New York State Department of Taxation and Finance

CT-186-P-I

Instructions for Form CT-186-P

Tax Return for Gross Income

Tax Law — Article 9, Section 186-a

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, or refrigerator service by means of mains, pipes or wires for ultimate consumption or use by the purchaser in this state. Every utility doing business in New York State that is subject to the supervision of the New York State Department of Public Service, who sells or furnishes telephone or telegraph services, in whole or in part, through the use of mains, pipes or wires within New York State whether or not the telephone or telegraph sales or services are for ultimate consumption or use by the purchaser. Utilities include 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, 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 tax period ending December 31 is exempt from the payment of the tax under this section but must still file a return.

When and Where to File

You must report gross income on a calendar year basis even if you maintain your records and report to the IRS using a fiscal accounting period.

File your annual return on or before March 15, 1991.

Mail return to: NYS Corporation Tax, Processing Unit, P.O. Box 1909, Albany, New York 12201-1909

Extension of Time for Filing Tax Return

If you cannot meet the filing deadline, you may request an extension of time by filing Form CT-5.9 on or before March 15, 1991. 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.

Metropolitan Transportation Business Tax Surcharge

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

Corporations not doing business in the MCTD must disclaim liability for the MTB tax surcharge by answering "No" to the question on page 1 of Form CT-186-P 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:

New York State, including its political and civil subdivisions; municipalities of New York State; 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 to relieve water pollution in a river within that 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 $300. 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 1991 payable with your returns on Form CT-186, CT-186-P, CT-183 or CT-184) is less than $300, you may apply any payment made with this return against the $300 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*.

Declaration and Payment of Estimated Tax (Sec. 197-a, 197-b)

If your tax including tax surcharge for the preceding year is more than $1,000, you must pay a mandatory first installment equal to 25% of the preceding year's tax.

In addition to the mandatory installment, if your New York State tax and tax surcharge liability can reasonably be expected to exceed $1,000, you must make a declaration of 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 is 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 located 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 is either 50% or more of the total combined voting power of all classes of stock or 50% or more of the capital, profits or beneficial interest in that voting stock.

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.

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 Form DTF-95, *Change of Business Information*. If you don't have a form, call toll free (from New York State only) **1 800 462-8100.** From areas outside New York State call (518) 438-1073. If your address has changed, check the box next to the name and address on the CT-186-P.

Specific Instructions

Computation of Tax

Line 4 — An electric corporation as defined in section 2.13 of the Public Service Law, subject to the supervision of the Public Service Commission, may claim a utility tax credit against the tax imposed under Article 9, section 186-a, for part of the Article 13-A tax and the tax surcharge imposed on or passed through to the electric corporation on residual petroleum or nonautomotive diesel fuel used to fuel generators for the purpose of manufacturing or producing electricity.

The utility tax credit must be applied to Article 9, section 186-a tax in the same year the credit is determined to exist. However, the Article 13-A utility tax credit must first be applied to any Article 13-A tax liability (see Form PT-105). The excess may be carried forward to subsequent Article 13-A tax liability or applied against Article 9, section 186-a tax.

Use the following worksheet to determine the amount of utility tax credit claimed on this line. Attach a copy of the worksheet. In place of the worksheet, registered 13-A taxpayers may attach a copy of their December 1990, Form PT-105.

Utility Tax Credit Worksheet

A Petroleum Product	B Number of Gals. used		C Rate	D Amount of Credit (B x C)
Residual	_____	×	.0358 . . .	_____
Nonautomotive	_____	×	.0375 . . .	_____
(1) Total credit available				_____
(2) Credit applied to Article 13-A taxes				_____
(3) Available utility tax credit . . . . . (subtract line 2 from line 1)				_____

Attach a list of your suppliers.

Tax Surcharge

Line 6 — Chapter 190 of the Laws of 1990 amends Article 9 of the Tax Law to add section 188, which provides for a 15% and 10% tax surcharge on tax imposed under section 186-a of the Tax Law.

