

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

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Corporation Tax  
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Tax on  
Minimum Taxable Income Base

The Business Tax Reform and Rate Reduction Act of 1987 (Chapter 817 of the Laws of 1987) created a new tax base under Article 9-A. The new tax base provides for a tax on minimum taxable income that is separate and distinct from the fixed dollar minimum tax of \$250. The minimum tax due for Article 9-A taxpayers is the higher of the \$250 fixed dollar minimum tax or the tax on the minimum taxable income base.

"The minimum taxable income base for taxable years beginning in 1987, 1988 and 1989 is the portion of entire net income allocated to New York State subject to the modifications described in Tax Law section 210.3(d) and (e) (optional depreciation). The tax rate to be applied to such minimum taxable income base is 3.5%. The allocation percentage is determined by a three factor formula consisting of property, receipts and wages. Each factor shall be single weighted."

NOTE: Allocation is done before the section 210.3(d) and (c) modifications.

No tax credits may be applied against the tax computed under the minimum taxable income base.

For taxable years beginning in 1990 and thereafter, the minimum taxable income base is increased by certain tax preference items and the tax rate is reduced to 3%. A Technical Services Bureau memorandum will be issued at a later date to further explain the minimum taxable income base computation for taxable years beginning on or after January 1, 1990.