

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

TSB-M-90 (1) C
 Corporation Tax
 January 1, 1990

1989 Amendments to the Tax Law

<u>Tax Law Section</u>	<u>Reference to TSB</u>	<u>Chapter-Bill Section</u>	<u>Summary</u>
181.2	TSB-M-89(8)C	Chap. 61 Sec. 340 Laws of 1989	Increases the annual main-tenance fee to \$300. Effective for taxable years ending after 6/30/89.
183.1(a)	TSB-M-89(12)C	Chap. 61 Sec. 269 Laws of 1989	Expands the definition of "corporation" to include associations pursuant to section 7701(a)(3) of the IRC and publicity traded partnerships treated as corporations pursuant to section 7704 of the IRC. Effective TYB on or after 1/1/89.
183.1(b)	TSB-M-89(10)C	Chap. 61 Sec. 318 Laws of 1989	Removes aviation corporations from taxability under Section 183. Effective for taxable years ending 12/31/88.
183.8	TSB-M-89(10)C	Chap. 61 Sec. 319 Laws of 1989	Repealed this section dealing with allocation by aviation corporations.
183-a.1	TSB-M-89(10)C TSB-M-89(12)C	Chap. 61 Sec. 270 and 320 Laws of 1989	Expands definition of "corporation" to correspond with expanded definition in section 183.1(a), listed above. Removed aviation corporations from imposition of surcharge under section 183-a, effective TYB 1/1/89.

<u>Chapter-Bill</u> <u>Tax Law Section</u>	<u>Reference to TSB</u>	<u>Section</u>	<u>Summary</u>
184.1	TSB-M-89(10)C TSB-M-89(12)C	Chap. 61 Sec. 271 and 321 Laws of 1989	Expands the definition of "corporation" to include associations pursuant to section 7701(a)(3) of the IRC and publicly traded partnerships treated as corporations pursuant to section 7704 of the IRC, effective TYB on or after 1/1/89. Removes aviation corporations from taxation under Section 184 of the NYS Tax Law, effective taxable years ending after 4/19/89.
184.1-a	None	Chap. 61 Sec. 272 Laws of 1989	New Section. Added to properly define gross earnings of publicly traded corporation. Effective TYB on or after 1/1/89.
184.4(b)	TSB-M-89(10)C	Chap. 61 Sec. 322 Laws of 1989	Repealed this section dealing with allocation of aviation corporations.
184-a.1	TSB-M-89(10)C TSB-M-89(12)C	Chap. 61 Sec. 273 and 323 Laws of 1989	Expands definition of "corporation" to correspond with expanded definition in section 184.1, listed above. Removes aviation corporations from imposition of the surcharge under section 184-a, effective taxable years ending after 4/19/89.
184-a.2(b)	TSB-M-89(10)C	Chap. 61 Sec. 324 Laws of 1989	Repealed this section dealing with allocation of aviation corporations.

<u>Chapter-Bill Tax Law Section</u>	<u>Reference to TSB</u>	<u>Section</u>	<u>Summary</u>
186	TSB-M-89(12)C	Chap. 61 Sec. 274 Laws of 1989	Expands definition of "corporation" to include associations within the meaning of section 7701(a)(3) of the IRC and publicly traded partnerships treated as corporations pursuant to section 7704 of the IRC. Effective TYB on or after 1/1/89.
186.4	None	Chap. 61 Sec. 274 Laws of 1989	Added to define gross earnings of publicly traded partnership.
186.5	None	Chap. 469 Sec. 2 Laws of 1989	New subdivision. Any electric company which was allowed by the public service commission, prior to 7/16/89, to establish a financial resource asset will be allowed to reduce its gross earnings received in any year after 1991 pursuant to a formula.
186-a.2	TSB-M-89(9)c	Chap. 61 Sec. 313 Laws of 1989	Defines the term "interexchange carrier".Explains gross income and gross operating income of interexchange carrier. In certain cases, allows receipts for provision of carrier access to be excluded from gross income or gross operating income of exchange carrier. Disallows deduction for sale for resale. Effective 7/1/89.
186-a.2-b	None	Chap. 469 Sec. 3 Laws of 1989	New subdivision. Any electric company which, prior to 7/16/89, was permitted by the public service

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commission to establish a financial resource asset will be allowed a reduction in gross income for taxable periods beginning on or after 1/1/92. Formula for computing reduction is provided in law.

