



# Instructions for Form CT-3-A

# CT-3-A-I

## Combined Franchise Tax Return

Tax Law - Article 9-A

### Important Information Tax Surcharge

The Laws of 1990 amended Article 9-A by adding a new section 209-A that imposes a tax surcharge on general business corporations.

For periods ending after June 30, 1990, and before July 1, 1992, the tax surcharge will be computed at the rate of 15% of your franchise tax after the deduction of any tax credits. The 15% tax surcharge will not be imposed upon a taxpayer for more than 24 months.

For periods ending after June 30, 1992, and before July 1, 1993, the tax surcharge will be computed at the rate of 10% of your franchise tax after the deduction of any tax credits. The 10% tax surcharge will not be imposed upon a taxpayer for more than 12 months.

Tax credits may **not** be applied against the 15% or 10% tax surcharge.

### General Information

You must get permission from the New York State Tax Department before filing 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. Use Form AU-2.1 to request permission.

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 voting 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, NY 12227

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

### Extension of Time to File for Combined Filers

Use Form CT-5.3, *Application for Automatic Six-Month Extension for Filing a Franchise or Business Tax Return - Combined Filer*, to request an extension of time to file a combined return and to provide detailed information about the group, including names, identification numbers and the amounts and kinds of payments made by the members of the group.

### Computerized Returns

Computer-produced corporation tax returns will be accepted if you have received permission to file them and if they meet our specifications. See Publication 76, *Specifications for Reproduction of New York State Corporation Tax Forms*. For information, write to:

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

### Processible Forms

Returns must be prepared in a manner that will permit their routine handling and processing. Interest will not be paid on an overpayment of taxes until the return is in a processible form.

### Use of Reproduced Forms

Photocopies of returns are acceptable if they are of good quality and are signed in the proper place.

### 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 your address has changed, check the box next to the name and address on page 1 of Form CT-3-A.

### Other Forms Required

**CT-3** — Each corporation included in a combined return **must** file a separate return on Forms CT-3 and CT-3-ATT. Complete lines 1 through 41 and lines 74 through 80 on Form CT-3, and Schedules A through E on Form CT-3-ATT. Transfer this information to Schedules F through N 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 (MCTD) must file Form CT-3M/4M and pay the metropolitan transportation business (MTB) tax surcharge. The MCTD includes the counties of New York, Bronx, Kings, Queens, Richmond, Dutchess, Nassau, Orange, Putnam, Rockland, Suffolk, and Westchester.

Answer the question on page 1 of Form CT-3-A. A combined group that does not do business, employ capital, own or lease property or maintain an office in the MCTD must disclaim liability for the MTB tax surcharge by answering *No*.

### 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% or more of the DISC's voting capital stock. The entire net income of a taxable DISC is zero.

### Computation of Combined Tax and Tax Surcharge

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 N instructions for detailed information about the 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 fixed dollar minimum tax may differ between group members. Use Schedule N to compute the total fixed dollar minimum tax for corporations not paying the combined tax and enter on this line the amount from Schedule N, line 115 column D. Enter the number of subsidiaries included in the return in the box on line 12.

**Line 13a** — Add lines 11 and 12. This is your tax after the deduction of tax credits.

**Line 13b** — The tax surcharge is computed on the tax determined on line 13a. Multiply line 13a by 15% (.15).

**Line 13c** — Add lines 13a and 13b. This is the total combined tax due and consists of the tax, plus the tax surcharge after the deduction of any credits, and combined minimum tax for subsidiaries.

**Line 14b** — If you did not file Form CT-5.3 and the amount of your combined tax and tax surcharge (line 13c) is more than \$1,000, you must pay a mandatory first installment for the period following that covered by the return. The installment must be equal to 25% of the current year's tax after credits (line 9), plus 25% of the tax surcharge (line 13b) plus 25% of each \$1500 minimum tax reported for the taxable subsidiaries in Schedule N.

**Schedules F through M**

Attach a separate sheet of paper providing details of any entry made in column B, *Intercompany Eliminations*.

**Schedules F and L - Combined Business Allocation Percentage**

If you used Form CT-3-ATT, Schedule B, Part I and Part III to compute the individual business allocation percentages use Schedule F, Part I and Part II to compute the combined business allocation percentage.

If you used Form CT-3-ATT, Schedule B, Part II (aviation corporations) to compute the individual business allocation percentage, use Schedule L, lines 89 through 99 to compute the combined business allocation percentage.

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

**Line 58** — 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 61** — 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 60, column C) by combined entire net income (line 59).

**Line 69** — The tax rate for the entire net income base is 9%; a lower rate (8%) applies to small business taxpayers. See instructions for Form CT-3, line 26, for a more detailed description of small business taxpayer and the special reduced tax rate.

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

Each corporation included in the combined group must complete Form CT-3-ATT, Schedule A, Part I, and transfer the information to Schedule J of this form. See Form CT-3-I, *Instructions for Forms CT-3 and CT-3-ATT*.

The minimum taxable income base tax rate is 5%.

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

**Line 87** — The maximum tax on combined capital is \$350,000.

**Line 88** — Each group must compute its combined group issuer's allocation percentage. The percentage is computed by adding the total combined capital base (line 86), and the

allocated combined subsidiary capital (line 82) and dividing the total by total combined capital (line 78, column C).

A penalty of \$500 will be imposed if you fail to provide the information needed to compute the combined issuer's allocation percentage.

**Schedule M - Computation of Combined Adjusted Minimum Tax**

The tax law provides for a minimum tax credit available for use against tax computed on the combined entire net income base. The tax credit is designed to prevent double-counting of income which might otherwise arise because of timing items of tax preference and adjustments. Each corporation included in the combined group must complete Form CT-3-ATT, Schedule A, Part II, and transfer the information to Schedule M of this form.

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

**Line 115** — 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, and the corporation paying the combined tax).

The fixed dollar minimum tax consists of four levels:

For a corporation with a gross payroll of:	The fixed dollar minimum tax is:
— \$6,250,000 or more .....	\$1,500
— Less than \$6,250,000 but more than \$1,000,000 .....	\$425
— \$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

**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 multiplying 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.

**Need Help?**

**Phone** For forms and publications, call toll free (from New York State only) 1 800 462-8100. From areas outside New York State, call (518) 438-1073.

For information, 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.

Telephone assistance is available from 8:00 a.m. to 5:00 p.m., Monday through Friday.

**Write** If you need to write, address your letter to:

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

Mail returns to:

NYS Corporation Tax  
Processing Unit  
P.O. Box 1909  
Albany, NY 12201-1909