



Instructions for Form CT-185

Cooperative Agricultural Corporation Franchise Tax Return

Tax Law — Article 9, Section 185

General Information

Who Must File Form CT-185

Form CT-185 must be filed by farmers, fruit growers and similar agricultural corporations organized and operated on a cooperative basis as described in Article 6 of the Cooperative Corporation Law of the State of New York. Receivers, liquidators, referees, trustees, assignees, and other fiduciaries, appointed by any court, who conduct the business of such a corporation must also file this form. Section 185 imposes a franchise tax on the net value of issued capital stock employed in New York State. The net value of issued capital stock may be allocated in and out of New York, based on the gross assets employed in New York (see Schedule E).

Tax Rate

You must pay the highest tax computed by one of the following three methods:

- allocated value of issued capital stock multiplied by tax rate of .001;
- allocated value of issued capital stock multiplied by a rate based on dividends equal to or in excess of 6%; or
- minimum tax of \$10.

If a corporation has more than one kind of stock, a combination of tax on capital stock using the tax rate of 1 mill and the dividend rate, as computed in Schedule D, is possible.

Tax on Gains Derived from Certain Real Property Transfers - Article 31-B, Section 1449-a

A corporation with an interest in real property must keep a record of the transfer of its stock, report annually every transfer of a controlling interest in its stock, and provide any other information that may be required to enforce this article.

Controlling interest of a corporation 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 the voting stock.

Answer both questions on page 1 of Form CT-185. If the answer to both questions is Yes, attach the following information:

- name, address and identification number of the new controlling stockholder (use the social security number of an individual or the federal employer identification number of a corporation);
- date the transfer was made; and
- location of the real property.

Foreign Corporations - Maintenance Fee and License Fee

Foreign corporations authorized to do business in New York must pay an annual maintenance fee of \$300. This fee may be applied against the taxes due under Article 9. If the total tax payable with your return for December 31, 1994, is \$300 or more, you have satisfied the requirement to pay a maintenance fee. If the total tax payable is less than \$300, add the difference to produce a total tax and fee of \$300. Foreign corporations must also file Form CT-240, *Foreign Corporation License Fee Report*.

When and Where to File

File your 1994 Form CT-185 on or before March 15, 1995. Attach a copy of your federal return.

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

Extension of Time for Filing Tax Return

If you need more time to file your return, file Form CT-5.9, *Application for Three-Month Extension of Time to File an Article 9 Tax Return*, on or before March 15, 1995. An extension of time granted by the IRS to file a federal return does not extend the due date for filing Form CT-185.

Change of Business Information

If there have been any changes in your business name, identification number, mailing address, business address, telephone number or owner/officer information and you have not previously notified us, 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 to request one.

Specific Instructions

Line 1 - Enter the highest value of capital. To determine this amount subtract line 18, column B, from line 17, column B, or compute the average in Schedule C. The amount cannot be less than \$5 per share of issued capital stock.

Line 2 - Allocation computation - multiply the amount on line 1 by the allocation percentage/issuer's allocation percentage from line 41.

Line 3 - Multiply line 2 by the tax rate (.001).

Line 4 - Enter the tax based on dividend rate from line 56.

Line 6 - Enter the amount from line 3, 4 or 5, whichever is largest. If you are an authorized foreign corporation, see maintenance fee information above.

Line 7 - You may take credit against your franchise tax for certain "special additional mortgage recording tax" you paid. This credit may not reduce your tax below the minimum tax, or if you are an authorized foreign corporation, it may not reduce the tax below the \$300 maintenance fee. Any unused credit may be carried forward. Attach Form CT-43, *Claim for Special Additional Mortgage Recording Tax Credit*.

Line 9 - Enter total of all payments, including any overpayment carried over from a preceding period.

Line 11 - If you do not pay the tax by March 15, 1995, you must pay interest on the amount of underpayment from the due date to the date paid. You may call the Taxpayer Assistance Bureau for the current rate. 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 12 - 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 or payment or both (section 1085).

Schedules A and B

Complete these schedules using the information that appears on the balance sheet of your federal return. Attach a copy of your federal return.

