



Instructions for Form CT-185

Cooperative Agricultural Corporation Franchise Tax Return

Tax Law — Article 9, Section 185

CT-185-I

Important reminder to file a complete return: You must complete all required schedules and forms that make up your return, and include **all pages** of those forms and schedules when you file. Returns that are missing required pages or that have pages with missing entries are considered incomplete and cannot be processed, and may subject taxpayers to penalty and interest.

Up-to-date information affecting your 2005 tax return

Visit the *Corporation Tax Up-To-Date Information for 2005* page on our Web site for Tax Law changes or forms corrections that occurred after the forms and instructions were printed (see *Need help?* on page 3).

New for 2005

The Tax Law has been amended to provide additional tax credits for taxpayers subject to tax under Tax Law Article 9, section 185.

Brownfield credits — For tax years beginning on or after April 1, 2005, a taxpayer who is a participant in the *Brownfield Cleanup Program* and enters into a brownfield site cleanup agreement with the Department of Environmental Conservation may be eligible for any one of three new credits relating to the cleanup and development of brownfield sites. These credits are: brownfield cleanup and redevelopment tax credit (consists of three separate and distinct components involving site cleanup, groundwater cleanup, and development on a qualified site that was formerly a brownfield); the remediated brownfield tax credit for real property taxes; and the environmental remediation insurance credit. For more information, see the instructions for Forms CT-611, *Claim for Brownfield Redevelopment Tax Credit*; CT-612, *Claim for Remediated Brownfield Credit for Real Property Taxes*; and CT-613, *Claim for Environmental Remediation Insurance Credit*. For information regarding the *Brownfield Cleanup Program*, visit the Department of Environmental Conservation's Web site at www.dec.state.ny.us.

Empire zone (EZ) investment tax credit, EZ employment incentive tax credit, EZ wage tax credit — For tax years beginning on or after January 1, 2004, taxpayers subject to tax under section 185 who are located in empire zones and who are certified under the General Municipal Law Article 18-B, may be eligible for an investment tax credit, an employment incentive tax credit, and a wage tax credit. For more information, refer to the instructions for Form CT-603, *Claim for EZ Investment Tax Credit and EZ Employment Incentive Credit*, and Form CT-601, *Claim for EZ Wage Tax Credit*. For certification questions contact Empire State Development at 1 800 STATE-NY.

Your refund or overpayment may be applied against outstanding tax debts owed to other states

Due to a recent law change, your refund or overpayment may be reduced by amounts of outstanding tax debts owed to other states. The Commissioner of Taxation and Finance may enter into a reciprocal agreement with other states to offset a New York tax refund or overpayment against tax liabilities owed to other states, provided those other states agree to offset overpayments due their taxpayers against tax debt owed to New York. For more concerning these changes, see *Collection of debts from your refund or overpayment* on page 2 and TSB-M-05(3)C, *Summary of Corporation Tax Legislative Changes Enacted in 2005*.

Additional reporting requirements for tax shelters

The Tax Law has been amended to provide new reporting requirements with respect to the disclosure of information relating to transactions that present the potential for tax avoidance (tax shelters). These new reporting requirements are similar to the tax shelter disclosure requirements for federal income tax purposes. Separate reporting requirements are imposed on those who utilize tax shelters and on those who promote the use of tax shelters.

The amendments impose penalties for nondisclosure and the underpayment of taxes due to participation in these transactions, extend the statute of limitations for assessments relating to these transactions, and create a voluntary compliance initiative to allow taxpayers to report and pay underreported tax liabilities and interest attributable to these transactions with a waiver of penalties. For more information, see TSB-M-05(2)C (for business taxes) or TSB-M-05(4)I (for personal income tax), *Disclosure of Certain Transactions and Related Information Regarding Tax Shelters*. Also see TSB-M-05(2.1)C (for business taxes) or TSB-M-05(4.1)I (for personal income tax), *Supplement to the Disclosure of Certain Transactions and Related Information Regarding Tax Shelters*.

General information

Who must file Form CT-185

Form CT-185 must be filed by farmers, fruit growers, and similar agricultural corporations organized and operated on a cooperative basis as described in Article 6 of the Cooperative Corporation Law of the State of New York. Receivers, liquidators, referees, trustees, assignees, and other fiduciaries, appointed by any court, who conduct the business of a cooperative agricultural corporation, must also file this form. Section 185 imposes a franchise tax on the net value of issued capital stock employed in New York State. The net value of issued capital stock may be allocated in and out of New York State, based on the gross assets employed in New York State (see Schedule D).

Tax rate

You must pay the highest tax computed by one of the following three methods:

- Allocated value of issued capital stock, multiplied by the tax rate of one mill (.001); **or**
- Allocated value of issued capital stock, multiplied by a rate based on dividends equal to or in excess of 6%; **or**
- Minimum tax of \$10.

If a corporation has more than one kind of stock, a combination of tax on capital stock using the tax rate of one mill and the dividend rate, as computed in Schedule C, is possible.

