



# Instructions for Form CT-3-A

## General Business Corporation Combined Franchise Tax Return

Tax Law — Article 9-A

### 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, *Application for Permission to File as a Combined Group*, 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 a separate 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.

### Extension of Time to File for Combined Filers

Use Form CT-5.3, *Application for Six-Month Extension of Time to File a Combined Franchise Tax Return*, 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 they meet our specifications. See Publication 76, *Specifications for Reproduction of New York State Corporation Tax Forms*. For information, see **Need Help?** on the back page.

### 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, 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.

### Change of Address

If your address has changed, enter your new address on the label and check the box next to the name and address block at the top of your corporation tax return. Do not check this box for any change of business information other than address. You must still attach the preprinted label with the old address to enable us to update your account.

### 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 24, lines 26 through 39, lines 42 through 66, line 94, lines 101 through 107 and Schedule A on Form CT-3, and Schedules B through D on Form CT-3-ATT. Transfer this information to Schedules E 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-3-M/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 tax surcharge on business done in the Metropolitan Transportation Authority region (MTA 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 MTA 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.

### Line Instructions

#### Negative Amounts

Show negative amounts, if any, in parentheses.

#### Computation of Combined Tax and State Tax Surcharge

Attach a separate sheet providing details of any entry made in Column B, *Intercompany Eliminations*, in Schedules E through L.

The combined group must compute its tax on this form. **Do not** use Form CT-3, lines 25, 40, 41 and 67 through 93.

**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 126, column D. Enter the number of subsidiaries included in the return in the box on this line.

**Line 14** — Enter the appropriate state tax surcharge rate in the box on line 14 and multiply line 13 by that rate.

**If your reporting period has not changed** and your return covers a calendar year, fiscal period or short period return ending on or before June 30, 1994, enter 15% in the box and multiply the tax shown on line 13 by 15% (.15).

If your reporting period ends after June 30, 1994, and before July 1, 1995, multiply the tax shown on line 13 by 12½% (.125).

If your reporting period ends after June 30, 1995, multiply the tax shown on line 13 by 7½% (.075).

**If your reporting period has changed**, resulting in a tax period of less than 12 months on any return filed since July 31, 1990 (including this return), see Form CT-3-I, *Instructions for Forms CT-3 and CT-3-ATT*, and use the line 78 instructions to compute your state tax surcharge.

**Line 15** — This is the total combined tax due and consists of the tax, plus the state tax surcharge after the deduction of any credits, and combined minimum tax for subsidiaries.

**Line 16b** — If you did not file Form CT-5.3 and the amount of your combined tax and state tax surcharge on line 15 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 on line 9, plus 25% of the state tax surcharge on line 14 plus 25% of each \$1500 minimum tax reported for the taxable subsidiaries in Schedule N.

**Line 23b** — If some or all of the subsidiary corporations have made a gift to wildlife, enter the total of all amounts from their Form CT-3, line 87b.

**Lines 23c and 24** — Add lines 17, 20, 21, 22 and 23b. If line 18 is less than the total, subtract line 18 from that total. Enter the difference on line 23c. This is your balance due and should represent the total amount of tax due, interest, penalties and the gift to wildlife. Enter your payment on line A of page 1.

If line 18 is more than the total of lines 17, 20, 21, 22 and 23b, subtract the total from line 18. Enter the difference on line 24 as an overpayment.

**Lines 25 through 28** — You may apply an overpayment as a credit to your next state franchise tax period or to your MTA surcharge for this period or you may have it refunded. Indicate on lines 25 through 28 the amounts you wish transferred as credits or refunded.

**Line 29** — If you claim a refund of unused investment tax credit from Form CT-46, special additional mortgage recording tax credit from Form CT-43.1, EDZ or ZEA wage tax credit from Forms DTF-601 or DTF-601.1, or EDZ investment tax credit from Form DTF-603, check the refund claimed box on page 1. Enter the total amount and attach the appropriate tax credit forms. Do not include this amount in the total tax credits claimed on line 8.

### Schedules E and K - Combined Business Allocation Percentage

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

If you used Form CT-3, Schedule A, Part I (aviation corporations) to compute the individual business allocation percentage, use Schedule K, lines 91 through 101 to compute the combined business allocation percentage.

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

**Line 60** — 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 63** — 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 the combined investment income on line 62, column C, by the combined entire net income on line 61.

**Line 71** — The tax rate for the entire net income base is 9%; a lower rate of 8% applies to small business taxpayers. See the instructions for Form CT-3, line 25, for a more detailed description of small business taxpayer and the special reduced tax rate.

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

Each corporation included in the combined group must complete Form CT-3, lines 42 through 61 and transfer the information to Schedule I of this form. See Form CT-3-I, *Instructions for Forms CT-3 and CT-3-ATT*.

**Line 79** - The rate of tax on the minimum taxable income base is 5% (.05) for tax years beginning in 1994 and 3 1/2% (.035) for tax years beginning in 1995. Multiply the amount on this line by the appropriate tax rate.

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

**Line 89** — The maximum tax on combined capital is \$350,000.

**Line 90** — Each group must compute its combined group issuer's allocation percentage. The percentage is computed by adding the total combined capital base on line 88, and the allocated combined subsidiary capital on line 84, and dividing the total by the total combined capital on line 80, column C.

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

**Schedule L - 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 B, Part I, and transfer the information to Schedule L of this form.

**Schedule M - Application of Minimum Tax Credit**

The combined minimum tax credit can be used to reduce your franchise tax only if such tax is based on the entire net income base. The amount of such credit is the combined adjusted minimum tax computed in Schedule L, for all prior tax years beginning after December 31, 1989, less any amount used as a minimum tax credit in prior tax years.

Complete lines 117a through 125 only if you completed Schedule M on a prior year tax return.

**Lines 117a and 117b** - Enter date and amount of each prior adjusted minimum tax. If you only have one prior year adjusted minimum tax amount, enter that amount on line 121.

**Line 122** - Enter any amount you have used as a minimum tax credit in a prior year. Otherwise, enter "0" on this line.

**Line 124** - If your franchise tax for this tax year is based on your entire net income, enter the amount or portion of the amount on line 123 that will, after applying all other tax credits, reduce your tax on your entire net income base to the higher of the fixed dollar minimum tax or the tax on the minimum taxable income base.

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

**Line 126** — 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?**

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. 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.



Imagine hundreds of creatures that sprint, swim, fly or slither. That is exactly how diverse New York's fish and wildlife species are. You too, can take an active part in ensuring the fish and wildlife diversity in New York State.

Picture yourself involved in learning about the wildlife in New York State, observing various fish and wildlife resources and helping to restore and manage them to benefit both wildlife and people.

This can be done when you **Return a Gift to Wildlife** on your New York State tax form. Also, remind your tax preparer that you wish to contribute to this worthwhile program. Remember to **Return a Gift to Wildlife**, the program dedicated to conserving New York's fish and wildlife diversity.

For additional program information or to donate directly, please write to:

**Return a Gift to Wildlife, NYS DEC, Room 122, Program 5, 50 Wolf Road, Albany NY 12233-4830.**