Schedule D

The dividend rate on par value capital stock is computed by using the par value and should not include any paid-in capital.

The dividend rate on stock without nominal or par value is computed by dividing the dividend paid by the amount paid for the stock (stated value of no par stock) and paid-in capital on the stock. It does not include capital arising from appreciation of assets, amounts not contributed by the stockholder or retained earnings.

Schedule E - Allocation Percentage/Issuer's Allocation Percentage

Your issuer's allocation percentage is used by corporate shareholders to compute their corporate franchise tax. It represents the amount of your issued capital stock employed within New York State compared to the total amount of issued capital stock employed everywhere. This percentage is also used to compute the amount you enter on line 2.

Recent amendments to the Tax Law require most corporations doing business in New York State to provide the information needed to compute their issuer's allocation percentage. Section 1085(o) of the Tax Law provides for a penalty of \$500 for failure to provide information needed to compute your issuer's allocation percentage.

If you have assets outside New York State, complete Schedule E using the amounts shown on the balance sheet of your federal return. If all of your assets are located in New York State, enter 100% on line 41.

Line 35 - If the assets of any company whose stock is owned by this corporation are employed both in and outside New York, you may allocate your holding on the basis of the percentage of employment by the issuer of the stock.

Line 36 - Bonds, loans and other securities are considered located where held.

Line 41 - Divide line 40, column A, by line 40, column B. Use this amount to compute your New York base on line 2.

Schedule F

If you paid dividends of 6% or more on all classes of issued capital stock, do not complete lines 51 through 55.

If you did not pay dividends of 6% or more on all classes of stock, you must compute a tax on the dividends based on the value of the stock on which dividends of 6% or more were paid plus a tax at the "Capital Stock" rate on the remaining value of all capital stock. The remaining value of all capital stock depends on which class of capital stock the dividend was paid on. If the dividend was paid on preferred stock, the remaining value of all capital stock is retained earnings plus common stock. If the dividend was paid on common stock, the remaining value of capital stock is preferred stock. Retained earnings are normally associated with common stock. The following examples show how the dividend rates and remaining value of capital stock are computed.

Example 1 — Dividend paid on preferred stock

Par value, common stock	\$10,000
Par value, preferred stock	50,000
Retained earnings	80,000
Dividends paid on preferred stock	3,000
Dividends rate (\$3,000 ÷ \$50,000)	6%
6 × .00025 (Tax Rate)	.0015
Tax (\$50,000 × .0015)	75
Remaining value of issued capital stock (common stock plus retained earnings \$90,000 × .001)	90
Total tax	\$ 165

Example 2 — Dividend paid on common stock

Par value, common stock	\$10,000
Par value, preferred stock	50,000
Retained earnings	80,000
Dividends paid on common stock	3,000
Dividends rate (\$3,000 ÷ \$10,000)	30%
30 × .00025 (Tax Rate)	.0075
Tax (\$10,000 × .0075)	75
Remaining value of issued capital stock (preferred stock only, \$50,000 × .001)	50
Total tax	\$ 125

Need Help?

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 the Business Tax Information Center toll free (from the continental U.S. only) 1 800 972-1233. You can also 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 8:30 a.m. to 4:25 p.m., Monday through Friday.

Persons with Disabilities - In compliance with the Americans with Disabilities Act, we will ensure that our lobbies, offices, meeting rooms and other facilities are accessible to persons with disabilities. If you have questions about special accommodations for persons with disabilities, please call the information and assistance numbers listed above.

Hotline for the Hearing and Speech Impaired - If you have a hearing or speech impairment and have access to a telecommunications device for the deaf (TDD), you can get answers to your New York State tax questions by calling our toll-free hotline 1 800 634-2110 (within New York State). Hours of operation are from 9:00 a.m. to 4:15 p.m., Monday through Friday. If you do not own a TDD, check with independent living centers or community action programs to find out where machines are available for public use.

If you need to write, address your letter to: NYS Tax Department, Taxpayer Assistance Bureau, W A Harriman Campus, Albany NY 12227.