New York State Department of Taxation and Finance

Instructions for Form CT-4-S

New York S Corporation Franchise Tax Return
Short Form for Small Businesses

CT-4-S-I

Who Must File — All federal S corporations whose shareholders have filed Form CT-6 and received approval to be treated as a New York S corporation must file Form CT-3-S or Form CT-4-S.

A federal S corporation that may qualify for New York S status includes all corporations except:

— Banking corporations (Article 32)
— Insurance corporations (Article 33)
— Transportation and transmission corporations (Article 9)
— Utility companies (Article 9)
— Farmers and agricultural cooperatives (Article 9)
— Nonstock, not-for-profit corporations (however these may be subject to an unrelated business income tax under Article 13).

Who May Use the Short Form — Form CT-4-S is a simplified New York S corporation franchise tax return that will meet the filing needs of most small businesses who have been approved to file as a subchapter S corporation in New York State.

You may use this form if the New York S corporation meets **all** of the following conditions:

— your entire net income is $200,000 or less,
— your gross payroll is $1,000,000 or less,
— you are not terminating the election to be a New York S corporation,
— you have no investment capital,
— you do not allocate business income within and outside of New York State,
— you do not claim any tax credits or tax credit recaptures,
— you do not claim a net operating loss deduction,
— you do not have subsidiary capital,
— you do not have an addition to federal taxable income shown on Form CT-3-S-I, line 7,
— you do not have subtraction S-1, S-3 or S-4 shown on Form CT-3-S-I, line 14, and
— you qualify as a small business taxpayer (Tax Law, section 210.1(f)).

A corporation qualifies as a small business taxpayer if:

— its entire net income is not more than $290,000,
— the total amount of money and other property it received for stock, as a contribution to capital and as paid-in surplus is not more than $1 million on the last day of its tax year, and
— it is not part of an affiliated group, as defined in Internal Revenue Code (IRC) section 1504, unless the group itself would have met the above criteria if it had filed a combined return.

You **must** file Form CT-3-S if you do not meet all the criteria in this section (including qualified small business taxpayers with entire net income (ENI) between $200,000 and $290,000).

When and Where to File — File your return within 2 1/2 months after the end of your reporting period. If you are reporting for the 1995 calendar year, file your return on or before March 15, 1996.

Mail returns to: **NYS Corporation Tax, Processing Unit, PO Box 1909, Albany NY 12201-1909.**

If you cannot meet the filing deadline, you may request a six-month extension of time by filing Form CT-5.4. No additional extension to file Form CT-4-S will be granted beyond the original extension.

You may be subject to other business taxes such as:

— Sales and use tax
— Employer's withholding tax
— Motor fuel taxes
— Highway use taxes
— Tax on sales or use of petroleum
— Independently procured insurance tax.

Interest and Penalties

Failure to Provide Shareholder Information on Time — If you don't provide shareholder information (e.g., all items of income, loss, deduction and other pertinent information) on time, you will have to pay a penalty (section 685(h)(2)). The penalty is $50 per shareholder per month or fraction of a month up to a total of $250 per shareholder. You will also have to pay a penalty of $50 for each shareholder whose social security number you do not show (section 685(k)). All shareholders of the S corporation during any part of the tax year must be counted. The penalty may be waived if it is shown that the failure is due to reasonable cause and not due to willful neglect. The maximum penalty in any calendar year is $10,000.

Late Payment - Interest — You must pay the entire tax due on or before the original due date of the return to avoid a late payment charge. An extension of time for filing the tax return does not extend the due date for payment of tax.

If you do not pay the tax due on or before the original due date you must pay interest on the amount of the underpayment from the due date to the date paid. Interest is **always due**, without any exceptions, on any underpayment of tax.

Interest is compounded daily. You may call the Business Tax Information Center for the current interest rate or to have the interest computed for you; see *Need Help?* on page 4.

Late Filing and Late Payment - Additional Charges — Additional charges for late filing and late payment 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 request for extension is invalid, add to the tax 5% per month, up to a total of 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 do not pay the tax shown on a return, add to the tax 1/2% per month, up to a total of 25% (section 1085(a)(2)).

