New York State Department of Taxation and Finance

CT-186-P-I Instructions for Form CT-186-P Tax Return for Gross Income

Article 9, Section 186-a, Tax Law

General Information

Gross income must be reported for the 1988 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 return to: NYS Corporation Tax
Processing Unit
P.O. Box 1909
Albany, New York 12201-1909

The annual return is due on or before March 15, 1989.

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 return.

Metropolitan Transportation Business Tax Surcharge

Every corporation taxable under Article 9, Section 186-a doing business in the Metropolitan Commuter Transportation District (MCTD) must pay a business tax surcharge. The MCTD includes the counties of New York, Bronx, Queens, Kings, Richmond, Dutchess, Nassau, Orange, Putnam, Rockland, Suffolk and Westchester.

All corporations that file this form must answer the question on page 1 of Form CT-186-P. Corporations not doing business in the MCTD must disclaim liability for the tax surcharge by answering "no" and are no longer required to file Form CT-186-P/M.

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 1989 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 return 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 Return

A request for an extension of time to file a tax return must be filed on Form CT-5.9 on or before March 15, 1989. 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 return 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

Computation of Tax

Line 4b - If the tax on this return exceeds $1000, you must pay a mandatory first installment for the period following that covered by this return. Enter 25% of the tax shown at line 3.

Line 6 - Enter the total of all payments of estimated tax including overpayment carryover from preceding period.

Line 8 - Interest on late payment - 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 9 - 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).

Definition of Gross Income

Gross income includes receipts from transactions within New York State which are derived from the utility's principal business and profits from transactions within New York State which **are not** derived from the utility's principal business.

Receipts which are included in gross income include the following:

- receipts from the sale of gas, electricity, steam, water, refrigeration, telephony or telegraphy when sold through mains, pipes or wires for ultimate consumption or use within New York State;
- receipts from services rendered within New York State which are performed in the conduct of the utility's principal business;
- receipts from sale of merchandise within New York State which are part of the utility's stock in trade;

- other receipts from sales made or services rendered within New York State which are derived from the conduct of the utility's principal business; and
- receipts from interest, dividends and royalties from sources within New York State.

In determining gross 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 expenses, except those deductions provided for with respect to lines 27 and 37 of Schedule A.

Profits which are included in gross income include the following:

- profits from the sale of securities which are held, managed, or controlled within New York State;
- profits from the sale of real property within New York State;
- profits from the sale of personal property within New York State which are not part of the utility's stock in trade; and
- profits from any transaction (except sales for resale and rentals) within New York State.

Schedule A — Computation of Gross Income

Part I - Computation of Receipts

Lines 17 through 20 — Taxpayers (other than telephone and telegraph) which sell gas, electricity, steam, water or refrigeration which is delivered through mains, pipes or wires for ultimate consumption or use within New York State are required to complete lines 17-20. Enter for each type of commodity sold for ultimate consumption or use within New York State the receipts from such sales without any deductions.

Line 22 — Telephone and telegraph companies which sell telephony and telegraphy which is derived through mains, pipes or wires for ultimate consumption or use within New York State enter receipts from Schedule B, line 63.

Line 23 — Enter all receipts (without any deductions) from services rendered within New York State which are directly connected with the sale of gas, electricity, steam, water, refrigeration, telephony or telegraphy for ultimate consumption or use within New York State. Receipts include but are not limited to the following:

- receipts from installation charges;
- receipts from service charges (other than installation) which are performed in the conduct of the utility's principal business; and
- receipts from "rentals" within New York State which in fact constitute service charges (e.g. receipts received from equipment necessary to enable the customer to use the commodity).

Line 24 — Enter receipts (without any deduction) from sales of merchandise (conditional or otherwise) within New York State which are directly connected with the sale of gas, electricity, water, refrigeration, telephone or telegraph for ultimate consumption or use within New York State. Sales of merchandise includes materials and supplies which constitute stock in trade of the utility and are included in merchandise inventory. Receipts include but are not limited to the following:

- receipts from the sale of merchandise to utility's customers;
- receipts from the sale of merchandise to other utilities, and
- receipts from the sale of merchandise to employees (except work supplies - i.e., clothing, shoes, helmets, etc).

