New York State Department of Taxation and Finance

Instructions for Form CT-13

Unrelated Business Income Tax Return

CT-13-I

1995

Who Must File Form CT-13

An organization or trust as described in section 511(a)(2)or (b)(2) of the Internal Revenue Code (IRC), that is carrying on an unrelated trade or business in New York State must file this return and pay the tax due regardless of the amount of federal gross income from an unrelated trade or business. An unrelated trade or business is one not related to the purposes that exempt an organization from tax under section 501 of the Internal Revenue Code. However, the following organizations are not subject to tax under Article 13 and are not required to file Form CT-13:

1. Corporations liable for tax under Article 9-A of the Tax Law.
2. Organizations whose sole unrelated trade or business in New York consists of providing commercial type insurance (section 501(m)(2)(A) of the IRC).

Check the box on the front of Form CT-13 if you ceased operating the unrelated business during the tax year covered by this return. If you become liable for the unrelated business income tax during any subsequent tax year, you must resume filing Form CT-13.

State Tax Surcharge Rates

For fiscal years ending after June 30, 1994, but before July 1, 1995, a state tax surcharge will be imposed at the rate of 12½% (.125).

For fiscal years ending after June 30, 1995, but before July 1, 1996, and for calendar year 1995, a state tax surcharge will be imposed at the rate of 7½% (.075).

For fiscal years ending after June 30, 1996, but before July 1, 1997, a state tax surcharge will be imposed at the rate of 2½% (.025).

When to File

File this form within 4½ months after the end of the reporting period. If you need more time to file, you may request an extension of the filing date by completing and filing Form CT-5 and paying the tax and state tax surcharge due on or before the due date of this return. **Exception:** Employee trusts, as described in the IRC, section 401(a), are required to file within 3½ months after the end of the reporting period. If you are an employee trust, check the box above line A on Form CT-13.

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.

Mail your completed Form DTF-95 to: NYS Tax Department, Registration Section, Building 8, Room 409, W A Harriman Campus, Albany NY 12227.

Principal Unrelated Business Activity

In the box labeled *Principal Unrelated Business Activity*, give the one unrelated business activity that accounts for the largest percentage of total receipts. *Total receipts* are gross receipts and all other income. State the broad field of unrelated business activity as well as the specific product or services (e.g., investments, providing services to or selling products to nonmembers, rental income, etc.).

Reporting Period

If you are a calendar year filer, check the box in the upper right corner on the front of the form.

If you are a fiscal year filer, complete the beginning and ending tax period boxes in the upper right corner on the front of the form.

Line A

After completing your return, enter the amount of your payment. Your payment should be the full amount shown on line 18.

Negative amounts, if any, should be shown in parentheses.

Line 4 — Enter income derived from the conduct of games of chance or from the rental of premises for the conduct of games of chance permitted by a license granted under Article 9-A of the General Municipal Law. Games of chance **do not** include bingo or lotto. Also enter income included in federal unrelated business taxable income that is included only because of section 501(m)(2)(A) of the IRC.

Line 6 — The net operating loss deduction is limited to the lower of either the federal or New York State net operating loss. Your net operating loss may not exceed the deduction allowable for federal tax. A net operating loss deduction cannot be claimed for periods that the taxpayer was not subject to tax under Article 13 of the Tax Law.

Computation of State Tax Surcharge

Line 12 — Enter the appropriate state tax surcharge rate from the chart below in the box on line 12 and compute your state tax surcharge on the worksheet below.

The state tax surcharge rates are:

	For Tax Years Ending After	and Before	Maximum Number of Months Surcharge Imposed
12½%	6/30/94	7/1/95	12
7½%	6/30/95	7/1/96	12
2½%	6/30/96	7/1/97	12

Worksheet for State Tax Surcharge

A. State tax surcharge rate which applies to this return (see chart above) _____%

B. Maximum number of months for which the state tax surcharge percentage on line A is imposed (see chart above). _____

C. Number of months for which the state tax surcharge percentage on line A has been paid. _____

D. Remaining number of months subject to the state tax surcharge percentage on line A (subtract line C from line B). _____

- If line D is zero, **stop** here and enter "0" on line 12 of the return.