D The total of the additional charges in items A and C may not exceed 5% for any one month except as provided for in item B (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, payment or both (section 1085).

Penalty for Understating Tax — If the tax you report is understated by 10% or $5,000, whichever is greater, you have to pay a penalty of 10% of the amount of understated tax. You can reduce the amount on which you pay penalty by subtracting any item for which (1) there is or was substantial authority for the way you treated it, or (2) there is adequate disclosure on the report or in an attached statement (see Article 27, section 1085(k)).

Foreign Corporation Annual Maintenance Fee — A corporation organized outside of New York State that is authorized to do business in New York must pay an annual maintenance fee of $300. This fee may be claimed as a credit against the tax due under Article 9-A. Full payment of the franchise tax due will satisfy the maintenance fee requirement. It is not necessary to file a separate maintenance fee return. But if you claim nontaxability in New York State because you did not employ capital, maintain an office or otherwise do business in New York State, you must file Form CT-245 and pay the maintenance fee.

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.

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.

Identifying Information — To ensure that your corporation tax forms are processed as quickly and efficiently as possible, it is important that we have the necessary identifying information from your preprinted label. **Keep a record of the label information for future use**. Please be certain to include your employer identification number and file number on each corporation tax form mailed. This will facilitate processing of your return to the correct account. Without this information, we may not be able to process your return.

If you use a paid preparer or accounting firm, make sure they use the mailing label or label information when completing all forms prepared for you.

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

Do You Need a Tax Packet? — If you use a paid preparer, or if you use computer software to prepare your return or if for any other reason you do not need a tax packet mailed to you for next year's taxes, please check the box above the certification and signature. When you check the box, we will send you a mailing label that you or whoever prepares your return should use on your 1996 return. By checking this box, you will help us reduce printing and mailing costs.

Final Return — Check the *Final Return* box on the front page of the return, under the form number, only if filing a final tax return for one of the following reasons:

— Voluntary Dissolution - New York Corporation (New York Business Corporation Law section 1003)

— Surrender of Authority by a Foreign Corporation (New York Business Corporation Law section 1310)

— Merger or Consolidation (New York Business Corporation Law sections 904, 905 and 907)

— Disposition of Assets - New York Corporation (New York Business Corporation Law section 909(d))

— Termination of Existence - Foreign Corporation (New York Business Corporation Law section 1311)

— Liquidation Under Internal Revenue Code (IRC sections 332, 333, 334 and 337).

See the *Voluntary Dissolution and Surrender of Authority and Liability for Taxes and Fees* section of these instructions and also Publication 110, *Information and Instructions for Termination of Business Corporations*, for the proper procedures to follow in terminating your business.

In the case of a merger or consolidation, the final return check box would only be used by the non-surviving corporation.

The return will be treated as a final return if your business is terminated with the Department of State and the return covers the tax period from the last return filed to the date of the termination.

Foreign authorized corporations refer to the *Foreign Corporation Annual Maintenance Fee* section in these instructions if you are disclaiming tax liability but want to continue to be authorized to do business in New York State.

Do not check the box if you are only changing the type of return that you file (i.e., CT-3 to CT-3-S, CT-4-S to CT-3-S).

Voluntarily Dissolution and Surrender of Authority and Liability for Taxes and Fees — A domestic corporation (incorporated in New York State) is generally liable for corporate franchise taxes for each fiscal or calendar year, or part thereof, during which it is incorporated, regardless of whether it carries on any activity. For example, a person who intends to go into business organizes a new corporation under the New York Business Corporation Law for the purpose of operating the new business as a corporation. However, the business is never started and the corporation never conducts any business. Under such circumstances, the corporation would usually be liable for franchise taxes for each taxable year until it is formally dissolved with the Department of State. A foreign corporation (incorporated outside of New York State) is liable for franchise taxes during the period in which it does business, employs capital, owns or leases property or maintains an office in New York. In addition, a foreign corporation which is authorized to do business in New York is also liable for payments of its annual maintenance fee until such time as it surrenders with the Department of State its authority to do business, regardless of whether it does business, employs capital, owns or leases property or maintains an office in the state. The maintenance fee may be taken as a credit against the franchise tax.

