

**New York State Department of Taxation and Finance
Taxpayer Services Division
Technical Services Bureau**

TSB-M-87 (1)C
Corporation Tax
January 30, 1987

1986 Changes to the Tax Law

Articles and
Sections Other
Than Articles
9, 9-A, 13-A,
27, 32, 33
and 37 of
the Tax Law

	<u>Reference to TSB</u>	<u>Chapter-Bill Section</u>	<u>Summary</u>
Article 4, Sec. 403, of Business Corporation Law	TSB-M-86(15)C	Chapter 590-Sec. 1 Laws of 1986	Certificate of incorporation may set forth a date subse- quent to filing, not to exceed 90 days after filing, upon which date corporate existence shall begin.
Article 5, Sec. 1279-b Public Authorities Law	None	Chapter 669 - Sec. 4 Laws of 1986	Allows the counties of Dutchess, Orange and Rockland to withdraw from the Metropolitan Commuter Transportation District as of January 1, 1987, if they meet certain conditions.
Article 5, Sec. 1279-b of Public Authorities Law	None	Chapter 670 - Sec. 1 Laws of 1986	Technical Change.
Article 5A of Cooperative Corporations Law	TSB-M-85(14)C	Chapter 165 - Sec. 1 Laws of 1986	Clarifies that corporation taxes to which workers cooperatives are subject are not limited to the \$10 set by section 77 of the Cooperative Corporations Law.
Article 8 of Tax Law	None	Chapter 282 Laws of 1986	Amendments to existing law thereby establishing a tax appeals tribunal within division of tax appeals for purposes of resolving controversies between taxpayers and the department.

Articles and Sections Other Than Articles 9, 9-A, 13-A, 27, 32, 33 and 37 of the Tax Law

	<u>Reference to TSB</u>	<u>Chapter-Bill Section</u>	<u>Summary</u>
Article 18-B of General Municipal Law	TSB-M-86(13)C	Chapter 686 - Sec. 1 Laws of 1986	Establishes and defines economic development zones.
Article 22 of Tax Law	None	Chapter 341 Laws of 1986	Amends NYS minimum income taxes to exclude items of tax preference from the computation of S corporation shareholders minimum income tax where the New York S corporation election has not been made.
Article 40 of Tax Law	None	Chapter 282 - Sec. 14 Laws of 1986	Created new article of tax law establishing Division of Tax Appeals.
<u>Tax Law Section</u>	<u>Reference to TSB</u>	<u>Chapter-Bill Section</u>	<u>Summary</u>
183-a	TSB-M-86(16)C	Chapter 929 - Sec. 2 & 3 Laws of 1986	Extends the M.T.A. tax surcharge of 17% on tax imposed by Section 183 to taxable periods ending before December 31, 1990.
184-a	TSB-M-86(16)C	Chapter 929 - Sec. 4 Laws of 1986	Extends the M.T.A. tax surcharge of 17% on tax imposed by Section 184 to taxable periods ending before December 31, 1990.
186-a	TSB-M-86(13)C	Chapter 686 - Sec. 6 Laws of 1986	Any taxpayer, subject to the supervision of the department of public service, subject to the this tax must provide a rate reduction of 3% for gas, electricity, steam, water or water service sold or rendered for ultimate consumption or use within an economic development zone, other than to a retail enterprise defined in 210.12(k).

<u>Tax Law Section</u>	<u>Reference to TSB</u>	<u>Chapter-Bill Section</u>	<u>Summary</u>
186-b	TSB-M-86(16)C	Chapter 929 - Sec. 5 Laws of 1986	Extends the M.T.A. tax surcharge of 17% on tax imposed by Section 186 to taxable periods ending before December 31, 1990.
186-c	TSB-M-86(16)C	Chapter 929 - Sec. 6 Laws of 1986	Extends the M.T.A. tax surcharge of 17% on tax imposed by Section 186-a to taxable periods ending before December 31, 1990.
208.9(a)5	None	Chapter 444 - Sec. 1 Laws of 1986	Amends sections dealing with adjustments when computing ENI to allow deduction of refund of stock transfer tax from the City of New York.
208.9(b)(4-a)	TSB-M-86(9)C	Chapter 638 - Sec. 1 Laws of 1986	Technical changes. Also ensures such provision applies to losses as well as gains and to dispositions other than sales as well as sales.
209.4	TSB-M-86(12)C	Chapter 534 - Sec. 1 Laws of 1986	Housing development fund companies organized pursuant to Article 11 of Private Housing Finance Law are not subject to tax under Article 9-A.
209-B	TSB-M-86(16)C	Chapter 929 - Sec. 7 Laws of 1986	Extends the M.T.A. tax surcharge of 17% on tax imposed by Article 9-A to taxable periods ending before December 31, 1990.
210.12(g)(3)	TSB-M-86(8)C	Chapter 258 - Sec. 1 & 2 Laws of 1986	Amends ITC recapture provisions to conform with the reference to types of real property defined for purposes of depreciation under the federal income tax. Adds reference to "eighteen-year real property" and "nineteen-year real property".

