



Instructions for Form CT-33-A

Insurance Corporation Combined Franchise Tax Return

Tax Law — Article 33

CT-33-A-I

Filing Requirements

A group of insurance corporations, meeting the requirements outlined below, may use Form CT-33-A, *Insurance Corporation Combined Franchise Tax Return*, in order to file on a combined basis.

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**.

Corporations may be permitted or required to file on a combined basis at the discretion of the Tax Department. When you file Form CT-33-A, you must also provide a **Combined Filer Statement** (Form CT-50 or CT-51) setting forth the names and other identifying information requested for each member of the group. These corporations will be allowed to file on a combined basis if they meet the following requirements:

- 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.

Amended Return

If you are filing an amended return, please write **Amended Return** across the top.

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.

Employer Identification Number, File Number and Other 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.

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*. For information about ordering forms, refer to the *Need Help?* section on page 4 of Form CT-33-A.

If you don't have a form, call 1 800 462-8100.

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.

Line Instructions

Line A - Make your payment in United States funds. A foreign check or foreign money order will only be accepted if payable through a United States bank or if marked **Payable in U.S. Funds**.

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

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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, before allocation, from line 46 and the sum of the officer's and stockholders' compensation (Form CT-33, line 61) 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 and line 10.

Line 16 — The amount entered on this line should be the lower of the tax determined under section 1505(a) (line 15), 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 17 may be subtracted from the amount reported on line 12. If the resulting amount is lower than the limitation on tax reported on line 15, enter the amount from line 12.

Line 17 — If the lowest tax on line 16 was computed pursuant to the limitation on tax from line 15, 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 18 — If the retaliatory tax credits claimed on line 17 are more than the tax payable on line 16, you may elect to have the excess credited to the next tax period or refunded without interest on line 32.

Line 19b — Life insurance companies must pay a first installment equaling 40% of their preceding year's tax, while nonlife insurance companies must pay a first installment equaling 25% of their preceding year's tax. Since a combined report may include both life and nonlife companies, the status of the parent determines whether the first installment is required at the 40% or the 25% rate.

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 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 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 $\frac{1}{2}\%$ 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 on page 4 of Form CT-33-A.

Line 31 — Collection of debts from your refund—

We will keep all or part of your refund if you owe a past-due legally enforceable debt to the Internal Revenue Service or a New York State agency. This includes any state department, board, bureau, division, commission, committee, public authority, public benefit corporation, council, office, or other entity performing a governmental or proprietary function for the state or a social services district. Any amount over your debt will be refunded.

If you have any questions about whether you owe a past-due legally enforceable debt to the Internal Revenue Service or a state agency, contact the IRS or that particular state agency.

For New York State tax liabilities **only** call 1 800 835-3554 (outside the U.S. and outside Canada call (518) 485-6800) or write to NYS TAX DEPARTMENT, TAX COMPLIANCE DIVISION, W A HARRIMAN CAMPUS, ALBANY NY 12227.

Line 32 — If you have an excess of retaliatory tax credit from line 17, you may elect to have the excess credited to the next period or refunded without interest by entering the amount on this line. If you elect to have the excess carried forward, attach a statement showing the balance.

Schedule R — Limitation of Tax (section 1505)

Life insurance companies determine their limitation by multiplying the premiums determined under section 1510 by 2.0%. Nonlife insurance companies determine their limitation by multiplying the premiums determined under section 1510 by 2.6%. A life insurance company is any insurance company which has the power to do either a life insurance business or an annuity business or both kinds of insurance business, as specified in Insurance Law section 1113(a)(1) and (2). Any insurance company which does not have the power to do either of those kinds of insurance business is a nonlife insurance company.

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.

Lines 55 and 56 — Enter in column C and on Schedule K, line 13 or 14, the combined total of the individual premiums of the parent and the subsidiaries for both life insurance and nonlife insurance premiums (from each participant's individual Form CT-33, Schedule H, line 99, column B).

Schedule S — Computation of Combined Issuer's Allocation Percentage

Complete this schedule by entering for the parent and each subsidiary, the individual New York business on line 57 and the total business on line 58, 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 65 — Enter on this line any prepayments from subsidiaries listed on Form CT-33, line 129.