The 15% tax surcharge applies to tax years ending on December 31, 1990, and December 31, 1991. The 10% tax surcharge applies to the tax year ending on December 31, 1992. The tax surcharge is not imposed on any taxpayer for more than 36 months.

The tax surcharge does not apply to the metropolitan transportation business tax surcharge.

Line 8b — First installment for the next period - If the tax and tax surcharge shown on line 7 is more than $1,000 and you did not file Form CT-5.9, you must pay a mandatory first installment for the period following that covered by this return. Enter 25% of the total tax and tax surcharge shown on line 7.

Line 10 — Enter the total of all payments of estimated tax including overpayment carryover from preceding period.

Line 12 — Interest on late payment - If you do not pay 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. You may call the Taxpayer Assistance Bureau for the current interest rate or to have the interest computed for you. Call toll free (from New York State only) 1 800 CALL TAX (1 800 225-5829). From areas outside New York State call (518) 438-8581.

Line 13 — Additional charges for late filing are computed on the amount of tax less any payment made on or before the due date.

a. If you do not file a return 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 you do not file a return within 60 days of the 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. If you do not 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

General Information

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 or refrigeration when sold through mains, pipes or wires for ultimate consumption or use within New York State;
- receipts from the sale of telephony or telegraphy sold, in whole or in part, through the use of mains, pipes or wires within New York State whether or not the sales are for ultimate consumption or use by the purchaser;
- 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 31 and 41 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

Line-by-Line Instructions

Part I - Computation of Receipts

Lines 21 through 24 — 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 21-24. 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 26 — Telephone and telegraph companies which sell telephony and telegraphy which are delivered, in whole or in part, through the use of mains, pipes or wires, whether or not for ultimate consumption or use by the purchaser within New York State. enter receipts from Schedule B. line 47.

Line 27 — 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. Effective on July 1, 1989 and thereafter, telephone and telegraph companies enter all receipts (without any deductions) from services rendered within New York State which are directly connected with the sale of telephone or telegraph services whether or not the services are for ultimate consumption or use by the purchaser. 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 28 — 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. Effective on July 1, 1989 and thereafter, telephone and telegraph companies enter receipts (without any deduction) from sales of merchandise (conditional or otherwise) within New York State which are directly connected with the sale of telephone or telegraph services whether or not the sales of merchandise are for ultimate consumption or use by the purchaser. Sales of merchandise include 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 29 — 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 to transport or transmit a commodity owned by the purchaser which is not a utility.

Line 31 — Deductions allowed from receipts on lines 21 through 24 and lines 27 through 29 are the following:

- receipts from sales for resale, (however, telephone and telegraph companies **cannot** deduct receipts from sales for resale effective on July 1, 1989, and thereafter);
- 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 21 through 24 and lines 27 through 29. Attach a statement listing all deductions.

Line 33 — 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 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 taxpaying 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 tax 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 tax year. Attach a statement showing the computation of the payor's capital employed in New York State as compared to total capital employed everywhere.

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. Call toll free (from New York State only) 1 800 CALL TAX (1 800 225 5829). From areas outside New York State, call 1 (518) 438-8581.

Line 34 — Enter receipts from royalties from sources within New York State without any deductions 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 under the patent or copyright are carried on in New York State.

Part II — Computation of Profits

Line 36 — 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 37 — 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 38 — 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 39 — 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 to transport or transmit a commodity owned by another utility.

Line 41 — Deductions allowed from profits on lines 36 through 39 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 36 through 39. Attach a statement listing all deductions.

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

General Information

Telephone, telegraph and transmission companies which sell or furnish telephone or telegraph transmission services in New York State must complete Schedule B to 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 formula rule allocation method or accounting rule allocation method.

Allocation — Formula Rule Allocation Method

Use this method to allocate interstate and foreign gross income if you do **not** employ a Uniform System of Accounts as prescribed for federal or state regulatory purposes or if the accounting rule method does not properly reflect the amount of gross income from interstate and foreign transmission services attributable to New York State.

