



# Instructions for Form CT-3-A

## Combined Franchise Tax Return

Tax Law - Article 9-A

**CT-3-A-I**  
(6/90)

### 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 tax surcharge.

Form CT-3-A and Form CT-5 have been revised to provide space to compute the tax surcharge. The revised forms are printed on canary-color paper. If you reproduce the forms, use canary paper if possible.

In addition to being printed on canary paper, the revised forms and instructions have a boxed form number (e.g., **CT-3-A**) and a 6/90 print date. Only taxpayers with fiscal years ending after June 30, 1990, and through November 30, 1990, should use these forms.

### 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 1 800 462-8100. From areas outside New York State, call (518) 438-1073.

#### Fixed Dollar Minimum Tax Change

The fixed dollar minimum tax was increased. In 1989 the fixed dollar minimum tax consists of four levels and is determined by the corporation's gross payroll, total receipts and average value of gross assets. See TSB-M-89(8)C for more information.

Form CT-3-A was revised to include a new **Schedule L** that permits the computation of the total amount of fixed dollar minimum taxes. A fixed dollar minimum tax must be paid for each member of the group except the corporation responsible for payment of the combined franchise tax and a foreign corporation

included in the combined group which would not otherwise be taxable in New York State.

#### Extension of Time to File for Combined Filers

Form CT-5.3, *Combined Filer Information Report*, is a new form that you must attach to Form CT-5 if requesting an extension. It provides 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** — 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 M 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 the MTB 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 filing this form must 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 in the Metropolitan Commuter Transportation District 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.

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**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.

**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 largest tax determined at 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 after the deduction of any tax credits plus the tax surcharge and combined minimum tax for subsidiaries.

**Line 14b** — If you did not file Form CT-5 and the amount of your combined tax and 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) and 25% of each \$1500 minimum tax reported for the taxable subsidiaries in Schedule L.

**Combined Business Allocation Percentage Schedules F and M**

If you used Form CT-3-ATT, Schedule B, Part I to compute the individual business allocation percentages use Schedule F, Part I 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 M, lines 80 through 90 to compute the combined business allocation percentage.

**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 tax rate for the entire net income base is 9%; a lower rate (8%) applies to a taxpayer included in the newly created class of "small business taxpayer." 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**

This new tax base is 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 5% (.05).

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

**Line 77** — The maximum tax on combined capital 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 66, 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 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, and the corporation paying the combined tax).

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

**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 or 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.

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

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  
PO. Box 1909  
Albany, NY 12201-1909