New York State Department of Taxtation and Finance

CT-32-I/
CT-32-A-I
(7/89)

Instructions for Forms CT-32 and CT-32-A

Franchise Tax Return for Banking Corportions
Using Fiscal Reporting Periods Ending after June 30, 1989, through November 30, 1989

Important Information

Tax Surcharge on Banking Corporations

Chapter 61 of the Laws of 1989 amended Article 32 of the Tax Law to add a new section 1455-A which provides for a 2½% (.025) tax surcharge on banking corporations taxable under Article 32.

The 2½% (.025) tax surcharge applies to tax years ending after June 30, 1989, but before July 1, 1992. The tax surcharge cannot be imposed upon any taxpayer for more than 36 months.

For more information see TSB-M-89(6)C.

Maintenance Fee

Chapter 61 also increased the maintenance fee to $300 (Article 9, section 181.2) for authorized foreign corporations as defined in the CT-32-P instructions, Page 1, Who Must File, Item D. The maintenance fee may be applied as a credit against the franchise tax.

Enclosed is the 1988 CT-32-P forms packet and revised Forms CT-32, CT-32-A and a new CT-5.2 (all printed on pink paper). Use only the pink forms when filing your franchise tax return or requesting an extension of time to file. Read the instructions below to complete lines 7b and 8b on Form CT-32 and lines 7 through 10 on Form CT-32-A. All other forms and instructions in the 1988 packet may be used. Instructions for the new CT-5.2 are on the back of the form.

Form CT-32 — Tax Surcharge Computation — Line 7b

The tax surcharge is computed on the largest tax (before the deduction of any tax credits) based on allocated taxable entire net income, allocated taxable alternative entire net income, allocated taxable assets or the fixed minimum tax. This is the amount found on Form CT-32, line 5. Multiply the amount on line 5 by 2½% (.025).

The tax surcharge **cannot** be reduced by any tax credits.

Form CT-32 — Tax and Tax Surcharge Due — Line 7c

The amount due is shown on line 7c and consists of the tax after deduction of tax credits, line 7a, plus the tax surcharge, line 7b.

Form CT-32 — First Installment — Line 8b

If Form CT-5.2 **was not filed** and the amount of tax and surcharge on line 7c exceeds $1000, enter 25% (.25) of that amount.

Form CT-32 — Total — Line 9

If you are an authorized foreign corporation and your total tax, tax surcharge and MTB tax surcharge is less than the $300 maintenance fee add the difference at this line.

Form CT-32-A — Tax Surcharge Computation — Line 8

The tax surcharge is computed on the largest combined tax (before the deduction of any tax credits) based on allocated combined taxable entire net income, allocated combined taxable alternative entire net income, allocated combined taxable assets or the fixed minimum tax plus the combined fixed minimum taxes for the subsidiaries. These amounts are found on Form CT-32-A, lines 5 and 7b. Multiply the total of lines 5 and 7b by 2½% (.025).

Form CT-32-A — Combined Tax and Tax Surcharge Due - Line 9

The amount due is shown on line 9 and consists of the combined tax after deduction of tax credits plus the tax surcharge.

Form CT-32-A — First Installment — Line 10b

If Form CT-5.2 **was not filed** and the total amount of the combined tax (line 7a) plus the tax surcharge (line 8) exceeds $1,000, enter 25% (.25) of that amount.

Extension of Time for Filing Tax Return — Form CT-5.2

You may request a six-month extension to file Form CT-32 or CT-32-A by filing Form CT-5.2 and paying the tax due, within 2½ months after the close of the tax year.

The payment of the franchise tax plus the 2½% (.025) tax surcharge must either:

- equal or exceed the amount of franchise tax for the preceding tax period (if it was a period of 12 months) **plus** an amount equal to 2½% (.025) of the preceding year's tax before the deduction of any tax credits;

or

- equal or exceed 90% of the franchise tax as finally determined plus 90% of the 2½% (.025) tax surcharge as finally determined.

Declaration of Estimated Tax Form CT-400

Except for the mandatory 25% first installment paid with Form CT-32, CT-32-A or CT-5.2, it is not necessary to estimate the tax surcharge when filing a *Declaration of Estimated Tax,* Form CT-400.

Metropolitan Transportation Business Tax Surcharge — Form CT-32-M

The computation of the metropolitan transportation business tax surcharge (Form CT-32-M) is not affected by the 2½% (.025) tax surcharge.

The computation of the MTB tax surcharge will continue to be based on the franchise tax less tax credits as shown on the revised Form CT-32, line 7a, or Form CT-32-A, line 7c.