Taxpayers using the formula rule allocation method must complete Schedule B, Part V, and compute a property factor percentage which is used to determine the amount of gross income from interstate and foreign transmission services attributable to New York State.

Allocation — Accounting Rule Allocation Method

Use this method to allocate interstate and foreign gross income only if you employ a Uniform System of Accounts as prescribed for federal or state regulatory purposes and the accounts reflect the amount of gross income from interstate and foreign transmission services attributable to New York.

Note: A taxpayer using the accounting rule allocation method should contact the Tax Department for instructions before completing Form CT-186-P.

Gross Income

Intrastate gross income includes receipts from the sale or furnishing of intrastate telephone or telegraph transmission services within New York State **whether or not for ultimate consumption or use** by the purchaser.

Also, 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 within New York State **whether or not for ultimate consumption or use** by the purchaser.

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.

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.

Deductions allowed from receipts included in gross income are:

- Exchange carriers - From January 1, 1990, to June 30, 1990, exchange carriers may deduct receipts from carrier access services sold within New York State to any interexchange telephone company. To claim this deduction complete Schedule B, Part II.
- Interexchange carriers - From July 1, 1990, to December 31, 1990, interexchange carriers may deduct the cost of resold carrier access services purchased within New York State from an exchange telephone company. To claim this deduction, complete Schedule B, part III.
- The cost of telephone or telegraph transmission services resold in New York State on which the tax under section 186-a was previously paid (to eliminate double taxation of receipts under section 186-a). To claim this deduction, complete Schedule B, Part IV. Do not include any carrier access services resold prior to July 1, 1990, or any carrier access services previously deducted in Schedule B, Part II, or Schedule B, Part III.
- Cash discounts (including EDZ 3% rate reduction) taken by customers on transmission services. To claim this deduction, complete Schedule B, Part IV.
- Uncollectible accounts from the sale of transmission services. To claim this deduction, complete Schedule B, Part IV.
- Taxes imposed by New York State or its municipalities or the federal government for which the taxpayer is merely a collecting agency for the taxing authority (e.g., state and local sales tax, federal excise tax). To claim this deduction, complete Schedule B, Part IV.

Enter all deductions listed above, which are included as receipts on lines 44, 45 or 46. All those deductions, with respect to interstate and foreign transmission services are taken prior to allocation to New York State and no deduction is allowable unless the deduction is initially included as a part of receipts, except a deduction for bad debts may relate to receipts included as taxable on a prior return.

Part I — Computation and Allocation of Gross Income

Line-by-Line Instructions

Line 44, column A - If you use the formula rule allocation method, enter all receipts which constitute gross income from intrastate telephone and telegraph transmission services within New York State. If you employ a Uniform System of Accounts as prescribed for federal or state regulatory purposes, enter the amount of receipts which constitute gross income from intrastate transmission services attributable to New York State reflected in such accounts.

Line 44, column B - Enter deductions from Part II, line 48; Part III, line 49; or Part IV, line 52.

Line 45, column A - If you use the formula rule allocation method, enter all receipts from all interstate telephone and telegraph transmission services. If you use the accounting rule allocation method, contact the Tax Department for instructions before completing line 45.

Line 45, column B - Enter deductions from Part III, line 50; or Part IV, line 53.

Line 45, column D - Enter the formula rule allocation percentage from Part V, line 62.

Line 46, column A - If you use the formula rule allocation method, enter worldwide receipts from international and foreign telephone and telegraph transmission services. If you use the accounting rule allocation method, contact the Tax Department for instructions before completing line 46.

Line 46, column B - Enter deductions from Part III, line 51; or Part IV, line 54.

Line 46, column D - Enter the formula rule allocation percentage from Part V, line 62.

Part II - Exchange Telephone Company Deduction for Carrier Access Service From January 1, 1990, through June 30, 1990

This part is to be completed by an exchange telephone company who sells exempt carrier access service within New York State to an interexchange carrier and the interexchange carrier resells the access service to the consumer. The 41 exchange telephone companies eligible for this deduction are listed on TSB-M-89(9)C.