186-a.9	None	Chap. 756 757 Laws of 1989	Any surcharge collected or and administrative fee retained by a telephone corporation acting as collecting agent pursuant to article 6 of the County Law shall not be included in gross income.
186-b.1	TSB-M-89(12)C	Chap. 61 Sec. 275 Laws of 1989	Expands the definition of "corporation" to correspond with expanded definition in section 186, listed above.
194	None	Chap. 61 Sec. 276 Laws of 1989	Amended section concerning additional information required to be filed with Article 9 reports regarding associations and partnerships now taxable because of the expanded definition. Effective TYB on or after 1/1/89.
208.1	TSB-M-89(12)C	Chap. 61 Sec. 277 Laws of 1989	Expands the definition of "corporation" to include associations within the meaning of section 7701(a)(3) of the IRC and publicly traded partnerships treated as corporations pursuant to section 7704 of the IRC. Effective TYB on or after 1/1/89.
208.4(b) & (c)	TSB-M-S9(17)C	Chap. 61 Sec. 350 Laws of 1989	Added new subsections to define subsidiary capital for certain merger and acquisition situations.
208.6	None	Chap. 61 Sec. 353 Laws of 1989	Amended definition of investment capital.

<u>Tax Law Section</u>	<u>Reference to TSB</u>	<u>Chapter-Bill</u>	<u>Section Summary</u>
208.7	TSB-M-89(7)C	Chap. 61 Sec. 314 Laws of 1989	Removes reference to section 210.6, which was repealed. Section 210.6 related to the allocation of business income and capital and investment income and capital entirely by the business allocation % or investment allocation % pursuant to the 85-25 rule.
208.9(a)(2)	TSB-N-89(14)C	Chap. 61 Sec. 317 and 352 Laws of 1989	50% dividend deduction for non-subsidiaries limited to dividends from shares of stock that meet requirements of section 246(c) of the IRC (must be held 45 days). Effective TYB on or after 1/1/89.
208.9(a)(5)	None	Chap. 61 Sec. 326 Laws of 1989	Includes refunds of tax under Sections 183, 183-a, 184 and 184-a as items to be deducted from Entire Net Income.
208.9(a)(9) & (10)	TSB-N-89(10)C	Chap. 61 Sec. 327 Laws of 1989	Property of certain aviation companies placed in service prior to taxable years beginning in 1989 is excluded from safe harbor adjustments.
208.9(b)(4)	None	Chap. 61 Sec. 328 Laws of 1989	Includes taxes due under Sections 183, 183-a, 184 and 184-a as items to be added back to Entire Net Income.
208.9(b)(6-a)	TSB-N-89(17)C	Chap. 61 Sec 355 Laws of 1989	New Section. Included in add backs to Entire Net Income. Deals with interest attributable to mergers and acquisitions.
208.9(b)(8) & (9)	TSB-M-89(10)C	Chap. 61 Sec. 327 Laws of 1989	Amendment to corresponding safe harbor adjustments. See 208.9(a)(9) & (10).

<u>Tax Law Section</u>	<u>Reference to TSB</u>	<u>Chapter-Bill Section</u>	<u>Summary</u>
208.9(b)(10)	TSB-M-89(10)C	Chap. 61 Sec. 329 Laws of 1989	Property of certain aviation corporations placed in service prior to taxable years beginning in 1989 is excluded from depreciation adjustments.
208.9(b)(12) & (13)	TSB-M-89(17)C	Chap. 61 Sec. 351 Laws of 1989	Dividends and other income from target corporations added back when computing Entire Net Income.
208.9(b)(14)	TSB-M-89(17)C	Chap. 61 Sec. 354 Laws of 1989	New subparagraph. Addback of dividends paid to a taxpayer by a target corporation.
208.9(f)	TSB-M-89(13)C	Chap. 61 Sec. 278 and 347 Laws of 1989	For taxable years ending after 6/30/89, only \$10,000 of the NOL is allowed as a carryback and the remainder is carried forward. Adds subparagraphs 2-a, 2-b and 2-c to Section 208.9(f) which deal with NOL instructions for target corporations, survivors of a corporate merger and consolidated corporations.
208.9(j)	TSB-M-89(10)C	Chap. 61 Sec. 329 Laws of 1989	Amendment to corresponding depreciation adjustment. See 208.9(b)(10).
208.13	TSB-M-89(17)C	Chap. 61 Sec. 342 Laws of 1989	Adds definition of "corporate merger". All definitions provided by Sec. 342 of Chap. 61 are effective for TYB on or after 1/1/89.
208.14	TSB-M-89(17)C	Chap. 61 Sec. 342 Laws of 1989	Adds definition of "corporate consolidation".

