



# Instructions for Form CT-33-A

## Insurance Corporation Combined Franchise Tax Return

Tax Law — Article 33

# CT-33-A-I

### 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.

### Filing Requirements

Corporations must get permission from the New York State Department of Taxation and Finance before filing as a combined group. They must also get permission to include corporations not previously included, or exclude corporations previously included. Permission must be requested within 30 days of the end of the tax year by writing to the New York State Department of Taxation and Finance, Corporation Tax Desk Audit, Building 9, Room 408, W A Harriman Campus, Albany, NY 12227.

Each corporation included in a combined return must file a separate return on Form CT-33 and compute the premiums as computed under section 1510. Each corporation included in a combined return (other than a foreign corporation not doing business in New York State and the corporation paying the combined tax) must pay a minimum tax of **\$250** in addition to the premium tax.

#### A combined return may be required or permitted if:

- the taxpayer owns or controls, either directly or indirectly, 80% or more of the voting capital stock of all the other corporations that are to be included in the combined return;
- 80% or more of the voting capital stock of the taxpayer is owned or controlled, either directly or indirectly, by other corporations that are to be included in the combined return; or
- 80% or more of the voting capital stock of the taxpayer and 80% or more of the voting capital stock of the other corporations that are to be included in the combined return are owned or controlled, either directly or indirectly, by the same interests.

To file a combined return, taxpayers must also meet a distortion requirement. The activities, business, income or capital of a taxpayer is presumed to be distorted when filing a return on a separate basis if 50% or more of the transactions are intercorporate transactions among the corporations.

#### A combined return will not be required or permitted:

- to include corporations not subject to tax under Article 33 of the Tax Law;
- to include any nontaxpayer, unless the Commissioner of Taxation and Finance deems inclusion necessary to properly reflect the tax liability under this Article (See section 1515(g) of the Tax Law.)

#### Intercompany Elimination of Income and Capital:

- Eliminate intercompany dividends included in the combined return on Schedule N, line 46, to the extent not deducted on Form CT-33.
- Eliminate all investments and intercompany advances of corporations in the combined group in other corporations in the combined group on Schedule P, line 50 and on Schedule M, lines 43 and 44.
- Eliminate intercompany stock holdings, intercompany bills, intercompany notes receivable and payable and other intercompany indebtedness on Schedule O, line 48.

**Intercompany Elimination for Allocation** — Premiums ceded to other companies generally are not allocated in Schedule B of Form CT-33. However, if a company cedes insurance to another company in the combined group, the premiums must be included by the company writing the insurance. If the reinsurer allocates the same premium in Schedule B of Form CT-33, an intercompany elimination is required to exclude the duplicate allocation by the reinsurer.

Eliminate any amount allocated as wages by a corporation in the combined group that is a duplication of an item allocated as wages by another corporation in the combined group.

**Metropolitan Transportation Business Tax (MTA Surcharge)** — Any corporation taxable under Article 33 that does business, employs capital, owns or leases property or maintains an office in the Metropolitan Commuter Transportation District (MCTD) must file Form CT-33-M and pay a 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.

### When and Where to File

File your return within 2½ months after the end of your reporting period. If you are reporting for the calendar year, file your return on or before March 15. If your filing date falls on a Saturday, Sunday, or legal holiday, then you must file your return on or before the next business day. **1996 Calendar Year Filers:** Since the legal filing date of March 15, 1997 falls on a Saturday, you have until Monday, March 17, 1997 to file your return. Mail your return to: NYS Corporation Tax, Processing Unit, PO Box 1909, Albany, NY 12201-1909.

### Line Instructions

**Whole Dollar Amounts** - You may elect to show amounts in whole dollars rather than in dollars and cents. Round an amount from 50 cents to 99 cents to the next higher dollar, and round any amount less than 50 cents to the next lower dollar.

**Percentages** - When computing allocation percentages, convert decimals into percentages by moving the decimal point two spaces to the right. Percentages should be carried out to four decimal places. For example:  $5,000/7,500 = .6666666 = 66.6667\%$ .

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

### Schedule K — Computation of Tax and Installment Payments of Estimated Tax

**Line 3** — The combined alternative base is computed by adding together the combined entire net income from line 47 and the sum of the officer's and stockholders' compensation (Form CT-33, line 93) of all the corporations included in the combined report. A \$15,000 deduction will be allowed against the combined total of entire net income plus officers' salaries and stockholders' compensation. Multiply this remainder by 30% (.30), then multiply the result by the combined allocation percentage from line 42. Multiply this result by 9% (.09) to determine the tax on this line.

**Lines 7, 8 and 9** — Enter the total combined premiums and compute the tax on lines 7, 8 and 9. This amount will be determined by taking the premiums computed separately on Schedule H of each participant's individual Form CT-33 and transferring them to Form CT-33-A, lines 52, 53 and 54 and then computing the combined total of premiums. The total combined premiums should be listed on lines 7, 8 and 9 and the computation of the additional tax on premiums should be made on these lines.