Column A - List the name of each interexchange carrier to whom you sold exempt carrier access service within New York State. The interexchange carrier is one who sells interexchange telephony (whether intrastate, interstate or foreign) to the public as a common carrier. The interexchange carrier is one who has obtained a certificate of convenience and necessity issued by the Federal Communications Commission or the New York Public Service Commission.

Column B - Enter the amount of receipts from the sale of exempt carrier access service within New York State to each interexchange carrier listed in Column A. List only receipts from interstate or foreign carrier access service rendered within New York State which are presently contained in Federal Communications Commission tariff No. 41; or receipts from intrastate carrier access service rendered within New York State which are presently contained in Public Service Commission tariff No. 913.

Column C - Enter for each receipt listed in column B, the amount of the receipt which is attributable to intrastate carrier access services rendered within New York State which was included in gross income for the period January 1, 1990, through June 30, 1990.

Part III — Interexchange Telephone Company Deduction for Carrier Access Service from July 1, 1990, to December 31, 1990

This part is to be completed by an interexchange telephone company that purchases carrier access service within New York State from an exchange telephone company, where the interexchange telephone company resells the carrier access service to the consumer. This deduction is **NOT** available for carrier access services that are **NOT** resold to customers.

The interexchange telephone company is one who sells interexchange telephone service (whether intrastate, interstate or foreign) to the public as a common carrier. The interexchange telephone company is one that has obtained a certificate of convenience and necessity issued by the Federal Communications Commission or the New York Public Service Commission.

Column A - List the name of each exchange telephone company from whom you purchased carrier access service within New York State. The 41 exchange telephone companies within New York State are listed on TSB-M-89(9)C.

Column B - Enter the cost of carrier access services purchased within New York State from each exchange telephone company listed in column A, on which the exchange telephone company

has paid the 186-a tax on such carrier access services. The cost of carrier access services purchased on which the 186-a tax has been paid by the exchange telephone company should be identifiable as a separate item on the bill rendered by the exchange telephone company.

Column C - Enter for each carrier access service listed in column B, the cost of the carrier access service which is attributable to intrastate, interstate or foreign transmission services.

Part IV — Other Deductions from Gross Income from January 1, 1990, through December 31, 1990

Column A - List in this column a description of each deduction claimed (i.e., cash discount, uncollectible accounts, state or local sales taxes, federal excise tax, double taxation of receipts etc.).

Column B - Enter for each deduction listed in column A the amount being claimed.

Column C - Enter for each deduction listed in column B, the amount of the deduction that is attributable to intrastate, interstate or foreign transmission services.

Part V — Computation of Property Factor

Line 55 — 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. Average value is computed quarterly, but you may use a more frequent basis such as monthly, weekly or daily. 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 56 — 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. 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 57 — 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 is corporeal personal property, such as machinery, tools, implements, goods, wares and merchandise. It does not include money, deposits in banks, shares of stock, bonds, notes, credits or evidences of an interest in property or debt, or intangible assets. Average value is the cost of tangible personal property without allowance for depreciation or amortization. Average value is computed quarterly, but you may use a more frequent basis such as monthly, weekly or daily. The same method of valuation must be used with respect to tangible personal property within New York State and everywhere. Tangible personal property is determined to be within New York State if it is physically situated or located in New York State.

Line 58 — 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. See line 56 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 59 — 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 is the cost of intangible assets without allowance for depreciation or amortization. Average value is to be computed quarterly, but you may use a more frequent basis such as monthly, weekly or daily. The same method of valuation must be used 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 60 — 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 is cost without allowance for depreciation or amortization or if rented, the gross rental times eight. 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.

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 63 — Enter in column A the name of each nonretail business, whether incorporated or unincorporated, which received the EDZ 3% rate reduction in 1990.

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 1990 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 1990. The amount of the EDZ rate reduction is determined by multiplying column C for each business by 3%.