<u>Tax Law Section</u>	<u>Reference to TSB</u>	<u>Chapter-Bill Section</u>	<u>Summary</u>
210.12-B	TSB-M-86(13)C	Chapter 686 - Sec. 7 Laws of 1986	A credit, similar to the investment tax credit except the rate is 10%, which will be allowed only to taxpayers in economic development zones. This credit will be allowed against the cost of tangible personal property and other tangible property.
210.12-C	TSB-M-86(13)C	Chapter 686 - Sec. 7 Laws of 1986	A credit allowable to taxpayers which received the credit pursuant to 210.12-B, for each of the three years next succeeding the taxable year for which the credit under 210.12-B is allowed, provided the taxpayer meets certain employment requirements. The credit, for each of the years for which the taxpayer is eligible, is equal to 30% of the 210.12-B credit.
210.17(a)	TSB-M-86(9)C	Chapter 638 - Sec. 2 Laws of 1986	Technical change.
210.17(b)	TSB-M-86(9)C	Chapter 638 - Sec. 3 Laws of 1986	Provides that in lieu of carry over of the unused portion of the special additional mortgage recording tax credit to the following year, for periods beginning after January 1, 1986 but before January 1, 1990, the unused portion of the credit will be treated as an overpayment to be credited or refunded without interest.
210.19	TSB-M-86(13)C	Chapter 686 - Sec. 8 Laws of 1986	Renumbered subdivision 21. Technical Changes

<u>Tax Law Section</u>	<u>Reference to TSB</u>	<u>Chapter-Bill Section</u>	<u>Summary</u>
210.19	TSB-M-86(13)C	Chapter 686 - Sec. 9 Laws of 1986	New subdivision 19. Provides for a new tax credit based upon wages paid to "targeted" and "non-targeted" employees in an economic development zone.
210.20	TSB-M-86(13)C	Chapter 686 - Sec. 10 Laws of 1986	Provides for a new tax credit equal to 25% of the consideration paid for original issue stock purchased from economic development zone capital corporations.
300(b)	TSB-M-83(22.6)C	Chapter 912 - Sec. 1 Laws of 1986	Exempts military jet fuel from the tax imposed by Article 13-A.
302	TSB-M-86(14)C	Chapters 581 & 582 Laws of 1986	Requires petroleum businesses subject to tax under Article 13-A to register with the State Tax Commission.
312	None	Chapter 34-Sec. 1 Laws of 1986	Technical change dealing with money deposited in mass transportation operating assistance fund pursuant to sections 182-a and 312.
1085(m)	TSB-M-86(13)C	Chapter 686 - Sec. 20	New subsection. If taxpayer receives a reduction in the rate charged for gas, electricity, steam or water, for which it is not entitled, it will be subject to a penalty equal to the rate reduction plus interest.

<u>Tax Law Section</u>	<u>Reference to TSB</u>	<u>Chapter-Bill Section</u>	<u>Summary</u>
1096(b)(2)	TSB-M-86(11)C	Chapter 411 & 412 Laws of 1986	Prohibition against use by Tax Commission of compulsory process in inquiring into a criminal offense connected with administration of certain taxes, when matter has been referred to prosecutorial agency.
1453(b)(5 & 6)	TSB-M-86(9)C	Chapter 638 - Sec. 10 Laws of 1986	Technical changes. Also ensures such provision applies to losses as well as gains and to dispositions other than sales as well as sales.
1455-B	TSB-M-86(16)C	Chapter 929 - Sec. 8 Laws of 1986	Extends the M.T.A. tax surcharge of 17% on tax imposed by Article 32 to taxable periods ending before December 31, 1990.
1456(c)	TSB-M-86(13)C	Chapter 686 - Sec. 27 Laws of 1986	Technical changes.
1456(c)(1)	TSB-M-86(9)C	Chapter 638 - Sec. 11	Technical changes.
1456(d)	TSB-M-86(13)C	Chapter 686 - Sec. 25 Laws of 1986	Provides for a new tax credit equal to 25% of the consideration paid for original issue stock purchased from economic development zone capital corporations.
1456(e)	TSB-M-86(13)C	Chapter 686 - Sec. 25 Laws of 1986	Former subsection (e) is renumbered (f). Provides for a new tax credit based upon wages paid to "targeted" and "non-targeted" employees in an economic development zone.
1456(f)	TSB-M-86(13)C	Chapter 686 - Sec. 26 Laws of 1986	Application of credits under Article 32.

<u>Tax Law Section</u>	<u>Reference to TSB</u>	<u>Chapter-Bill Section</u>	<u>Summary</u>
1503(b)(2) (E&F)	TSB-M-86(9)C	Chapter 638 - Sec. 12 Laws of 1986	Technical changes. Also ensures such provision applies to losses as well as gains and to dispositions other than sales as well as sales.
1505(a)	TSB-M-86(13)C	Chapter 686 - Sec. 28 Laws of 1986	Technical changes.
1505-a	TSB-M-86(16)C	Chapter 929 - Sec. 9 Laws of 1986	Extends the M.T.A. tax surcharge of 17% on tax imposed by Article 33 to taxable periods ending before December 31, 1990.
1511(g)	TSB-M-86(13)C	Chapter 686 - Sec. 30 Laws of 1986	Provides for new tax credit based upon wages paid to "targeted" and "non-targeted" employees in an economic development zone.
1511(h)	TSB-M-86(13)C	Chapter 686 - Sec. 30 Laws of 1986	Provides for a new tax credit equal to 25% of the consideration paid for original issue stock purchased from economic development zone capital corporations.
1511(i)	TSB-M-86(13)C	Chapter 686 - Sec. 29 Laws of 1986	Application of credits under Article 33.
1806(b)	None	Chapter 515 - Sec. 1-11 Laws of 1986	Changes in Penal Law alluded to by this Section.
1817(k)	None	Chapter 515 - Sec. 1-11 Laws of 1986	Changes in Penal Law alluded to by this Section.