In order to voluntarily dissolve a domestic corporation or surrender the authority of a foreign corporation which is authorized to do business in this State, the Tax Law requires the consent of the Commissioner of Taxation and Finance. Such consent will be given only if the commissioner ascertains that all fees, franchise taxes, and other taxes (e.g. sales tax) imposed under the Tax Law that have accrued against the corporation have been paid. The procedure for obtaining such a consent and the forms that are required to be filed with this Department are set forth in Publication 110. You can request this publication by calling the Business Tax Information Center toll free from anywhere in the United States (including Alaska and Hawaii) and Canada at 1 800 972-1233.

Line Instructions for Form CT-4-S

Reporting Period — Your tax year for New York State must be the same as your federal tax year. 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.

Principal Business Activity — Enter the one activity that accounts for the largest percentage of your total income. State the broad field of business activity as well as the specific product or service (e.g., mining copper, wholesale meat, retail men's apparel, real estate rental). Be sure to enter the business activity code number from your federal return.

Line A — After completing your return enter the amount of your payment. This should be the full amount shown on line 17.

Computation of Entire Net Income Base

Line 1 – Enter the amount of federal taxable income that you would have reported on federal Form 1120, line 28, had the New York S corporation not made the election under Subchapter S of Chapter One of the IRC and filed federal Form 1120 instead of federal Form 1120S. Attach a statement (or a pro forma federal Form 1120) showing the computation of federal taxable income required to be shown on federal Form 1120, line 28. The statement or pro forma federal Form 1120 must include the following items not reported on federal Form 1120S:

— dividend income from federal Form 1120, line 4

— interest income from federal Form 1120, line 5

— gross rental income from federal Form 1120, line 6

— gross royalty income from federal Form 1120, line 7

— capital gain net income from federal Form 1120, line 8

— contribution deductions from federal Form 1120, line 19

Line 2 – Enter all interest received or accrued from federal, state, municipal and other obligations that was exempt from taxation on your federal income tax return and is, therefore, not included on line 1. You may deduct from this amount any expenses attributable to that interest but denied deductibility under IRC section 265. Attach a list of items included on this line.

Line 3 – Enter the amount deducted on your federal return for New York taxes imposed under Article 9-A, Article 32 or sections 183, 183-a, 184 and 184-a of Article 9. Include the amount deducted for taxes paid or accrued to other US states, their political subdivisions and the District of Columbia, if they are on or are measured by profits or income, or include profits or income as a measure of tax, including taxes expressly in lieu of the foregoing. However, do not include New York City taxes.

Line 4 – Before making an entry on line 4, complete Form CT-399. Enter the amount of your federal Accelerated Cost Recovery System (ACRS) or Modified Accelerated Cost Recovery System (MACRS) deduction that must be added back to federal taxable income from Form CT-399, line 4, or if you disposed of property this year, use the amount from line 12, column A of Form CT-399.

Line 6 – In place of the disallowed ACRS or MACRS deduction entered on line 4, enter the amount from Form CT-399, line 5, column I, or if you disposed of property this year, enter the amount from line 12, column B. Attach Form CT-399.

Line 7 – Include any refund or credit of a tax imposed under Article 9, sections 183, 183-a, 184 and 184-a, Article 9-A or Article 32 of the Tax Law for which no deduction was allowed in computing your entire net income in any prior year. Do not include on this line any refund or credit of tax that was used to offset an addition of tax on line 3. Do not include any refund or credit of New York City franchise taxes.

Line 9 – Subtract line 8 from line 5. This is your entire net income. If this line is **over** $200,000, do not continue; you must use Form CT-3-S. If the tax period is less than 12 months, the entire net income on this line must be annualized to determine filing status. Multiply entire net income on this line by 12 and divide by the number of months in the short period. If your annualized entire net income is over $200,000, you must file Form CT-3-S.

