

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

TSB-M-88 (1)C
 Corporation Tax
 January 18, 1988

1987 Amendments to the Tax Law

| <u>Tax Law Section</u> | <u>Reference to TSB</u> | <u>Chapter Bill Section</u> | <u>Summary</u> |
|------------------------|-----------------------------------|--|--|
| 5 | TSB-M-87(16)C TSB-M-87(22)C | Chapter 817 - Sec. 3-a - Laws of 1987 | Entity treated as real estate mortgage investment conduit (REMIC) for federal purposes is exempt from NYS taxation for taxable years beginning after 12/31/86. |
| 187.1 | TSB-M-87(7)C TSB-M-87(10)C | Chapter 13 - Sec. 8-a - Laws of 1987 Chapter 59 - Sec. 2 - Laws of 1987 | On or after May 1, 1987, the special additional mortgage recording tax credit will not be allowed on mortgages recorded on property located in the metropolitan commuter transportation district. On or after May 1, 1987, the special additional mortgage recording tax credit will not be allowed on property located in Erie County. |
| 208.4 | TSB-M-87(18)C | Chapter 817 - Sec. 6 - Laws of 1987 | Permits deduction of long term liabilities in computing subsidiary capital. |
| 208.5 | TSB-M-87(18)C | Chapter 817 - Sec. 7 - Laws of 1987 | Deletes reference to current liabilities when defining investment capital. |
| 208.6 | None | Chapter 817 - Sec. 7 - Laws of 1987 | Technical change to definition of "investment income". |
| 208.7 | TSB-M-87(18)C | Chapter 817 - Sec. 7 - Laws of 1987 | Deletes reference to current liabilities when defining business capital. |
| 208.8-B | TSB-M-87(18)C TSB-M-87(21)C | Chapter 817 - Sec. 8 - Laws of 1987 | New section. Definition of minimum taxable income. |
| 208.9(b)(3-a) | TSB-M-87(16)C TSB-M-87(18)C | Chapter 817 - Sec. 11 - Laws of 1987 | Add-back of all taxes paid to other states or political subdivisions which are measured by profits or income, except New York City income taxes. |

| <u>Tax Law Section</u> | <u>Reference to TSB</u> | <u>Chapter Bill Section</u> | <u>Summary</u> |
|------------------------|--------------------------------|---|---|
| 208.9(b)(4-a) | TSB-M-87(16)C TSB-M-87(20)C | Chapter 817 - Sec. 12 - Laws of 1987 | Deletes reference to credit for sales tax on catalysts and bleaching agents. |
| 208.9(b)(5) | TSB-M-87(16)C TSB-M-87(18)C | Chapter 817 - Sec. 14 - Laws of 1987 | Add-back of 90% of interest paid to stockholders is repealed effective taxable years beginning on or after January 1, 1989. |
| 208.9(b)(5)(i) | TSB-M-87(16)C TSB-M-87(18)C | Chapter 817 - Sec. 13 - Laws of 1987 | The statutory deduction for the interest add-back is increased from \$1,000 to \$10,000. |
| 208.9(f) | None | Chapter 817 - Sec. 18 - Laws of 1987 | Deletes reference to 1954 Code. |
| 208.9(g) | TSB-M-87(20)C | Chapter 817 - Sec. 10 - Laws of 1987 | Limits optional deductions for industrial treatment or air pollution control facilities to periods beginning before 1/1/87. |
| 209(b)(4-a) | None | Chapter 13 - Sec. 9 - Laws of 1987 | Allows a deduction for special additional mortgage recording tax imposed by subdivision 1-a of section 253 if special additional mortgage recording tax credit was not taken. |
| 209.5 | TSB-M-87(18)C | Chapter 817 - Sec. 21 - Laws of 1987 | Real estate investment trust is subject to minimum taxable income base. |
| 209.7 | TSB-M-87(18)C | Chapter 817 - Sec. 21 - Laws of 1987 | Regulated investment companies are subject to minimum taxable income base. |
| 209.9 | TSB-M-87(9)C | Chapter 240 Laws of 1987 | Exempts from tax under Article 9-A those corporations described in sections 501(c)(2) and 501(c)(25) of the Internal Revenue Code (THC's and CIE's). |