Do not include receipts from the sale of merchandise which does not constitute stock in trade and are not included in merchandise inventory (i.e., items of fixed assets such as fixtures, furniture or machines).

Line 25 — Enter any other receipts (without any deduction) from sales made or services rendered within New York State which are derived from the conduct of the utility's principal business. Receipts include but are not limited to the following:

- receipts from the sale of residuals and by-products which are consumed or used in New York State; and
- receipts from transportation or transmission agreements, such as contract carriage and lease operating agreements, where the utility uses its mains, pipes or wires within New York State for the purpose of transporting or transmitting a commodity owned by the purchaser which is not a utility.

Line 27 — Deductions allowed from receipts on lines 17 through 20 and lines 23 through 25 are the following:

- receipts from sales for resale;
- cash discounts (including EDZ 3% rate reduction) taken by the customer;
- uncollectible accounts; and
- taxes imposed by New York State or its municipalities or the federal government where the taxpayer is merely a collection agency for the taxing authority (e.g. state and local sales tax, federal excise taxes).

Enter all deductions listed above which are included as receipts on lines 17 through 20 and lines 23 through 25. Attach a statement listing all deductions.

Line 29 — Receipts from Interest and Dividends Allocated to New York State — Enter receipts from interest and dividends from sources within New York State without any deduction for any expense whatsoever incurred in connection with the receipt. Do not include interest and dividends received from any of the following:

- a corporation, the majority of whose voting stock is owned by the tax paying utility;
- obligations of the United States, any state, territory or possession of the United States, the District of Columbia;
- obligations of a foreign country; and
- any obligation from any political subdivision or governmental instrumentality of any of the foregoing.

Compute receipts from interest and dividends from sources within New York State which are received from corporate and noncorporate entities. Enter in column A the name of the entity which paid the interest or dividend. Enter in column B the type of security (i.e. stock, bond, interest bearing cash account, etc.). Enter in column C the amount of interest or dividends received. Enter in column D the issuer's allocation percentage of the corporation which issued the security (always enter the issuer's allocation percentage from the year immediately preceding the current taxable year). The issuer's allocation percentage is used to compute the amount of interest and dividends allocated to New York State. The issuer's allocation percentage is obtained from the New York State corporation franchise tax return filed by the corporation which issued the stock, bond, interest bearing cash account or other security and represents that corporation's amount of capital, income or premiums employed in New York State as compared to total capital, income or premiums employed everywhere.

In the event the entity which issued the security was not a corporate entity, the amount of interest or dividends allocated to New York State is determined by the percentage of capital employed in New York State by the payor of the stock, bonds, interest bearing cash account, etc. for the year immediately preceding the current taxable year. Attach a statement showing the computation of the payor's capital within and without New York State.

Issuer's allocation percentages for corporate entities can be obtained from tax services publications or by written request (in duplicate) to:

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

Line 30 — Enter receipts from royalties from sources within New York State without any deductions whatsoever incurred in connection with the receipt. Royalties include all amounts received by the utility for the use of patents or copyrights, whether or not such patents or copyrights were issued to or are owned by the utility. A patent or copyright is used in New York State to the extent that the activities thereunder are carried on in New York State.

Part II — Computation of Profits

Line 32 — Enter profits (i.e., gross selling price minus basis without any further deductions) from the sale of securities which are held, managed or controlled within New York State. Securities include shares of stock in any corporation, certificates of stock or interest in any corporation, securities issued by governmental bodies, securities issued by corporations of a like nature as stock and bonds which are sold in the open market or on a recognized exchange, designed as a means of investment, and issued for the purpose of financing corporate enterprises and providing a distribution of rights in, or obligations of, such enterprises.

Include profits from the sale of any tax exempt securities such as those of:

- the United States, any state, territory, possession of the United States;
- the District of Columbia;
- any foreign country; and
- any political subdivision or instrumentality of any of the foregoing.