Foreign corporations — maintenance fee

Foreign corporations authorized to do business in New York State must pay an annual maintenance fee of \$300. The taxes due under Article 9 may be applied against this fee. If the total tax payable with your return for December 31, 2005, is \$300 or more, you have satisfied the requirement to pay a maintenance fee. If the total tax payable is less than \$300, add the difference to produce a total tax and fee of \$300.

Foreign corporations — license fee

Foreign corporations must also file Form CT-240, *Foreign Corporation License Fee Return*, whether or not they are authorized to do business in New York State. Form CT-240 must be filed with the corporation's first franchise tax return, or if the capital stock employed in New York State has increased since the last license fee return was filed.

When and where to file

This return is due on March 15 following the close of the calendar tax year. If March 15 falls on a Saturday, Sunday, or legal holiday, the return is due on the next business day. Mail your return to: **NYS Corporation Tax, Processing Unit, PO Box 22038, Albany NY 12201-2038**.

Private delivery services — If you choose, you may use a private delivery service, instead of the U.S. Postal Service, to file your return and pay tax. However, if, at a later date, you need to establish the date you filed your return or paid your tax, you cannot use the date recorded by a private delivery service **unless** you used a delivery service that has been designated by the U.S. Secretary of the Treasury or the Commissioner of Taxation and Finance.

(Currently designated delivery services are listed in Publication 55, *Designated Private Delivery Services*. See *Need help?* on page 3 of these instructions for information on ordering forms and publications.) If you have used a designated private delivery service and need to establish the date you filed your return, contact that private delivery service for instructions on how to obtain written proof of the date your return was given to the delivery service for delivery. If you use **any** private delivery service, whether it is a designated service or not, address your return to: State Processing Center, 431C Broadway, Albany NY 12204-4836.

Extension of time for filing tax return

If you need more time to file your return, file Form CT-5.9, *Request for Three-Month Extension to File*, on or before March 15. An extension of time granted by the Internal Revenue Service (IRS) to file a federal return does not extend the due date for filing Form CT-185.

Change of business information

You must report any changes in your business name, identification number, mailing address, business address, telephone number, or owner/officer information on Form DTF-95, *Business Tax Account Update*. If only your business address has changed, you may use Form DTF-96, *Report of Address Change for Business Tax Accounts*. You can get these forms from our Web site, by fax, or by phone. See *Need help?* on page 3 for the phone number and Web address.

Amended return

If you are filing an amended return, please mark an **X** in the *Amended return* box.

Final return

Since the tax under section 185 is paid in advance, if you have terminated business since March 15, 2005, you do not have to file this return; otherwise your return is due on March 15, 2006.

NAICS business code number — Enter the six-digit NAICS business activity code number from your federal return.

Whole dollar amounts — You may elect to show amounts in whole dollars rather than dollars and cents. Round any amount from 50 cents through 99 cents to the next higher dollar. Round any amount less than 50 cents to the next lower dollar.

Negative amounts — Show any negative amounts with a minus (-) sign.

Percentages — When computing allocation percentages, convert decimals into percentages by moving the decimal point two spaces to the right. Round percentages out to four decimal places. Example: $5,000/7,500 = 0.6666666 = 66.6667\%$.

Specific instructions

Line A — Make your payment in United States funds. We will accept a foreign check or foreign money order only if payable through a United States bank or if marked **Payable in U.S. funds**.

Line 6 — Enter the amount from line 3, 4, or 5, whichever is largest. If you are an authorized foreign corporation, see *Foreign corporations – maintenance fee* on the front page.

Line 7 — Enter any alternative fuels credit, employment of persons with disabilities credit, special additional mortgage recording tax credit, long-term care insurance credit, wage tax credit, investment tax credit, employment incentive credit, QEZE credit for real property taxes, brownfield redevelopment tax credit, brownfield credit for real property taxes, environmental remediation insurance credit, or green building credit. Check the claim forms for any limitations. Attach the forms to your Form CT-185.

When claiming more than one credit, you must apply them against your tax in the following order:

1. Noncarryover credits that are not refundable
2. Carryover credits of limited duration
3. Carryover credits of unlimited duration
4. Refundable credits

Line 11 — If you do not pay the franchise tax on or before the original due date (**without** regard to any extension of time for filing), you must pay interest on the amount of underpayment from the original due date to the date paid.

Line 12 — Compute additional charges for late filing on the amount of tax minus any payment made on or before the due date (**with** regard to any extension of time for filing).

- 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 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 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 ½% per month up to 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 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, payment, or both (section 1085).

Note: You may compute your penalty and interest by accessing our Web site and clicking on *Electronic Services*, or you may call and we will compute the penalty and interest for you (see *Need help?* on page 3).

Line 14 — Collection of debts from your refund or overpayment

We will keep all or part of your refund or overpayment if you owe a past-due, legally enforceable debt to a New York State agency, or to another state, or if you owe a New York City tax warrant judgment debt. If we keep your refund or overpayment, we will notify you.

A New York State agency 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. We will refund or apply as an overpayment any amount over your debt.

If you have any questions about whether you owe a past-due, legally enforceable debt to a state agency, or to another state, or whether you owe a New York City tax warrant judgment debt, contact the state agency, the other state, or the New York City Department of Finance.

