



Supplemental Summary of Corporation Tax Legislative Changes Enacted in 2010

This TSB-M is a summary of corporation tax legislation signed into law in 2010 that was not addressed in [TSB-M-10\(7\)C](#), *Summary of Budget Bill Corporation Tax Changes Enacted in 2010*. The following legislative changes are summarized in this memo:

- [Amendments to the farmers' school tax credit](#)
- [Enrolled agents excluded from definition of tax preparer under the Tax Preparer Registration Program](#)
- [Franchise tax on banking corporations](#)
- [North Country Power Authority](#)
- [Rehabilitation of historic properties credit](#)
- [Transitional provisions for the federal Gramm-Leach-Bliley Act](#)

Amendments to the farmers' school tax credit (Article 9-A)

Chapter 297 of the Laws of 2010 provides that when determining whether or not a taxpayer is an eligible farmer for purposes of the farmers' school tax credit, payments from the Farmland Protection Program, which is administered by the New York State Department of Agriculture and Markets, should be disregarded. Therefore, when computing whether or not the taxpayer's federal gross income from farming is two-thirds of excess federal gross income, the payments should not be included in either federal gross income from farming or excess federal gross income.

The amendments apply to tax years beginning on or after January 1, 2011.

(Tax Law section 210.22(b))

Enrolled agents excluded from definition of tax preparer under the Tax Preparer Registration Program (Articles 9, 9-A, 13, 32, and 33)

Chapter 242 of the Laws of 2010 amended the definition of *tax return preparer* in section 32 of the Tax Law. The definition is used to determine who needs to register for the Tax Preparer Registration Program.

After the amendment, enrolled agents, and employees of an enrolled agent firm, law firm, public accounting firm, or certified public accounting firm who prepare returns under the supervision of an enrolled agent in that firm, are excluded from the definition of tax return preparer.

Note: An enrolled agent who is excluded from the definition of a tax return preparer is still subject to the registration requirements if he or she facilitates the making of a refund anticipation check or refund anticipation loan.

The amendment applies on or after July 30, 2010, and is not retroactive. Therefore, enrolled agents who registered under the Tax Preparer Registration Program and paid the registration fee prior to July 30, 2010, are not entitled to a refund.

For additional information, see [TSB-M-10\(3\)C](#), *Enrolled Agents Excluded from the Definition of Tax Return Preparer for the Tax Preparer Registration Program*.

(Tax Law section 32(a)(14))

Franchise tax on banking corporations (Article 32)

The provisions of the bank tax that were scheduled to expire for tax years beginning on or after January 1, 2010, have been extended for one year.

(Chapter 67 of the Laws of 2010)

North Country Power Authority (Article 5 of the Public Authorities Law)

The North Country Power Authority (NCPA) created under Chapter 533 of the Laws of 2010 is not subject to taxation on property acquired or controlled by it or on its activities in the operation and maintenance of the authority or on income earned by the authority. Any securities issued by the authority and any income derived from the securities are also free from taxation, except for estate and gift taxes. The NCPA is required to make payments in lieu of taxes (PILOTs) for taxes that would have been received by municipalities and school districts, and on the taxes that would otherwise be imposed on utilities under Tax Law section 186-a, former Tax Law section 186 (as it existed on December 1, 1999), and any taxes imposed within the NCPA's service area pursuant to General City Law section 20-b and Village Law section 5-530.

Under the new law, the NCPA is a public benefit corporation, constituting an exempt organization for sales tax purposes under Tax Law section 1116(a)(1). Therefore, NCPA is exempt from State and local sales and use taxes on all its purchases. However, NCPA is required to register for sales tax purposes, collect state or local sales and compensating use taxes on its sale of taxable property or services of a kind ordinarily sold by private persons, including utility services, and otherwise comply with Articles 28 and 29 of the Tax Law.

Rehabilitation of historic properties credit (Articles 9-A, 32, and 33)

Chapter 472 of the Laws of 2010 made various amendments to the enhanced version of the rehabilitation of historic properties credit that was enacted by Chapter 239 of the Laws of 2009. The amendments clarify who is entitled to claim the credit and the proper amount of the credit allowed.

Under the amendments, the credit for rehabilitation of historic properties is now available to banking corporations subject to tax under Article 32 of the Tax Law and insurance corporations subject to tax under Article 33 of the Tax Law for tax years beginning on or after January 1, 2010.

In addition, the new law changes the amount of credit allowable for tax years beginning on or after January 1, 2015, due to the expiration of the enhanced credit.

For a full description of these amendments see [TSB-M-10\(8\)C, 10\(14\)I](#), *Amendments to the Rehabilitation of Historic Properties Credit and the Historic Homeownership Rehabilitation Credit*.

(Tax Law sections 210.40(1), 210.40(3), 210.40(4), 210.40(5), 1456(u), 1511(y))

Transitional provisions for the federal Gramm-Leach-Bliley Act (Articles 9-A and 32)

Chapter 24 of the Laws of 2010 extended the transitional provisions for financial holding companies contained in section 1452(m) of the Tax Law for one year. The provisions were scheduled to expire for tax years beginning on or after January 1, 2010.

The combined reporting requirements of the transitional provisions contained in section 1462(f)(2)(iv) of the Tax Law were also extended for one year.

For more information on the provisions that were extended, see page 6 of [TSB-M-02\(1\)C](#), *Summary of Legislative Changes Enacted in 2001*, and page 7 of [TSB-M-08\(1\)C](#), *Summary of Corporation Tax Legislative Changes Enacted in 2007 and Expiring Tax Law Provisions*.

(Tax Law sections 1452(m) and 1462(f)(2)(iv))

NOTE: A TSB-M 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 a TSB-M.