| <u>Tax Law Section</u> | <u>Reference to TSB</u> | <u>Chapter Bill Section</u> | <u>Summary</u> |
|------------------------|---|---|--|
| 210.1 | TSB-M-87(16)C TSB-M-87(18)C | Chapter 817 - Sec. 23 - Laws of 1987 | Repealed. Added new section 210.1 which did not include tax on income plus officer's compensation. |
| 210.1(a) | TSB-M-87(16)C TSB-M-87(18)C | Chapter 817 - Sec. 23 - Laws of 1987 | Tax rate on entire net income is reduced from 10% to 9%. |
| 210.1(a)(i) | TSB-M-87(15)C TSB-M-87(16)C TSB-M-87(18)C | Chapter 817 - Sec. 23 - Laws of 1987 | Provides tax rates for small business taxpayer subject to the tax on entire net income. |
| 210.1(b) | TSB-M-87(16)C TSB-M-87(18)C | Chapter 817 - Sec. 23 - Laws of 1987 | Tax on capital may not exceed \$350,000. |
| 210.1(c) | TSB-M-87(16)C TSB-M-87(18)C TSB-M-87(21)C | Chapter 817 - Sec. 23 - Laws of 1987 | Provides rates for minimum taxable income base. 3½% for years 1986-1989. 3% for years 1990 and thereafter. |
| 210.1(f) | TSB-M-87(15)C TSB-M-87(18)C | Chapter 817 - Sec. 23 - Laws of 1987 | Provides definition of small business taxpayer. |
| 210.1-a | TSB-M-87(16)C | Chapter 817 - Sec. 24 - Laws of 1987 | Repealed additional tax of 5 3/4% on omnibuses having transportation receipts of over \$500,000. |
| 210.2 | TSB-M-87(16)C TSB-M-87(18)C | Chapter 817 - Sec. 26 - Laws of 1987 | Capital is computed by deducting total liabilities rather than just current liabilities. |
| 210.3(a)(1) | TSB-M-87(14)C | Chapter 817 - Sec. 27 - Laws of 1987 | Value of leased personal property included in computation of allocation. Section 94 of this bill provides for an optional 5 year phase-in. Allows taxpayer one-time revocable election to use fair market value. |
| 210.3(a)(4) | TSB-M-87(16)C TSB-M-87(18)C TSB-M-87(21)C | Chapter 817 - Sec. 27-a - Laws of 1987 | Single weighted receipts factor for pre-1990 minimum tax. |

| <u>Tax Law Section</u> | <u>Reference to TSB</u> | <u>Chapter Bill Section</u> | <u>Summary</u> |
|------------------------|--------------------------------|--------------------------------------|--|
| 210.3(b)(1) | None | Chapter 817 - Sec. 98 - Laws of 1987 | Issuer's allocation % of non-alien bank is its alternative ENI allocation percentage and of alien bank is determined by using gross income. |
| 210.3(b)(3) | None | Chapter 817 - Sec. 28 - Laws of 1987 | Technical changes to investment allocation % pursuant to Forbes decision. |
| 210.3(d)(4) | TSB-M-87(20)C | Chapter 817 - Sec. 29 - Laws of 1987 | Eliminates pre-1968 R&D expensing carryforward for taxable years commencing on or after 1/1/94. |
| 210.3(e) | TSB-M-87(20)C | Chapter 817 - Sec. 30 - Laws of 1987 | Eliminates research and development expensing deduction for taxable years beginning on or after 1/1/87. |
| 210.3-a | TSB-M-87(16)C TSB-M-87(18)C | Chapter 817 - Sec. 32 - Laws of 1987 | New section. Provides for the allocation of minimum taxable income. |
| 210.11(c) | TSB-M-87(16)C | Chapter 817 - Sec. 35 - Laws of 1987 | The JIB Credit may not reduce the tax to less than the higher of the tax on minimum taxable income or the fixed dollar minimum. |
| 210.12(a) | TSB-M-87(16)C TSB-M-87(20)C | Chapter 817 - Sec. 36 - Laws of 1987 | The investment tax credit is computed on the cost or other basis of tangible personal property and other tangible property less non-qualified nonrecourse financing. The credit rate for taxable periods beginning in 1987, 1988 and 1989 is 5% for the first \$500,000,000 and 4% for the excess of \$500,000,000. Optional 9% rate on research and development property. |