For New York State tax liabilities only, call 1 800 835-3554 (from areas 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.

For New York City liabilities only, call (212) 232-3550.

Schedule B — Part I

Column B — Enter for each class of stock the number of shares issued and outstanding at year end. Do not include stock authorized but not issued or stock not outstanding.

Note: If the corporation did not sell any stock during the tax year, enter **0** on Schedule B, Part I, column E. However, you will be required to complete Schedule B, Part I, column B, and enter the number of shares of stock issued and outstanding at year end in Schedule B, Part II.

Schedule C

Column B — Compute the value of each class of par value stock by multiplying the par value by the number of shares of such stock issued and outstanding at the end of the year. Do not include any additional paid-in capital, premium, or discount on the issuance of par value stock, or any capital arising from appreciation of assets, amounts not contributed by the stockholder, or retained earnings.

Compute the value of each class of stock without nominal or par value by multiplying the amount paid for the no-par-value stock, including any additional paid-in capital, premium, or discount on the issuance of the stock, by the number of shares issued and outstanding at the end of the year. Do not include any capital arising from appreciation of assets, amounts not contributed by the stockholder, or retained earnings.

Schedule D — Allocation percentage/issuer's allocation percentage

Your issuer's allocation percentage is used by corporate shareholders to compute their corporate franchise tax. It represents the amount of your issued capital stock employed within New York State compared to the total amount of issued capital stock employed everywhere. This percentage is also used to compute the amount you enter on line 2.

The Tax Law requires most corporations doing business within New York State to provide the information needed to compute their issuer's allocation percentage. Section 1085(o) of the Tax Law provides for a penalty of \$500 for failure to provide information needed to compute your issuer's allocation percentage.

If you have assets outside New York State, complete Schedule D using the amounts shown on the balance sheet of your federal return. If all of your assets are located in New York State, enter **100** on line 30.

Line 24 — If the assets of any company whose stock is owned by this corporation are employed both within and outside New York State, you may allocate your holdings on the basis of the percentage of employment by the issuer of the stock.

Line 25 — Bonds, loans, and other securities are considered located where held.

Schedule E

Complete this schedule only if any dividend rate from Schedule C, column D, is 6% or more.

Line 31 — Enter the value of common stock from Schedule C, column B. If the common stock dividend rate in Schedule C, column D, is less than 6%, enter **0** on lines 31, 32, and 33.

Line 34 — Enter the value of preferred stock from Schedule C, column B. If the preferred stock dividend rate in Schedule C, column D, is less than 6%, enter **0** on lines 34, 35, and 36.

Line 37 — Enter the value of no-par-value stock from Schedule C, column B. If the no-par-value dividend rate in Schedule C, column D, is less than 6%, enter **0** on lines 37, 38, and 39.

Lines 40 through 44 — If you paid dividends of 6% or more on all classes of issued capital stock, do not complete lines 40 through 44.

Line 40 — If you did not pay dividends of 6% or more on all classes of stock, you must compute a tax on the dividends based on the value of the stock on which dividends of 6% or more were paid, **plus** a tax at the *capital stock* rate on the remaining value of all capital stock. The remaining value of all capital stock depends on the class of capital stock on which the dividend was paid. If the dividend was paid on preferred stock, the remaining value of all capital stock is retained earnings plus common stock. If the dividend was paid on common stock, the remaining value of capital stock is preferred stock. Retained earnings are normally associated with common stock. The following examples show how the dividend rates and remaining value of capital stock are computed.

Example 1 — Dividend paid on preferred stock

Par value, common stock	\$10,000
Par value, preferred stock	50,000
Retained earnings	80,000
Dividends paid on preferred stock	3,300
Dividend rate (\$3,300 ÷ \$50,000)	6.6%
6.6 x .00025 (tax rate)	.00165
Tax (\$50,000 x .00165)	82.50
Remaining value of issued capital stock (common stock plus retained earnings \$90,000 x .001)	90.00
Total tax	\$172.50

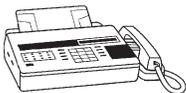
Example 2 — Dividend paid on common stock

Par value, common stock	\$10,000
Par value, preferred stock	50,000
Retained earnings	80,000
Dividends paid on common stock	3,000
Dividend rate (\$3,000 ÷ \$10,000)	30%
30 x .00025 (tax rate)	.0075
Tax (\$10,000 x .0075)	75
Remaining value of issued capital stock (preferred stock only, \$50,000 x .001)	50
Total tax	\$125

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(for information, forms, and publications)



Fax-on-demand forms: Forms are available 24 hours a day, 7 days a week. 1 800 748-3676



Telephone assistance is available from 8:00 A.M. to 5:00 P.M. (eastern time), Monday through Friday.
To order forms and publications: 1 800 462-8100
Business Tax Information Center: 1 800 972-1233
From areas outside the U.S. and outside Canada: (518) 485-6800



Hotline for the hearing and speech impaired:

If you have access to a telecommunications device for the deaf (TDD), contact us at 1 800 634-2110. 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 1 800 972-1233.

— Notes —