



# Instructions for Form CT-3-A

## Combined Franchise Tax Return

Article 9-A, Tax Law

### New Fixed Dollar Minimum Tax

Chapter 61, Laws of 1989, signed on April 19, 1989 amended Article 9-A, section 210.1(d). The amended law increased the fixed dollar minimum tax effective immediately.

It is our interpretation that it was the intent of the Legislature that the effective date of section 341 of Chapter 61 should be for periods ending after June 30, 1989. A technical correction bill has been requested to clarify the effective date. If this technical correction is not made, corporations filing for fiscal periods ending in April, May and June will also be subject to the higher fixed dollar minimum tax.

As a taxpayer with a fiscal period ending after June 30, 1989, you must consider this recent change when computing your franchise tax. See Schedule L instructions.

### General Information

You must get permission from the New York State Tax Department before you may file as a combined group. You must also get permission to include in your combined return corporations not previously included or to exclude corporations previously included.

You must request permission within 30 days after the end of the tax year and meet the following requirements:

- You must own or control directly or indirectly 80% or more of the stock in the group.
- The corporations in the combined group must be operating a unitary business.
- Filing on an individual basis would distort New York activities, business, income or capital.

See New York State Codes, Rules and Regulations, Title 20, sections 6-2.1 through 6-2.7, for complete details.

To get Form AU-2.1, *Application for Permission to File as a Combined Group*, write to:

NYS Tax Department  
Taxpayer Assistance Bureau  
W. A. Harriman Campus  
Albany, New York 12227

You may also get forms by calling toll free 1 800 462-8100. From areas outside New York State, call (518) 438-1073.

### Other Forms Required

**CT-3** — Every corporation included in a combined return **must** file separate returns on Forms CT-3 and CT-3-ATT. Complete

lines 1 through 41 and lines 74 through 80 on Form CT-3, and Schedules B through E on Form CT-3-ATT. Transfer this information to Schedules F through L of this form to compute the combined tax. When a member of the group is also a stockholder in a tax-exempt DISC, you must complete Form CT-3-C and transfer the consolidated data to the appropriate CT-3-A schedules.

**CT-3M/4M** — Any corporation taxable under Article 9-A that does business, employs capital, owns or leases property or maintains an office in the Metropolitan Commuter Transportation District must file Form CT-3M/4M and pay a tax surcharge. The MCTD includes the counties of New York, Bronx, Kings, Queens, Richmond, Dutchess, Nassau, Orange, Putnam, Rockland, Suffolk, and Westchester.

Every combined group that files this form must answer the question on page 1. A combined group that does not do business, employ capital, own or lease property in the Metropolitan Commuter Transportation District must disclaim liability for the tax surcharge by answering "No" and is no longer required to file Form CT-3M/4M.

### Taxable DISC

A parent corporation may elect to file a combined return with a taxable domestic international sales corporation (DISC) if it beneficially owns 80 percent or more of the DISC's voting capital stock. The entire net income of a taxable DISC is zero.

### Computation of Combined Tax

The combined group must compute its tax on this form. Do not use Form CT-3, lines 42 through 73.

**Line 4.** Enter in the appropriate boxes the amounts of gross payroll, total receipts and average value of gross assets and the fixed dollar minimum tax for the corporation filing this return. See Schedule L instructions for detailed information about the new fixed dollar minimum tax rates.

**Line 12.** Each corporation included in the combined return (other than a foreign corporation not doing business or otherwise not subject to tax in New York State and the corporation paying the combined tax) is required to pay the fixed dollar minimum tax. The new fixed dollar minimum tax may differ between group members. Use Schedule L to compute the total fixed dollar minimum tax for corporations not paying the combined tax and enter on this line the amount from Schedule L, line 79 column (d). Enter the number of subsidiaries included in the return in the box provided on line 12.

**Schedules F and G - Combined Business and Investment Allocation Percentages**

The election to allocate entire net income or total business and investment capital by either the business or investment allocation percentage is not available to corporations included in a combined return (Tax Law 210.6). Therefore, such corporations claiming allocation must complete Form CT-3-ATT, Schedules B and D.

**Schedule I - Combined Entire Net Income Base and Tax**

**Line 49.** The combined net operating loss deduction is subject to the same limitations which apply for the federal income tax as if the same corporations filed a consolidated federal return.

**Line 52.** A net operating loss deduction must be apportioned between combined business income and combined investment income. The amount apportioned to investment income is computed by multiplying the combined net operating loss deduction by a percentage determined by dividing combined investment income (line 51, column c) by combined entire net income (line 48, column c).

**Line 60.** The 1987 tax reform legislation reduced the tax rate for the entire net income base to 9% and provided a lower rate for a taxpayer included in the newly created class of "small business taxpayer." See instructions for Form CT-3, line 26, for the complete description of a small business taxpayer and the special reduced tax rate.

**Schedule J - Combined Minimum Taxable Income Base and Tax**

The 1987 tax reform legislation created this new tax base effective for tax years beginning after 1986 and before 1990. The minimum taxable income base is determined by recomputing business income allocated to New York State (see Schedule F, Part II).

The minimum taxable income base tax rate is 3.5% (.035).

**Schedule K - Combined Capital Base and Combined Group Issuer's Allocation Percentage**

**Line 77.** The maximum tax liability for the combined capital tax computation is \$350,000.

**Line 78.** Each group must compute its combined group issuer's allocation percentage. The percentage is computed by adding the total combined capital base (line 76, column c), and the allocated combined subsidiary capital (line 72, column c) and dividing the total by total combined capital (line 68, column c).

**Schedule L - Computation of Fixed Dollar Minimum Tax for Subsidiaries**

**Line 79.** Add the amounts entered in column (d) and enter the total on page 1, line 12.

You must compute fixed dollar minimum tax for each member of a combined filing group except a foreign corporation included in the combined group that would not otherwise be taxable in New York State.

The fixed dollar minimum tax has been increased and consists of four levels:\*

<b>For a corporation with:</b>	<b>The fixed dollar minimum tax is:</b>
— Gross payroll of \$6,250,000 or more .....	\$1,500
— Gross payroll of less than \$6,250,000 but more than \$1,000,000 .....	\$425
— Gross payroll of \$1,000,000 or less .....	\$325
UNLESS the following situation exists:	
— Gross payroll, total receipts and average value of gross assets are each \$1,000 or less .....	\$800

\* See *New Fixed Dollar Minimum Tax* on the front page regarding the effective date.

**Gross Payroll for Short Periods** — Annualize gross payroll for tax periods of less than 12 months by dividing the amount of gross payroll by the number of months in the short period and multiply the result by 12.

**Short Period Reduction** — The reduction of the fixed dollar minimum tax for short periods of 9 months or less remains unchanged. See instructions for Form CT-3 or CT-4 for details.

**Gross Payroll** — The total wages, salaries, and other personal service compensation of all employees including general executive officers located everywhere.

**Total Receipts** — Receipts from the sales of tangible personal property, services performed, rentals, royalties, receipts from the sales of rights for closed-circuit and cable television and transmissions, and all other business receipts received in the regular course of business.

**Average value of gross assets** — The average fair market value of real property and marketable securities plus all other property at the value shown on your books in accordance with generally accepted accounting principles.