<u>Tax Law Section</u>	<u>Reference to TSB</u>	<u>Chapter-Bill Section</u>	<u>Summary</u>
208.15	TSB-M-89(17)C	Chap. 61 Sec. 342 Laws of 1989	Adds definition of "corporate acquisition."
208.16	TSB-M-89(17)C	Chap. 61 Sec. 342 Laws of 1989	Adds definition of "excluded transaction".
208.17	TSB-M-89(17)C	Chap. 61 Sec. 342 Laws of 1989	Adds definition of "subdivision seventeen corporate acquisition".
208.18	TSB-M-89(17)C	Chap. 61 Sec. 342 Laws of 1989	Adds definition of "subdivision eighteen corporate merger or corporate consolidation".
209-B.2(b)(2)	TSB-M-89(10)C	Chap. 61 Sec. 330 Laws of 1989	Amends Metropolitan Transportation Business Tax Surcharge to include allocation for freight forwarders. Effective TYB on or after 1/1/89.
209-B.2-a	TSB-M-89(10)C	Chap. 61 Sec. 331 Laws of 1989	Adds new subdivision to include allocation for airlines. Effective TYB on or after 1/1/89.
210.1(c)	TSB-M-89(8)C	Chap. 61 Sec. 341 Laws of 1989	Adjustments to paragraph regarding the minimum taxable income base.
210.1(d)	TSB-M-89(8)C	Chap. 61 Sec. 341 Laws of 1989	Increases fixed dollar minimum from \$250 per year to either \$325, \$425, \$800 or \$1500 per year depending upon payroll. Effective for taxable years ending after 6/30/89.

<u>Tax Law Section</u>	<u>Reference to TSB</u>	<u>Chapter-Bill Section</u>	<u>Summary</u>
210.3(a)(2)(B)	TSB-M-89(10)C	Chap. 61 Sec. 332 Laws of 1989	Expands clause (B) to include allocation for air freight forwarders. Effective for taxable years ending after 4/19/89.
210.3(a)(7)	TSB-M-89(10)C	Chap. 61 Sec. 333 Laws of 1989	Add subparagraph (7) to include allocation for aviation corporations. Effective for taxable years ending after 4/19/89.
210.3(b)(1)	None	Chap. 61 Sec. 279 Laws of 1989	Expands subparagraph relating to the computation of the investment allocation percentage.
210.3-a(a)	TSB-M-89(10)C	Chap. 61 Sec. 334 Laws of 1989	Amendment to alternative business allocation percentage to include taxpayers principally engaged in aviation.
210.6	TSB-N-89(7)C	Chap. 61 Sec. 315 Laws of 1989	Repealed this section Which allowed use of bus. alloc. % or inv. alloc. % in it's entirety if 85% /25% requirement is met.
210.7	None	Chap. 61 Sec. 280 Laws of 1989	Adds reference to issuer's allocation percentage as defined in Section 210.3(b)(1).
210.12(e)	TSB-M-89(17)C	Chap. 61 Sec. 343 Laws of 1989	Amended section to disallow carry over of ITC to taxable year in which corp. was a target corporation, etc. Denied ITC carryforward to taxable year of surviving or consolidated corporation when corporate merger or corporate consolidation occurred, etc.

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210.12(g)	TSB-M-89(17)C	Chap. 61 Sec. 348 Laws of 1989	Amends section to add subparagraphs (9), (10) and (11) which explains disposition of property for target corporations, consolidated corporations and survivors of corporate mergers.
210.12(j)(1)	None	Chap. 61 Sec. 362 Laws of 1989	Slight modification to the definition of "new business".
210.12-A(c)	TSB-M-89(17)C	Chap. 61 Sec. 344 Laws of 1989	Same amendments as to Section 210.12(e) regarding target corporations, corporate mergers and corporate consolidations.
210.12-D(c)	TSB-M-89(17)C	Chap. 61 Sec. 345 Laws of 1989	Same amendments as to Section 210.12(e) regarding target corporations, corporate mergers and corporate consolidations.
210.18(e)	TSB-M-89(17)C	Chap. 61 Sec. 346 Laws of 1989	Same amendments as to Section 210.12(e) regarding target corporations, corporate mergers and corporate consolidations.
210.18(f)	TSB-M-89(17)C	Chap. 61 Sec. 349 Laws of 1989	Amends paragraph to add subparagraphs (5), (6) and (7) which explains disposition of property for target corporations, consolidated corporations and survivors of corporate mergers.
211.2	None	Chap. 61 Sec. 281 Laws of 1989	Expanded section, dealing with certification by officer, to include associations under Sec. 7701(3)(a) of IRC and publicly traded partnerships under Sec. 7704 of IRC.

