

Instructions for Form CT-186-A

Report of Gross Operating Income

Article 9, Section 186-a, Tax Law

General Information

Gross operating income must be reported for the 1986 calendar year even if the taxpayer maintains its records and reports to the IRS using a fiscal accounting period.

The annual report is due on March 15 following the close of each calendar year. If March 15 falls on a Saturday, Sunday or legal holiday in any year, the report is due on the next business day.

Who Must File Form CT-186-A

Every utility, person, corporation, company, association or joint-stock association **not** subject to the supervision of the State Department of Public Service who is engaged in the sale or furnishing of gas, electricity, steam, water, refrigeration, telephone or telegraph service delivered through mains, pipes or wires for ultimate consumption within this state must file this report whether or not a tax is due.

Examples of taxpayers required to file Form CT-186-A include owners of apartment buildings, office buildings, hotels, etc., who purchase any of the commodities listed above and resell or furnish any part or all of the commodity to a tenant or guest at identifiable, flat or metered rates for ultimate consumption within New York State.

If gross operating income does not exceed \$500 for the year, you are exempt from the payment of tax. However, you must file this annual report.

Exemption from Tax

The following are exempt from taxation under Section 186-a: The State of New York, including its political and civil subdivisions; municipalities of the State of New York; public districts, not-for-profit corporations and associations organized and operated exclusively for religious, charitable or educational purposes; a corporation leasing from a city in New York State a water works system, to supply water at cost for the purpose of relieving water pollution in a river within such city; and limited dividend housing corporations organized under the Private Housing Finance Law.

Foreign Corporations - Maintenance Fee and License Fee

Every foreign corporation authorized to do business in New York State must pay an annual maintenance fee of \$200. This fee may be applied against the taxes due under Article 9, except the license fee imposed by Section 181. If the total tax (excluding the installment for 1987 on Form CT-186, CT-183 or CT-184) is less than \$200, you may apply any payment made with this report against the \$200 maintenance fee. See Form CT-186, CT-183 or CT-184 for specific instructions.

Foreign corporations must also file a report of license fee. See Form CT-240, *Report of License Fee*.

Extension of Time for Filing Tax Report

A request for an extension of time to file a tax report must be filed on Form CT-5.9 on or before March 16, 1987. An extension of time granted by the IRS to file a federal tax return does not extend the due date for filing Form CT-186-A.

Declaration and Payment of Estimated Tax (Sec. 197-a, 197-b)

A taxpayer whose tax in the preceding year exceeds \$1,000 must pay a mandatory first installment equal to 25% of the tax imposed for the preceding year.

In addition to the mandatory installment, a taxpayer whose New York State tax liability can reasonably be expected to exceed \$1,000 must make a declaration of its estimated tax for the current year. The declaration of estimated tax (Form CT-400) must be filed on or before June 15 each year.

The estimated tax shall be reduced by the mandatory first installment paid with the preceding year's tax report and the balance paid in three equal installments due on June 15, September 15 and December 15.

Specific Instructions

Schedule A

Line 8 - Enter the total of all payments of estimated tax including overpayment carryover from preceding year.

Line 10 - Interest - If the tax is not paid on or before the due date (without regard to an extension of time) interest must be paid on the amount of the underpayment from the due date to the date paid. The interest rate should be determined in accordance with Part 603 of the Tax Regulations.

Line 11a - Additional Charges - Additional charges for late filing are computed on the amount of tax less any payment made on or before the prescribed due date.

- a. If a return is not filed when due or if the application for extension is invalid add to the tax 5% per month up to 25% (Section 1085(a)(1)(A)).
- b. If a return is not filed within 60 days of the prescribed due date the addition to tax cannot be less than the smaller of \$100 or 100% of the amount required to be shown as tax (Section 1085(a)(1)(B)).
- c. In case of failure to pay the tax shown on a return, add to the tax, ½% per month up to 25% (Section 1085(a)(2)).
- d. The total of the additional charges in a and c may not exceed 5% for any one month, except as provided for in b above (Section 1085(a)).

If you think you are not liable for these additional charges, attach a statement to your return explaining the delay in filing and/or payment (Section 1085).