Include profits from the sale of securities of an affiliated company and profits from the sale of reacquired stock (treasury stock).

Except for a block transaction, losses from sales of securities may **not** be applied against profits from the sale of securities. A block transaction is a single sale where sales of the same security are made in a block transaction (i.e. a utility carries a block of 10,000 shares of the same securities of a corporation in its portfolio and orders its broker to sell the entire block; the fact that the broker executes the order by disposing of the block in several lots does not change the essential nature of the transaction and make it more than one sale).

Line 33 — Enter profits (i.e., gross selling price minus basis without any further deductions) from the sale of real property within New York State in which the utility owns or has an ownership interest.

Line 34 — Enter profits (i.e., gross selling price minus basis without any further deductions) from the sale of personal property within New York State which does not constitute stock in trade of the utility and is not included in merchandise inventory. Profits include but are not limited to the following:

- Profits from the sale of fixed assets such as fixtures, furniture, machinery, equipment, etc..

Do not include profits from the sale of merchandise (i.e., materials and supplies) which constitute stock in trade of the utility and are included in merchandise inventory.

Line 35 — Enter profits (i.e., gross selling price minus basis without any further deductions or in the case of the sale of a service, the gross selling price of the service minus the cost of the service provided) from any transactions within New York State which are not performed in the conduct of the utility's principal business. Do not include profits from sales for resale or profits from rentals. Profits include but are not limited to the following:

- profits from the sale of merchandise (i.e., materials and supplies) which do not constitute stock in trade of the utility and are not included in merchandise inventory;
- profits from labor not performed in the conduct of utility's principal business; and
- profits from transportation or transmission agreements where the utility uses its mains, pipes or wires within New York State for the purpose of transporting or transmitting a commodity owned by another utility.

Line 37 — Deductions allowed from profits on line 32, 33, 34 and 35 are the following:

- brokerage fees, legal fees, advertising fees and other selling expenses incurred due to the sale of securities, real property and personal property;
- cash discounts taken by the customer;
- uncollectible 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).

Enter all deductions listed above which are included as receipts on lines 32 through 35. Attach a statement listing all deductions.

Schedule B — Computation of Gross Income from Telephone and Telegraph Companies and Other Transmission Companies

Telephone, telegraph and transmission companies which sell or furnish telephone or telegraph transmission services in New York State are required to complete Schedule B and compute gross income.

Gross income includes the following:

- intrastate gross income;
- interstate gross income allocated to New York State; and
- foreign gross income allocated to New York State.

Interstate and foreign gross income allocated to New York State is computed by using either the accounting rule method or formula rule method.

Intrastate gross income includes receipts from the sale or furnishing of intrastate telephone or telegraph transmission services for ultimate consumption or use in New York State.

Interstate and foreign gross income includes revenues (i.e. receipts) allocated to New York State from the sale or furnishing of interstate and foreign telephone or telegraph transmission services for ultimate consumption or use in New York State.

In determining gross 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, except for the deductions listed below.

Deductions allowed from receipts comprising gross income are:

- receipts from sales for resale (including receipts from providing local access services within New York State to a long distance carrier where the long distance carrier resells the local access service to the consumer);
- cash discounts (including EDZ 3% rate reduction) taken by customers;
- uncollectible 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 tax).

Attach a statement itemizing all deductions taken in determining the amounts shown on lines 40, 43 or 62.

Gross income from telephone and telegraph transmission services includes receipts such as the following:

- local service receipts from subscriber's stations, public telephones, service stations, local private lines and other local service receipts;
- toll service receipts from message calls, wide area toll services, toll private line services and other toll service receipts;
- miscellaneous receipts from commissions, directory advertising and sales, rent receipts, general service receipts, license receipts and other miscellaneous receipts; and
- any other transmission receipts.

Line 40 — Enter 100% of receipts which comprise intrastate gross income from telephone and telegraph transmission services between points within New York State. Where the taxpayer employs a Uniform System of Accounts as prescribed for federal or state regulatory purposes, enter the amount of receipts which comprise gross income from New York intrastate transmission services reflected in such accounts.

