayer Bill of Rights requires, in part, that the Tax Department advise you, in writing, of your rights and obligations during an audit, when you appeal a departmental decision, and when your appeal rights have been exhausted and you need to understand enforcement capabilities available to the department to obtain payment. For a complete copy of the information contained in all of these statements, you may obtain Publication 131, *Your Rights and Obligations Under the Tax Law*, by visiting our website or by calling (see *Need help?*).

### Need help?



Visit our website at **[www.tax.ny.gov](http://www.tax.ny.gov)**

- get information and manage your taxes online
- check for new online services and features



#### Telephone assistance

**Corporation Tax** Information Center: (518) 485-6027

To order forms and publications: (518) 457-5431



**Text Telephone (TTY) Hotline** (for persons with hearing and speech disabilities using a TTY): If you have access to a TTY, contact us at (518) 485-5082. If you do not own a TTY, check with independent living centers or community action programs to find out where machines are available for public use.



**Persons with disabilities:** In compliance with the Americans with Disabilities Act, we will ensure that our lobbies, offices, meeting rooms, and other facilities are accessible to persons with disabilities. If you have questions about special accommodations for persons with disabilities, call the information center.

## Privacy notification

New York State Law requires all government agencies that maintain a system of records to provide notification of the legal authority for any request, the principal purpose(s) for which the information is to be collected, and where it will be maintained. To view this information, visit our website, or, if you do not have Internet access, call and request Publication 54, *Privacy Notification*. See *Need help?* for the Web address and telephone number.