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| 210.12(b) | TSB-M-87(16)C TSB-M-87(20)C | Chapter 817 - Sec. 36 - Laws of 1987 | Industrial waste treatment facilities or air pollution facilities used in a taxpayer's trade or business and research and development property are eligible for the investment tax credit. Provides definitions. |
| 210.12(e) | TSB-M-87(16)C TSB-M-87(20)C | Chapter 817 - Sec. 36 - Laws of 1987 | The investment tax credit carry-forward will be limited to 7 years. |
| 210.12(g) | TSB-M-87(16)C TSB-M-87(20)C | Chapter 817 - Sec. 37 - Laws of 1987 | Provides for recapture based on depreciation period used for New York purposes. |
| 210.12(h) | TSB-M-87(16)C | Chapter 817 - Sec. 38 - Laws of 1987 | Repeals reference to Hurricane Agnes. |
| 210.12-A(a) | TSB-M-87(20)C | Chapter 817 - Sec. 39 - Laws of 1987 | The additional investment tax credit is limited to investments commenced prior to 1/1/87. |
| 210.12-A(c) | TSB-M-87(20)C | Chapter 817 - Sec. 40 - Laws of 1987 | Any amount of additional investment tax credit carry-forward may not be carried over to taxable years beginning after 1/1/94. See section 210.12-D. |
| 210.12-D | TSB-M-87(20)C | Chapter 817 - Sec. 44 - Laws of 1987 | New section. Employment Incentive Credit for investments on or after 1/1/87 (takes the place of 210.12-A). Provides for new rates. |
| 210.13 | TSB-M-87(16)C TSB-M-87(20)C | Chapter 817 - Sec. 45 - Laws of 1987 | Repealed Disc Export Credit. Add new section 210.13 which provides for a minimum tax credit. |
| 210.15 | TSB-M-87(16)C TSB-M-87(20)C | Chapter 817 - Sec. 46 - Laws of 1987 | Repeals credit for sales tax on catalysts and bleaching agents. |

| <u>Tax Law Section</u> | <u>Reference to TSB</u> | <u>Chapter Bill Section</u> | <u>Summary</u> |
|------------------------|--------------------------------|---|---|
| 210.15 | TSB-M-87(16)C TSB-M-87(20)C | Chapter 817 - Sec. 46 - Laws of 1987 | Repeals credit for sales tax on catalysts and bleaching agents. |
| 210.17(a) | TSB-M-87(7)C | Chapter 13 - Sec. 10 - Laws of 1987 | On or after May 1, 1987, the special additional mortgage recording tax credit will not be allowed to Article 9-A taxpayers on mortgages recorded on real property located in the metropolitan commuter transportation district. |
| | TSB-M-87(10)C | Chapter 59 - Sec. 3 - Laws of 1987 | On or after May 1, 1987, the special additional mortgage recording tax credit will not be allowed on property located in Erie County. |
| 210.18(a) | TSB-M-87(16)C TSB-M-87(20)C | Chapter 817 - Sec. 49 - Laws of 1987 | Limits computation of the research and development credit to taxable years beginning prior to 1/1/87. |
| 210.18(e) | TSB-M-87(16)C TSB-M-87(20)C | Chapter 817 - Sec. 49 - Laws of 1987 | Credit may not be carried over to taxable years beginning on or after 1/1/94. |
| 210.19(c) | TSB-M-86(13)C Revised | Chapter 442 - Sec. 1 - Laws of 1987 | Added words "full-time" before employees in computation of EDZ wages credit. |
| 211.2-a | TSB-M-87(18)C | Chapter 817 - Sec. 54 - Laws of 1987 | Requirement for report of interest payments to 50% or more stockholders. |
| 219-o-219.qq | None | Chapter 267 - Sec. 10 - Laws of 1987 | Repealed Article 9-B. |
| 219-R-219bbb | None | Chapter 267 - Sec. 10 - Laws of 1987 | Repealed Article 9-C. |
| 290(a) | TSB-M-87(16)C | Chapter 817 - Sec. 57-a - Laws of 1987 | Lowers tax rate from 10% to 9%. |