**Line 14** — The amount entered on this line should be the lower of the tax determined under section 1505(a) (line 13), or the taxes determined under sections 1501 and 1510 (line 12). A special rule applies to taxpayers claiming EDZ and ZEA credits. EDZ and ZEA credits claimed on line 15 may be subtracted from the amount reported on line 12. If the resulting amount is lower than the limitation on tax reported on line 13, enter the amount from line 12.

**Line 15** — If the lowest tax on line 14 was computed pursuant to the limitation on tax from line 13, the EDZ tax credits computed on Form DTF-601; DTF-601.1 and DTF-602 may not be deducted on this line, but may be carried forward to the following year.

**Line 16** — If the retaliatory tax credit claimed on line 15 is more than the tax payable on line 14, you may elect to have the excess credited to the next tax period or refunded without interest on line 32.

**Line 17** — Enter the appropriate state tax surcharge rate on this line.

If you are filing a 12-month return for a period ending after 6/30/95, but before 7/1/96, multiply the tax due on line 16 by 7½% (.075).

If you are filing a 12-month return for a period ending after 6/30/96, but before 7/1/97, multiply the tax due on line 16 by 2½% (.025).

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If you are filing a short period return for any of these periods, you may be able to prorate your surcharge. See Form CT-33-I, *Instructions for Form CT-33*, and use line 14 instructions to compute your state tax surcharge.

**Line 23** — If you underpaid your estimated tax, use Form CT-222, *Underpayment of Estimated Tax by a Corporation*, to compute the penalty. Enter "0" if no penalty is due.

**Line 24** — If you do not pay the tax and state tax surcharge due on or before the original due date (determined without regard to any extension of time) you must pay interest on the amount of underpayment from the original due date to the date paid. Exclude from the interest computation any amount shown on line 19a or 19b, first installment of estimated tax for next period.

**Line 25** — Additional charges for late filing and late payment are computed on the amount of tax and state tax surcharge required to be shown on the return after deduction of any payment made on or before the due date determined with regard to any extension of time for filing. Exclude from the penalty computation any amount shown on line 19a or 19b, first installment of estimated tax for next period.

- 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 for item A above cannot be less than the smaller of \$100 or 100% of the amount required to be shown as taxes (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 items A and C above may not exceed 5% 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 reasonable cause for the delay in filing or payment (section 1085).

**NOTE:** You may have the interest (line 24) and penalty (line 25) computed for you by calling the Business Tax Information Center at the number listed in the *Need Help?* section below.

**Line 32** — If you have an excess of retaliatory tax credit from line 15, you may elect to have the excess credited to the next period or refunded without interest by entering the amount on this line.

### Schedule R — Limitation of Tax (section 1505)

Section 1505(a) limits taxes imposed by sections 1501 and 1510. To determine the amount of the limitation, multiply the amount of taxes determined solely under section 1510 (additional franchise tax based on premiums) by 2.6%.

An insurance corporation that receives more than 95% of its premiums from annuity contracts, group insurance for the elderly (Insurance Law, section 4236) or marine insurance must treat those premiums as taxable premiums when computing the limitation of tax.

Combined filers claiming a limitation of tax under section 1505 must use the following procedures to compute and pay this tax.

- The parent and each subsidiary **must** complete Form CT-33, Schedule H, column B. The total of Schedule H, line 103, must be entered on Form CT-33-A, line 55.
- Each participant doing business in New York State **must** compute the section 1510 premium tax on its individual return (Form CT-33, lines 6, 7 and 8) and pay the premium tax and a tax of \$250 for each subsidiary. These amounts should be shown on Form CT-33-A, lines 7, 8, 9 and 11.

**Line 55** — Enter in column C and on Schedule K, line 13, the combined total of the individual premiums of the parent and the subsidiaries (from each participant's individual Form CT-33, Schedule H, line 103, column B).

### Schedule S — Computation of Combined Issuer's Allocation Percentage

Complete this schedule by entering for each subsidiary, the individual New York business on line 56 and the total business on line 57, as

reported in the annual statement filed with the Superintendent of Insurance. Failure to supply the information required may result in the imposition of a \$500 penalty under section 1085(o).

### Composition of Prepayments

**Line 64** — Enter on this line any prepayments from subsidiaries listed on Form CT-33, line 123.

### 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 the number listed below.

### 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 assist us in processing your corporation tax forms 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.

### 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 1 800 225-5829; from areas outside the U.S. and Canada, call (518) 485-6800.

### Need Help?

**For information, forms or publications,** call the Business Tax Information Center at 1 800 972-1233. For information, you can also call toll free 1 800 225-5829. For forms or publications, you can also call toll free 1 800 462-8100.

Telephone assistance is available from 8:30 a.m. to 4:25 p.m., Monday through Friday.

From areas outside the U.S. and Canada, call (518) 485-6800.

**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 toll free from the U.S. and Canada 1 800 634-2110. 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.

**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 numbers listed above.

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