CT-186-P-I New York State Department of Taxation and Finance

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

1987

Article 9, Section 186-a, Tax Law

General Information

Gross income must be reported for the 1987 calendar year even if the taxpayer maintains its records and reports to the IRS using a fiscal accounting period. When and where to file:

Mail report to: New York State Tax Department
Processing Unit
P.O. Box 1909
Albany, New York 12201-1909

The annual report is due on or before March 15, 1988.

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 New York State Department of Public Service or Department of Transportation 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 utility 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 New York State Department of Public Service. Utilities 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. **Motor carriers or brokers are not required to file this return.**

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 but 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 1988 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 15, 1988. 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 statement 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 — Computation of Tax

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

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

Line 6 - Interest - If the tax is not paid on or before the due date (without regard to an extension of time) you must pay interest on the amount of the underpayment from the due date to the date paid. Determine the interest rate in accordance with Part 603 of the Tax Regulations or call Taxpayer Assistance at 1 800 CALL TAX (1 800 225-5829), from outside New York State call 1 (518) 438-8581.

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, 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 — Computation of Gross Income

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 the 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.
- The portion of revenue from interstate and foreign transmission services, received because of sales made or services rendered for ultimate consumption or use by the purchaser, attributable to New York State (telephone and telegraph corporations). This allocation must be computed on Schedule F of Form CT-186-P.

Schedule C — Allocation of Interest and Dividends

A corporation that has investments in other corporations and/or interest bearing cash accounts may allocate interest and dividends received based on the amount of capital employed in New York State by the payor. The percentage is called "issuer's allocation percentage" for New York State purposes. Interest earned on obligations of U.S. and its instrumentalities and of New York State and its political subdivisions and instrumentalities is not taxable.

Column c — The issuer's allocation percentage used in this column will be supplied upon written request (in duplicate) to:

New York State Tax Department
Taxpayer Assistance Bureau
W. A. Harriman Campus
Albany, New York 12227
Telephone (518) 457-7034

Column d — Multiply each item of interest and dividends listed in Column b by its issuer's allocation percentage, column c.

Line 36 — Total Column d and enter on line 20, Schedule B.

Schedule F — Allocation of Gross Operating Revenue From Telephone and Telegraph Corporations

The allocation for telephone and telegraph companies shall be based on gross operating revenue, as shown on your report to the Public Service Commission 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 rules used to determine the New York State portion of gross operating revenue from interstate and foreign transmissions. Generally, if you must 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 revenue 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 revenue derived from intrastate activities.

Lines 38 and 39 - ***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 and such accounts reflect the amount of gross operating revenue from interstate and foreign transmission services attributable to New York State. Generally, taxpayers using this form will employ this method.

Line 40 - ***Formula Rule Method*** - This method must be used if the accounting rule method does not properly reflect the amount of gross operating revenue from interstate and foreign transmission services attributable to New York State.

Use only property used in connection with interstate and/or foreign transmission services located within and without New York State to compute the property allocation.

The average value of property included in the property factor is computed on a quarterly basis. At the option of the taxpayer a more frequent basis, such as monthly, weekly or daily may be used. However, you must use the same method of valuation with respect to property within New York State and everywhere.

Part I — Computation of revenue-producing circuit miles factor

Line 40a - Enter revenue-producing circuit miles within New York State. Revenue-producing circuit miles within New York State is computed as follows:

The average length in miles of **each** type of revenue-producing communication pathway within New York State used in connection with interstate and/or foreign transmission services

Multiplied by

The number of revenue-producing channels included within **each** type of revenue-producing communication pathway within New York State used in connection with interstate and/or foreign transmission services.

Attach a statement showing the computation of revenue-producing circuit miles within New York State used in connection with interstate and/or foreign transmission services. List each type of revenue-producing communication pathway separately. Include type of pathway, average length in miles of the pathway, number of channels within the pathway and revenue-producing circuit miles.

Example: Computation of revenue-producing circuit miles within New York State.

Communication Pathway	Type	Average length in miles (quarterly basis)	X	# of channels	=	Circuit Miles
#1	Coaxial	100		10,500(EVGC)		1,050,000
#2	Fiber Optical	200		24,000(EVGC)		4,800,000
TOTAL						5,850,000

The term "communication pathway" means any conduit, wire, cable, fiber optical path, microwave signal path, radio signal path or other pathway over which transmissions can be carried.

The average length in miles of each type of revenue-producing communication pathway within New York State is computed on a quarterly basis. At the option of the taxpayer a more frequent basis such as monthly, daily, or weekly may be used. Whatever basis is used to compute the average length of one type of revenue-producing communication pathway must be used to compute the average length of all types of revenue-producing communication pathways within New York State and everywhere. The length of the revenue-producing communication pathway for satellite transmission is the shortest distance in miles over the surface of the earth between the point on the earth where the signal is sent to a satellite and the point on the earth where the signal is received from the satellite.