Tax Computation

Line 10 – An S corporation that qualifies as a small business taxpayer and does not allocate, has $200,000 or less of entire net income and has a gross payroll of not more than $1,000,000, will always owe the fixed dollar minimum tax of $325, which may be reduced for short periods. The tax for short periods is: 6 months or less - $162.50, more than 6 months but not more than 9 months - $243.75, more than 9 months - $325.00. 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.

Lines 13 and 14 - If you are not filing this return on time you must pay interest and additional charges. See *Interest and Penalties* on page 1.

Line 16 – If you want to make a Gift to the Wildlife Fund, enter the amount of your gift on line 16. The amount you give must be in whole dollars. Your gift will increase your payment or reduce your overpayment. You may not change the amount of your gift after you file the return.

Line 17 – Add lines 10, 13, 14 and 16. If line 11 is less than the total, subtract line 11 from that total. Enter the difference on line 17. 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.

Line 18 – If line 11 is more than the total of lines 10, 13, 14 and 16, subtract the total from line 11. Enter the difference on line 18 as an overpayment. Complete lines 19 and 20.

Lines 19 and 20 - You may apply an overpayment as a credit to your next state franchise tax period or you may have it refunded. Indicate on lines 19 and 20 the amounts you wish transferred as credits or refunded. If requesting a refund, check the refund box under the name and address area on page one.

Lines 21 and 22 - Every corporation with an interest in real property located in New York State must keep a record of the transfer of its stock and report annually every transfer of a controlling interest in its stock and any other information that may be required for the enforcement of this tax (Article 31-B, section 1449-a, Tax on Gains Derived from Certain Real Property Transfers).

Controlling interest 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 voting stock.

Answer both questions. If you answer *Yes* to both questions, attach a separate sheet providing the following information:

— name, address and identification number of the new controlling stockholder (use social security number for individuals and federal employer identification number for corporations)

— date transfer was made

— location of real property

— whether the corporation is a cooperative housing corporation.

Line 23 – Use the worksheet below to determine the amount to be entered on line 23. Use your balance sheet amounts for stock and other paid-in capital.

	No. of shares	Amount
Par value stock		
No par stock		
Contribution to capital & paid in surplus		
Total capital contribution - enter on line 23		

Shareholder Information, Part I

Enter complete information for all individuals, estates and trusts who were shareholders of the corporation during any part of the tax year. Attach a separate sheet if necessary. Check the box on the return if a separate sheet is attached. The total number of shareholders listed must agree with the number entered in the box on the front of the return.

Shareholder Information, Part II

Lines 24 through 42 — Complete lines 24 through 42 for each shareholder of the electing New York S corporation showing the pro rata share of the S corporation's items of income, loss and deduction to the extent included in federal adjusted gross income as shown on Schedule K-1 filed with federal Form 1120S.

For lines 29 and 34, attach a separate schedule showing the nature and amount of each item for each shareholder.

Line 36 – A shareholder with tax preference items may be required to file Form IT-220, *Minimum Income Tax*. See Form IT-220 and the instructions for Form IT-220 for definitions of tax preference items, filing requirements and tax computation.

Line 41 – Attach a separate schedule showing the nature and amount of each item for each shareholder.

Shareholder Information, Part III

The following adjustments must be added to or subtracted from each shareholder's federal adjusted gross income or federal itemized deductions on their individual New York State income tax returns in arriving at total New York income and New York itemized deductions, respectively.

If a New York S corporation is on a fiscal year basis, the amount of any listed adjustment for the shareholders will be their pro rata share determined as of the end of the S corporation year ending within the shareholder's tax year.

Use lines 43 through 47 to list only those changes that apply to federal adjusted gross income on the individual returns of shareholders. Use lines 48 and 49 to list those changes that apply to federal itemized deductions.

Additions

Line 43 – Enter each shareholder's pro rata share of the Article 9-A corporate franchise tax, including the fixed dollar minimum tax of $325, that was deducted by the S corporation on its federal tax return (section 612(b)(3)). See subtraction S-15.

Line 44 — Enter the ACRS and MACRS deductions from Form CT-399, line 12, column A (section 612(b)(25)). Attach a copy of Form CT-399 to your CT-4-S return.

