



# Department of Taxation and Finance

## Important

Article 32 of the Tax Law was repealed, effective for tax years beginning on or after January 1, 2015, by Part A of Chapter 59 of the Laws of 2014. As a result, this TSB-M is obsolete and cannot be relied upon for tax years on or after that date insofar as the TSB-M addresses matters relating to Article 32.

For additional information concerning the Article 32 repeal, see [Transitional Filing Provisions for Taxpayers Affected By Corporate Tax Reform Legislation](#).

This TSB-M begins on page 2 below.

1979 Legislation  
Subsidiary Trust Companies

Chapter 572 of the Laws of 1979 has amended Subdivision (b) of Section 1452 of Article 32 (Franchise Tax on Banking Corporations) of the Tax Law to subject subsidiary trust companies to the franchise tax on banking corporations imposed by Article 32.

Section 1452(b) now provides that the words "banking business" includes such business as a corporation or association may be created to do under article 3-B of the Banking Law or any business which a corporation or association is authorized by such article to do.

Article 3-B of the Banking Law, enacted in 1977, provided for the creation of subsidiary trust companies which are wholly owned subsidiaries of bank holding companies, and which possess all the powers of a trust company except for the power to accept deposits.

Article 32 of the Tax Law imposes a tax on banking corporations for the privilege of exercising their franchise or doing business in New York State in a corporate or organized capacity. The term "banking corporation" is defined, in part, as a "corporation or association organized under the laws of this state which is authorized to do a banking business, or which is doing a banking business in this state." [Tax Law, § 1452(a)(1)]. Therefore, because of the law change, subsidiary trust companies are subject to the tax imposed by Article 32 of the Tax Law.

This act became effective on July 10, 1979 and shall apply to all taxable year ending on or after December 31, 1978.