The term "channel" means the smallest discrete circuit whereby a message, conversation, data set or signal may be tranmsitted without destroying or diminishing the capacity to carry transmission. In general, the number of channels within each type of revenue-producing communication pathway may be measured by equivalent voice grade circuits (EVGC) as shown on Federal Form M-1405. The unit of measurement used to compute the number of revenue-producing channels within a type of revenue-producing communications pathway within New York State must be used to compute the number of channels within that type of revenue-producing communication pathway everywhere.

Line 40b - Enter revenue-producing circuit miles everywhere.

Revenue producing circuit miles everywhere is computed as follows:

The average length in miles of **each** type of revenue-producing communication pathway everywhere used in connection with interstate and/or foreign transmission services.

Multiplied by

The number of revenue-producing channels included within **each** type of revenue-producing communication pathway everywhere used in connection with interstate and/or foreign transmission services.

Attach a statement showing the computation of revenue-producing circuit miles everywhere used in connection with interstate and/or foreign transmission services.

Example: Computation of revenue-producing circuit miles everywhere.

Communication Pathway	Type	Average length in miles (quarterly basis)*	X	# of channels	=	Circuit Miles
#1	Coaxial	200		10,500(EVGC)**		2,100,000
#2	Fiber Optical	300		24,000(EVGC)**		7,200,000
TOTAL						9,300,000

* Same basis as shown on computation of revenue-producing circuit miles within NYS

** Same units of measurement as shown on computation of revenue-producing circuit miles within New York State.

Line 40c - Divide line 40a by line 40b.

Line 40d - The factor weight for 1987 is 27.5%

Part II — Computation of Property Factor

Line 40f - The average value of real property owned must be determined without allowance for depreciation or amortization. Enter in column 1 the average value of real property located in New York State. Enter in column 2 the average value of real property everywhere.

Line 40g - To compute the average value of rented real property, multiply the gross rent payable during the period covered by this report by eight (8). Enter in column 1 the value of rented real property located in New York State. Enter in column 2 the total of all rented real property everywhere. Gross rents include any amount payable as rent or in lieu of rent, such as interest, insurance, taxes, repairs, etc., and amortization of leasehold improvements that revert to the lessor at the termination of the lease. Real property rented shall be determined to be located within New York State if it is physically situated or located in New York State.

Line 40h - Enter the average value of tangible personal property owned within New York State and everywhere which is used in connection with interstate and/or foreign transmission services. Tangible personal property means corporeal personal property, such as machinery, tools, implements, goods, wares and merchandise. It does not mean money, deposits in banks, shares of stock, bonds, notes, credits or evidences of an interest in property or debt, or intangible assets. Average value means the cost of tangible personal property without allowance for depreciation or amortization. The computation of average value is computed on a quarterly basis. At the option of the taxpayer, a more frequent basis such as monthly, weekly or daily may be used. The same method of valuation must be used with respect to tangible personal property within New York State and everywhere. Tangible personal property shall be determined to be within New York State if it is physically situated or located in New York State.

Line 40i - Compute the average value of rented tangible personal property in the same manner as rented real property (see instruction for line 40g).

Line 40j - Enter the average value of intangible assets owned within New York State and everywhere which are used in connection with interstate and/or foreign transmission services. Intangible assets include but are not limited to such items as patents, franchises and copyrights. Average value means the cost of intangible assets without allowance for depreciation or amortization. The computation of average value may be computed on a quarterly basis. At the option of the taxpayer, a more frequent basis such as monthly, weekly or daily may be used. However, you must use the same method of valuation with respect to intangible assets within New York State and everywhere. Intangible assets are determined to be within or without New York State by allocating them to the commercial domicile of the taxpayer.

Line 40k - The average value of extraterrestrial property in New York is determined by multiplying the average value of extraterrestrial property by a percentage determined by dividing the average value of satellite repeater facilities, earth stations or other satellite communication facilities within New York State by the average value of satellite repeater facilities, earth stations or other satellite communication facilities everywhere. Extraterrestrial property means property such as communication satellites, whether owned, leased or rented.

Line 40n - The factor weight for 1987 is 72.5%

Lines 42 and 43 - Enter the amount of gross operating revenue from interstate (line 42) and foreign (line 43) telephone and transmission services which were made for ultimate consumption or use by the purchaser in New York State and multiply by formula rule percentage from line 41.

Schedule G — Computation of Economic Development Zone (EDZ) Rate Reduction Credit

Chapter 929 of the Laws of 1986 created an Economic Development Zone (EDZ) rate reduction credit which may be applied against the tax on gross income computed under Section 186-a of the Tax Law. Utilities taxable under Section 186-a which are subject to the supervision of the NYS Department of Public Service must provide a 3% reduction in the rate charged for gas, electricity, steam or water sold or gas, electric, steam, or water services rendered for ultimate consumption by a business certified pursuant to Article 18-B of the General Municipal Law within an area designated an economic development zone. The EDZ rate reduction credit shall equal 97% of the aggregate rate reduction (enter this amount at line 1b of Form CT-186-P).