Line 45 — Identify by item number on a separate schedule any of the following additions that apply to each shareholder's pro rata share of the New York S corporation income, loss and deduction and enter the total of these additions that apply to each shareholder in the proper column on line 45.

A-1 Interest income on state and local bonds (except those of New York State and its political subdivisions) to the extent not included in federal adjusted gross income (section 612(b)(1)).

A-2 Interest or dividend income on bonds or securities of any United States authority, commission or instrumentality that federal laws exempt from federal income tax but not from state income taxes (section 612(b)(2)).

A-3 Amounts deducted for interest on loans used to buy bonds and securities whose interest is exempt from New York State tax, expenses relating to income exempt from New York State tax and amortization of bond premium whose bond interest is exempt from New York State tax (section 612(b)(4) and (5)).

A-4 Any amount that has to be added to your federal adjusted gross income if you made an election under the Tax Law for tax years beginning before 1987 for additional depreciation or research and development expenditures, waste treatment facility expenditures, air pollution control equipment expenditures or acid deposition control equipment (section 612(b)(6)). See subtraction S-9.

A-5 Any amount deducted for percentage depletion on mines, oil and gas wells and other natural deposits (section 612(b)(10)).

A-6 Amounts required under the Tax Law relating to the distributive or pro rata share of loss included on Form CT-4-S, from an insurance business operating as a member of the New York Insurance Exchange (section 617-a).

A-7 Safe Harbor Leases — Any amount that was deducted in figuring your federal adjusted gross income (except for mass transit vehicles) solely because of an election made under section 168(f)(8) of the IRC, as it was in effect for agreements entered into prior to January 1, 1984 (section 612(b)(23)).

A-8 Safe Harbor Leases — Any amount that would have been included in federal adjusted gross income (except for mass transit vehicles) had the election under section 168(f)(8) of the IRC, as it was in effect for agreements entered into prior to January 1, 1984, not been made (section 612(b)(24)).

A-9 Tax on Petroleum Business — The amount of gross receipts tax imposed before June 1, 1990 on petroleum businesses under Article 13-A that was deducted in figuring each shareholder's pro rata share of S corporation income (section 612(b)(28)).

A-10 Reduction for Taxes — An amount equal to each shareholder's pro rata share of the S corporation's reductions for the federal tax on rtain built-in gains and tax on certain passive investment income ection 612(b)(18)).

A-11 The amount of special mortgage recording tax paid by the S corporation in a tax year beginning before 1994 when the property for which the tax was paid is sold or disposed of at a gain or loss and the basis of such property was not adjusted by the special additional mortgage recording tax credit (section 612(b)(16) of the Tax Law).

A-12 New business investment — deferral recognition — The amount of capital gain deferred on the sale of a capital asset if the new business investment property is sold (section 612(b)(22)).

A-13 Five percent of the deduction for interest related to corporate acquisitions (section 612(b)(30)). If this addition applies, complete Form IT 244, *Acquisition Information Report.*

Subtractions

Line 46 — Enter the total New York depreciation from Form CT-399, line 12, column B (section 612(c)(26)).

Line 47 — Identify by item number on a separate schedule any of the following subtractions that apply to each shareholder's pro rata share of the New York S corporation income and enter the total of these subtractions that apply to each shareholder in the proper column on line 47.

S-1 Interest income on bonds or other obligations of the United States government included as income on Form CT-4-S. Include qualified dividends from regulated investment companies (mutual funds) that invest in obligations of the United States government and meet the 50% asset requirement (section 612(c)(1)).

S-2 Interest or dividend income on bonds or securities of any United States authority, commission or instrumentality included as income on Form CT-4-S, but exempt from state income taxes under federal laws (section 612(c)(2)).

S-3 Interest or dividend income included on Form CT-4-S on bonds or securities to the extent exempt from New York State income taxes under the laws of this state (section 612(c)(6)).

S-4 Interest expense on money borrowed to buy or carry bonds or securities the income from which is subject to New York State income tax but exempt from federal income tax, provided this interest was a business expense for the tax year, and the S corporation did not deduct the interest from income on its federal tax return (section 612(c)(9)).