<u>Tax Law Section</u>	<u>Reference to TSB</u>	<u>Chapter-Bill Section</u>	<u>Summary</u>
211.4	TSB-M-89(10)C	Chap. 61 Sec. 335 Laws of 1989	Amended to read that aviation corporations may file a combined report only with other aviation corporations which allocate pursuant to section 210.3(a)(7).
658(c)(2)	TSB-M-89(11)C	Chap. 61 Sec. 282 Laws of 1989	Increases fee imposed on S corporation to \$325 per year. Effective TYB on or after 1/1/89.
1084	None	Chap. 61 Sec. 148 Laws of 1989	Subsections (i) and (j) are repealed. Other subsections are relettered.
1085(d)	None	Chap. 61 Sec. 283 Laws of 1989	Amended by adding paragraph (5) which deals with recapture of reduction in installment.
1085(h)	None	Chap. 61 Sec. 284 Laws of 1989	Reference to new subsection (o).
1085(o)	None	Chap. 61 Sec. 285 Laws of 1989	New subsection to add penalty of \$500 for failure to include information necessary to compute issuer's allocation percentage. Effective TYB on or after 1/1/89.
1088(a)(3)	TSB-M-89(15)C	Chap. 61 Sec. 156 Laws of 1989	Amended sections regarding payment of interest on amended returns or claims for refund. Effective for TYB on or after 1/1/89.
1088(a)(4) & (5)	TSB-M-89(15)C	Chap. 61 Sec. 157 Laws of 1989	Added sections regarding payment of interest. Effective for TYB on or after 1/1/89.

<u>Tax Law Section</u>	<u>Reference to TSB</u>	<u>Chapter-Bill Section</u>	<u>Summary</u>
1096(e)	TSB-M-89(2.1)C TSB-M-89(15)C	Chap. 61 Sec. 126 Laws of 1989	Changes regarding authority to set interest rates. Also explains computation and application of the underpayment rate.
1450-1468 Article 32	None	Chap. 553 Laws of 1989	Extends the sunset date of all provisions, except those which apply to savings banks and savings and loan associations and the alternative minimum tax measured by assets, from taxable periods beginning before 1/1/90 to taxable periods beginning before 1/1/92.
1455-A	TSB-M-89(6)C	Chap. 61 Sec. 338 Laws of 1989	New section adding 2 1/2% tax surcharge on banks. Effective taxable years ending after 6/30/89.
1462(d)	None	Chap. 61 Sec. 286 Laws of 1989	Adds reference to associations and publicly traded partnerships regarding certification of reports by officers.
1462(f)	TSB-M-89(12)C	Chap. 61 Sec. 287 Laws of 1989	Expands definition of "corporation" to include associations pursuant to Sec. 7701(a)(3) of IRC and publicly traded partnerships pursuant to Sec. 7704 of IRC. Effective TYB on or after 1/1/89.
1503(b)(3)	TSB-M-89(5)C	Chap. 61 Sec. 288 Laws of 1989	Adds words "to the extent not deductible in determining federal taxable income" to previously existing deduction.
1520	TSB-M-89(5)C	Chap. 61 Sec. 339 Laws of 1989	New section adding 2 1/2% tax surcharge on insurance companies. Effective taxable years ending after 6/30/89.

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Unconsolidated	TSB-M-89(10)C	Chap. 61 Sec. 336 Laws of 1989	An aviation corporation allowed an investment tax credit in 1989 will not be allowed to deduct the credit in that year but will be allowed to carryforward the credit for 7 years.
Unconsolidated	TSB-M-89(10)C	Chap. 61 Sec. 337 Laws of 1989	Aviation corporations will be allowed a net operating loss for the period 1985-1988 as if such corporation was taxable during this period under Article 9-A of the Tax Law.
Unconsolidated	None	Chap. 61 Sec. 363 Laws of 1989	No penalty on underpayment of installment of estimated tax prior to the date this bill became law.