E. Number of months covered by this return. _____

- If line E is less than or equal to line D, **stop** here and multiply the franchise tax on line 11 by the state tax surcharge percentage on line A; enter this amount on line 12 of the return.
- If line E is more than line D, complete lines F through I.

F. Proration percentage (divide line D by line E). _____%

G. Franchise tax from line 11 of the return. _____

H. Franchise tax subject to the state tax surcharge (multiply line G by line F). _____

I. State tax surcharge after proration (multiply line H by the state tax surcharge rate on line A). Enter this amount on line 12 of the return. _____

Line 14 — Complete the payment reconciliation on the back of the form and enter the total prepayments of estimated tax from line 42. Include overpayment carryover from the preceding period and any payment made with Form CT-5.

Line 16 — If you do not pay the tax and state tax surcharge on or before the due date (determined without regard to any extension), 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 rate or to have the interest computed for you by calling the appropriate number at the bottom of this page.

Line 17 — Late filing and late payment penalties.

Additional charges for late filing and late payment are computed on the amount of tax and state tax surcharge 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% (.05) per month up to 25% (.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 in item A above 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 fail to pay the tax shown on a return, add to the balance due, ½% (.005) per month up to 25% (.25) (section 1085(a)(2)).

D. The total of the additional charges in items A and C may not exceed 5% (.05) for any one month except as provided for in item 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).

Schedule A

Lines 22 through 35 — Enter the New York State amount in column A and the entire amount in column B.

Line 22 — The fair market value of any asset is the price (without any encumbrance, whether or not the taxpayer is liable) at which a willing seller will sell and a willing purchaser will buy. Average fair market value is generally computed on a quarterly basis. If your usual accounting practice does not permit computing average fair market value quarterly or more frequently, you may use a semiannual or annual basis if no distortion of average fair market value results.

Line 23 — Gross rent includes any amount payable as rent or instead of rent, such as taxes and repairs, and the amount of annual amortization of any costs of leasehold improvements made by or on the behalf of the taxpayer. Multiply gross rents, paid or payable during the year covered by the return, by eight to arrive at the amount of gross rents to be included on line 23.

Lines 24 and 25 — *Tangible personal property* is corporeal personal property, such as machinery, tools, implements, goods, wares, and merchandise. **Do not include** cash, shares of stock, bonds, notes, credits, or evidence of an interest in property and evidence of debt.

Line 35 — Include only the personal service compensation of employees (other than general executive officers) of the unrelated trade or business.

General executive officers include the chairman, president, vice president, secretary, assistant secretary, treasurer, comptroller, and any other officer charged with the general executive affairs of the corporation. An executive officer whose duties are restricted to territory either in or outside New York State is not a general executive officer.

Privacy Notification

The right of the Commissioner of Taxation and Finance and the Department of Taxation and Finance to collect and maintain personal information, including mandatory disclosure of social security numbers in the manner required by tax regulations, instructions and forms, is found in Articles 8, 9, 9-A, 13, 19, 27, 32, 33 and 33-A of the Tax Law and 42 USC 405(c)(2)(C)(i).

The Tax Department will use this information primarily to determine and administer corporate tax liabilities under the Tax Law, for certain tax refund offsets, and for any other purpose authorized by law.

Failure to provide the required information may result in civil or criminal penalties, or both, under the Tax Law.

This information will be maintained by the Director of the Data Management Services Bureau, NYS Tax Department, Building 8 Room 905, W A Harriman Campus, Albany NY 12227; telephone (from New York State only) 1 800 CALL TAX (1 800 225-5829); from areas outside New York State call (518) 438-8581.

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, forms or publications, call the Business Tax Information Center at 1 800 972-1233. The call is toll free from anywhere in the U.S. (including Alaska and Hawaii) and Canada. For information, 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 1 800 634-2110 toll free from anywhere in the U.S. (including Alaska and Hawaii) and Canada. Hours of operation are from 8:30 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.