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|------------------------|-------------------------|--|---|
| 290(c) | None | Chapter 547 - Sec. 1 - Laws of 1987 | An organization whose sole unrelated trade or business consists of activities constituting an unrelated trade or business by virtue of Section 501(m)(2)(A) of the IRC is exempt from tax under Article 13. |
| 303 | TSB-M-83(22.7)C | Chapter 641 Laws of 1987 | Sale of aviation fuel is excluded from computation of gross receipts subject to tax under Article 13-A. |
| 658(c)(2) | TSB-M-87(16)C | Chapter 817 - Sec. 57-b - Laws of 1987 | Filing fee for S corporations filing information report. For taxable years beginning in 1988, 1989 and 1990 and thereafter the fees shall be \$25, \$50 and \$100 respectively. |
| 1085(n) | TSB-M-87(18)C | Chapter 817 - Sec. 58 - Laws of 1987 | New section. Provides for \$500 penalty for failure to report interest payments pursuant to section 211.2-a. |
| 1090(a)&(e) | None | Chapter 401 - Sec. 9 - Laws of 1987 | Technical changes concerning appeals tribunal. |
| 1452(e) | TSB-M-87(17)C | Chapter 817 - Sec. 100 - Laws of 1987 | Any corporation subject to Article 33 is not subject to Article 32, except savings bank with life insurance department. |
| 1453(a) | TSB-M-87(17)C | Chapter 817 - Sec. 65 - Laws of 1987 | Clarifies definition of entire net income. |
| 1453(b)(5) | None | Chapter 13 - Sec. 15 - Laws of 1987 | Allows a deduction for special additional mortgage recording tax imposed by subdivision 1-a of section 253 if credit allowed by section 1456(c)(1) was not taken. |

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|------------------------|-------------------------|---------------------------------------|--|
| 1453(b)(11) | TSB-M-87(17)C | Chapter 817 - Sec. 67 - Laws of 1987 | Add-back to ENI of bad debt deduction under section 166 of the IRC. |
| 1453(b)(12) | TSB-M-87(17)C | Chapter 817 - Sec. 67 - Laws of 1987 | Add-back to ENI of 20% of excess of 1453(i) bad debt deduction over deduction under experience method. |
| 1453(e)(13) | TSB-M-87(17)C | Chapter 817 - Sec. 71 - Laws of 1987 | Deduction from ENI of reserve recapture under section 585(c) of the IRC. |
| 1453(e)(14) | TSB-M-87(17)C | Chapter 817 - Sec. 71 - Laws of 1987 | Deduction from ENI of any recoveries of taxpayer subject to provisions of section 585(c) of IRC. |
| 1453(h)&(i) | TSB-M-87(17)C | Chapter 817 - Sec. 74 - Laws of 1987 | New sections. Computation of bad debts for ENI. |
| 1455(b)(1)(v)(A) | TSB-M-87(17)C | Chapter 817 - Sec. 106 - Laws of 1987 | Method of determining if 20% of taxpayer's assets are interbank placements |
| 1455(b)(1)(v)(B) | TSB-M-87(17)C | Chapter 817 - Sec. 107 - Laws of 1987 | Definition of "net worth" and "assets" for purposes of the net worth ratio. |
| 1456(c)(1) | TSB-M-87(7)C | Chapter 13 - Sec. 16 - Laws of 1987 | On or after May 1, 1987, the special additional mortgage recording tax credit will not be allowed to Article 32 taxpayers on mortgages recorded on real property located in the metropolitan commuter transportation district. |
| | TSB-M-87(10)C | Chapter 59 - Laws of 1987 | On or after May 1, 1987, the special additional mortgage recording tax credit will not be allowed on property located in Erie County. |
| 1503(a) | TSB-M-87(19)C | Chapter 817 - Sec. 77 - Laws of 1987 | Changes to mutual insurance companies and updates definition of life insurance companies to reflect Federal Tax Reform Act of 1984. |

