

Instructions for Form CT-186-P Report of Gross Income

1986

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.

Change of Business Information

If there have been any changes in your business' name, ID number, mailing address, business address, telephone number or owner/officer information, complete the enclosed Form DTF-95, *Change of Business Information*. If no form is enclosed, call 1-800-462-8100 (from out of state (518) 438-1073) to request one.

Who Must File Form CT-186-P

The following are required to file Form CT-186-P: Every utility doing business in New York State that is subject to the supervision of the State Department of Public Service or Department of Transportation and every person doing business in New York State who is subject to the State Department of Public Service and who sells or furnishes gas, electricity, steam, water, refrigerator, telephone or telegraph service by means of mains, pipes or wires for ultimate consumption or use by the purchaser in this state. The word *person* includes persons, corporations, companies, associations, joint stock associations, copartnerships, estates, assignees of rents, persons acting in a fiduciary capacity, and persons, their assignees, lessees, trustees or receivers, appointed by any court whatsoever, that are subject to the supervision of the State Department of Public Service. Utilities whose gross income is taxable include, but are not limited to, street surface, rapid transit, subway and elevated railroads, gas, electric, steam, water, telephone, telegraph, bridge, express, transfer, freight terminal companies and nonoperating railroads that lease their property to others.

A utility subject to the provision of Section 186-a which has gross income of less than \$500 for the taxable period ending December 31 is exempt from the payment of the tax under this section. An exempt utility must still file a report.

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 payable with your returns on Form CT-186, CT-186-P, 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-P.

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.

Tax on Gains Derived from Certain Real Property Transfers (Article 31-B, Section 1449-a)

Every corporation with an interest in real property in New York State must keep a record of the transfer of its stock and report annually every transfer of a "controlling" interest in its stock and any other information that may be required to enforce this article.

Controlling interest of a corporation is either 50 percent or more of the total combined voting power of all classes of stock, or 50 percent or more of the capital, profits or beneficial interest in such voting stock.

All corporations must answer both questions on page 1 of Form CT-186-P. If the answer to both questions is yes, attach a rider providing the following information:

- Name, address and identification number of the new controlling stockholder. (Use social security number for individuals and federal employer identification number for corporations.)
- Date transfer was made.
- Location of real property.

Specific Instructions

Schedule A

Line 2b - If the tax on this report exceeds \$1000 a mandatory first installment is required for the period following that covered by this report. Enter 25% of the tax shown at line 1.

Line 4 - Enter the total of all payments of estimated tax including overpayment carryover from preceding periods.

Line 6 - 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 7a - 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, 1/2% 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

Gross income includes receipts, without any deductions, from the following:

- Sales made or services rendered for ultimate use by a purchaser in this state.
- Profits from sales of securities, real property and personal property.
- Dividends, interest, royalties derived from New York sources (except those received from a corporation, a majority of whose voting stock is owned by the taxpaying utility).
- Profits (except sales for resale and rental) from any transaction within the state.
- Chapter 29 of the Laws of 1985 amended section 186-a.2-a of the Tax Law regarding the treatment of telephone and telegraph corporations. This amendment extends indefinitely the requirement that a telephone and telegraph corporation must include in its determination of gross income or gross operating income, in addition to receipts and profits from sales and services within this state, that portion of revenues from interstate and foreign transmission service attributable to New York State. Only those revenues from interstate and foreign transmission services which are received because of sales made or services rendered for ultimate consumption or use by the purchaser, must be allocated and included in the taxable base under section 186-a. The allocation of gross operating income by a telephone or telegraph corporation must be computed on Schedule E of Form CT-186-P. Allocation rules for receipts from interstate and foreign transmission service are described in TSB-M-82(6)C.

Schedule E

The allocation for telephone and telegraph corporations shall be based on gross operating revenue from transmission services performed wholly within New York State plus the portion of revenue from interstate and foreign transmission services attributable to New York State. There are two nonelective rules used to determine the New York State portion of gross operating revenue from interstate and foreign

transmissions. (See TSB-M-82(6)C). If you also file Form CT-184 use the same figures in this schedule as used in Form CT-184, Schedule C.

- Line 37** - 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 38 - Accounting rule method - and 39** - 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 40 - 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 40a** - 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 40b** - 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 40c** - 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 40d** - Compute the average value of rented tangible personal property in the same manner as rented real property (see line 40b).
- Line 40e** - Allocate intangible assets to the commercial domicile of the taxpayer.
- Line 40g** - Divide total of column a, assets located in New York State, by total of column b, total assets everywhere.
- Line 41** - Multiply interstate gross operating income by the property allocation percentage from line 40g.
- Line 42** - Multiply foreign gross operating income by the property allocation percentage from line 40g.