Schedule B

A taxpayer required to file this form must report all purchases of gas, electricity, steam, water or refrigeration which form the basis for the tax. If any of the commodity is sold for ultimate consumption or use within New York State, the taxpayer must show the quantity sold, selling price of the commodity sold and the quantity of the commodity consumed by the taxpayer which was not sold.

In order to avoid double taxation of the commodity under Article 9, Section 186-a, the CT-186-A taxpayer should report the quantity and initial purchase price of the commodity it sold for ultimate consumption or use to the utility from which the commodity was purchased. The utility can then deduct from its gross taxable income on Form CT-186-P the price it charged the Form CT-186-A taxpayer as a sale for resale.

In determining gross operating income, receipts include cash, credits and property of any kind or nature without any deductions for the cost of property sold, the cost of materials used, labor, services or other costs, interest or discount paid, or any other expense.

Line 14 - Enter all receipts from the sale or furnishing of each commodity made for ultimate consumption or use within New York State.

Line 15 - Enter all receipts from services rendered for ultimate consumption or use within New York State which are directly connected with the sale or furnishing of each commodity.

Line 16 - Deductions allowed from receipts comprising gross operating income are uncollectable accounts and taxes imposed by New York State or its municipalities or the federal government where the taxpayer is merely a collecting agency for the taxing authority (e.g. state and local sales tax, federal excise taxes).

Schedule C

Taxpayers such as hotels, motels, or apartment houses within New York State, which supplement for their guests or tenants telephone facilities and services supplied by a telephone company, are engaged in the sale of telephone service and are required to complete Schedule C and compute gross operating income.

Line 23 - Receipts from service charges on toll calls must include total amounts received from all toll calls - intrastate, interstate and foreign - less the charges payable to telephone and telegraph companies (including federal excise taxes and local sales taxes), but without the deduction of rent for equipment.

Line 24 - Enter all receipts from the sale of other telephone services that exceed the charges paid to the telephone companies.

Schedule D

Taxpayers who sell or furnish telephone or telegraph service for ultimate consumption or use within New York State are required to complete Schedule D and compute gross operating income. Gross operating income includes gross operating revenue within New York State and that portion of gross operating revenue from interstate and foreign transmission service attributable to New York State.

The portion of gross operating revenue from interstate and foreign transmission service attributable to New York State is computed by using the accounting rule method or property rule

method. (See TSB-M-82 (6) (C)). If you file Form CT-184 use the same figures in this schedule as used in Form CT-184, Schedule C. Include in gross operating income only those revenues from interstate and foreign transmission services that are received because of sales made or services rendered for ultimate consumption or use by the purchaser.

Line 26 - Enter all gross operating income derived from activities wholly within New York State. This will normally be the amount reported to the New York State Public Service Commission as gross operating income derived from intrastate activities.

Line 27 and 28 - **Accounting rule method** - This method must be used when the taxpayer employs a uniform system of accounts as required for federal or state regulatory purposes. Attach a copy of your New York State Public Service Commission Report.

Line 29 - **Property rule method** - Use only property used in connection with interstate and/or foreign transmission services located in and out of New York State to compute the property allocation.

Line 29a - The value of real property must be determined without allowances for depreciation or amortization. Enter in column a the value of real property located in New York State. Enter in column b the value of real property everywhere.

Line 29b - To compute the average value of rented real property, multiply the rent payable during the period covered by this report by eight (8). Enter in column a the value of rented real property located in New York State. Enter in column b the total of all rented real property everywhere.

Line 29c - The value of tangible personal property must be determined without allowance for depreciation or amortization. Enter in column a the value of tangible personal property located in New York State. Enter in column b the value of tangible personal property everywhere.

Line 29d - Compute the average value of rented tangible personal property in the same manner as rented real property (see line 29b).

Line 29e - Allocate intangible assets to the commercial domicile of the taxpayer.

Line 29g - Divide total of column a, assets located in New York State, by total of column b, total assets everywhere.

Line 30 - Multiply interstate gross operating income by the property allocation percentage from line 29g.

Line 31 - Multiply foreign gross operating income by the property allocation percentage from line 29g.