| <u>Tax Law Section</u> | <u>Reference to TSB</u> | <u>Chapter Bill Section</u> | <u>Summary</u> |
|---------------------------|--------------------------------|---|---|
| 1503(b) (1) (J)(K)&(L) | TSB-M-87(16)C TSB-M-87(19)C | Chapter 817 - Sec. 81 - Laws of 1987 | Allows non-life insurance corporations to deduct amount not deductible under IRC for unearned premiums for the current year. |
| 1503(b)(1) (M) | TSB-M-87(16)C TSB-M-87(19)C | Chapter 817 - Sec. 81 - Laws of 1987 | Federal recapture of "excess" unearned premiums not required for Article 33. |
| 1503(b)(1) (N) | TSB-M-87(19)C | Chapter 817 - Sec. 81 - Laws of 1987 | Provides deduction for difference between discounted and non-discounted unpaid losses at end of current taxable year. |
| 1503(b)(1) (O) | TSB-M-87(19)C | Chapter 817 - Sec. 81 - Laws of 1987 | Provides deduction of 15% of certain federal tax exemption income. |
| 1503(b)(2)(E) None | | Chapter 13 - Sec. 17 - Laws of 1987 | Allows a deduction for special additional mortgage recording tax imposed by subdivision 1-a of section 253 if credit allowed by section 1511(e)(1) was not taken. |
| 1503(b)(2) (O)(P)&(Q) | TSB-M-87(19)C | Chapter 817 - Sec. 85 - Laws of 1987 | Add-back of full amount of unearned premiums outstanding at end of preceding taxable year by non-life insurance corporations. |
| 1503(b)(2) (R) | TSB-M-87(16)C TSB-M-87(19)C | Chapter 817 - Sec. 85 - Laws of 1987 | Add-back of difference between discounted and non-discounted unpaid losses at end of preceding taxable year. |
| 1503(b)(4) | TSB-M-87(19)C | Chapter 817 - Sec. 86 - Laws of 1987 | Deletes reference to unused loss deduction. |
| 1510(b)(1) | TSB-M-87(16)C TSB-M-87(19)C | Chapter 817 - Sec. 91 - Laws of 1987 | Reduces premium tax for life insurance companies from 1% to .8% effective 1/1/87. |

| <u>Tax Law Section</u> | <u>Reference to TSB</u> | <u>Chapter Bill Section</u> | <u>Summary</u> |
|------------------------|-------------------------|-------------------------------------|---|
| 1511(e)(1) | TSB-M-87(7)C | Chapter 13 - Sec. 18 - Laws of 1987 | On or after May 1, 1987, the special additional mortgage recording tax credit will not be allowed to Article 33 taxpayers for mortgages recorded on real property located in the metropolitan commuter transportation district. |
| | TSB-M-87(10)C | Chapter 59 - Sec. 7 - Laws of 1987 | On or after May 1, 1987, the special additional mortgage recording tax credit will not be allowed to Article 33 taxpayers for mortgages recorded on real property located in Erie County. |