S-5 Ordinary and necessary business expenses paid or incurred during the tax year in connection with income, or property held to produce income, that is subject to New York State income tax but exempt from federal income tax, provided the S corporation did not deduct these expenses from income on its federal tax return (section 612(c)(10)).

S-6 Amortization of bond premium attributable to the tax year on any bond whose interest income is subject to New York State income tax but exempt from federal income tax, provided this amortization was a business expense for the tax year, and the S Corporation did not deduct the expense from income on its federal tax return (section 612(c)(10)).

S-7 The amount of wages and salaries paid or incurred during the tax year for which a salaries deduction is not allowed with regard to claiming the federal targeted jobs credit (section 612(c)(15)).

S-8 Cost depletion figured according to federal tax law on property where percentage depletion (addition A-5) was added on line 41 (section 612(c)(13)).

S-9 Special depreciation expenditures or carryover of research and development expenditures incurred in tax years beginning before 1987 in connection with depreciable tangible business property located in New York State (section 612(c)(11)). For more information see Form IT-212, *Special Depreciation Schedules and Instructions.* Also see addition A-4.

S-10 Any amount included on Form CT-4-S that is the distributive or pro rata share of income or gain from an insurance business operating as a member of the New York Insurance Exchange (section 617-a).

S-11 Safe Harbor Leases — Any amount that was included in federal adjusted gross income (except for mass transit vehicles) solely because of an election made under section 168(f)(8) of the IRC, as it was in effect for agreements entered into prior to January 1, 1984 (section 612(c)(24)).

S-12 Safe Harbor Leases — Any amount that could have been excluded from federal adjusted gross income (except for mass transit vehicles) had the election under section 168(f)(8) of the IRC, as it was in effect for agreements entered into prior to January 1, 1984, not been made (section 612(c)(25)).

S-13 The part of any gain (but limited to the difference in basis) included in federal adjusted gross income from the sale or other disposition of (1) property which had a higher basis for New York income tax than for federal income tax on December 31, 1959 (or on the last day of the fiscal year ending during 1960) and (2) property held in connection with mines, oil or gas wells, and other natural deposits which had a higher adjusted basis for New York State income tax (sections (612(c)(4) and 612(c)(13)).

S-14 The amount of gain to be subtracted from the sale of a New York new business investment that was included in federal adjusted gross income (section 612(c)(20)).

S-15 The amount of any refund or credit of the tax imposed under Article 9-A of the tax law for a New York S corporation tax year, ending after 1990, to the extent the tax was added to the shareholders' federal income in a prior tax year under section 612(b)(3) of the tax law.

Lines 48 and 49 should be used only for changes that apply to federal itemized deductions on the individual returns of shareholders and should exclude any amounts properly reportable on lines 45 and 47. Attach a statement identifying by item number any of the following changes that relate to New York S corporation items of the shareholders' federal itemized deductions.

Line 48 Additions to federal itemized deductions

A Interest expense on money borrowed to buy or carry bonds or securities subject to New York State income tax, but exempt from federal income tax if this interest was not deducted on the federal return or subtracted on line 47.

B Ordinary and necessary expenses paid or incurred during the tax year in connection with income, or property held to produce income, that is subject to New York State income tax but exempt from federal income tax if these expenses were not deducted on the federal return or subtracted on line 47.

C Amortization of bond premium attributable to the tax year on any bond whose interest is subject to New York State income tax but exempt from federal income tax if this amortization was not deducted on the federal return or subtracted on line 47.

Line 49 Subtractions from federal itemized deductions

A State, local and foreign income taxes properly deductible as an itemized deduction rather than as a deduction for federal adjusted gross income.

B Interest expense on money borrowed to buy or carry bonds or securities whose income is exempt from New York State income tax, if not added on line 45.

C Ordinary and necessary expenses paid or incurred in connection with income or property held to produce income that is exempt from New York State income tax, if not added on line 45.

D Amortization of bond premium attributable to the tax year on any bond whose interest is exempt from New York State income tax, if not added on line 45.

Line 50 — See the instructions for Form IT-220 for an explanation of the required adjustments. On an attached schedule give details of the adjustments to the federal tax preference items for each shareholder.

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.