Allocation — Accounting Rule Method

Lines 41 and 42 — Allocation of interstate and foreign gross income by accounting rule method. This method is to be used where the taxpayer employs a Uniform System of Accounts as prescribed for federal or state regulatory purposes and such accounts reflect the amount of gross income from interstate and foreign transmission services attributable to New York. Enter the amount of receipts which comprise interstate and foreign gross income as reflected in such accounts.

Allocation — Formula Rule Method

Lines 44 through 62 — Allocation of interstate and foreign gross income by formula rule method. This method must be used where the taxpayer does not employ a Uniform System of Accounts as prescribed for federal or state regulatory purposes or where the accounting rule method does not properly reflect the amount of gross income from interstate and foreign transmission services attributable to New York State.

Part I — Computation of revenue-producing circuit miles factor

Line 44 — Enter the number of 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 45 — Enter the number of 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 47 — The weight given to the circuit miles factor for 1988 is 17.5%.

Part II — Computation of Property Factor

Line 49 — Enter the average value of real property owned within New York State and everywhere which is used in connection with interstate and/or foreign transmission services. Average value means the cost of real 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 real property within New York State and everywhere. Real property shall be determined to be located within New York State if it is physically situated or located in New York State.

Line 50 — Enter the average value of real property rented to the taxpayer within New York State and everywhere which is used in connection with interstate and/or foreign transmission services. The average value of real property rented to the taxpayer is determined by multiplying gross rents payable during the period covered by this return by eight (8). 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 51 — 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 52 — Enter the average value of tangible personal property rented to the taxpayer within New York State and everywhere which is used in connection with interstate and/or foreign transmission services. The average value of tangible personal property rented to the taxpayer is determined by multiplying gross rents payable during the period covered by this return by eight (8). See line 50 instructions for definition of gross rents. Tangible personal property rented shall be determined to be within New York State if it is physically situated or located in New York State.

Line 53 — 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 54 — Enter the average value of extraterrestrial property within New York State and everywhere which is used in connection with interstate and/or foreign transmission services. Extraterrestrial property refers to property such as communication satellites whether owned, rented or leased. Average value means cost without allowance for depreciation or amortization or if rented, the gross rental times eight (8). To determine the average value of extraterrestrial property within New York State multiply the average value of extraterrestrial property everywhere by a percentage determined as follows:

Average value of satellite repeater facilities, earth stations, or other satellite communication facilities within New York State used in connection with interstate and/or foreign transmission services

Divided by

Average value of satellite repeater facilities, earth stations, or other satellite communication facilities everywhere used in connection with interstate and/or foreign transmission services.

Line 57 — The weight given to the property factor for 1988 is 82.5%.

Line 60 — Enter the amount of receipts which comprise gross income from interstate telephone and transmission services and multiply by the formula rule allocation percentage from line 59.

Line 61 — Enter the amount of receipts which comprise gross income from foreign telephone and transmission services and multiply by the formula rule allocation percentage from line 59.

Schedule C — 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 non-retail 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 2 of Form CT-186-P).

Line 64 — Enter in column A the name of each non-retail business, whether incorporated or unincorporated, which received the EDZ 3% rate reduction in 1988.

Enter in column B the certificate number issued by the NYS Tax Department, Processing and Revenue Management Division, Building 8, Room 907, W. A. Harriman Campus, Albany, NY 12227, for each business listed in column A.

Enter in column C the 1988 rate reduction base for each business listed in column A. The rate reduction base includes the basic commodity charge, fuel adjustment, state and city gross income taxes and the metropolitan transportation business tax surcharge. The rate reduction base does not include cash discounts (including the EDZ 3% rate reduction) or taxes imposed by New York State or its municipalities or the federal government where the taxpayer is merely a collection agency for the taxing authority (e.g., state and local sales tax, federal excise taxes).

Enter in column D the amount of EDZ rate reduction in 1988. The amount of the EDZ rate reduction is determined by multiplying column C for each business by 3%.