



Instructions for Form CT-186-P

Utility Services Tax Return — Gross Income

Tax Law — Article 9, Section 186-a

CT-186-P-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.

Visit the *Corporation Tax Up-To-Date Information* 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 4).

Changes for 2005

Effective for tax years beginning on or after January 1, 2005, the tax rate has been reduced to 0% for receipts from interest, dividends, and profits; from the sale of the commodities of gas, electricity, steam, water, and refrigeration; and from steam, water, and refrigeration services. Form CT-186-P has been revised to reflect the new rate.

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 3 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

Tax rates — For the tax year January 1, 2005, through December 31, 2005, the tax rates are as follows:

- 2% (.02) on noncommodity gas and electric service (receipts from transportation, transmission, or distribution of gas or electricity)
- 0% on receipts from the sale of the commodities of gas, electricity, steam, water, and refrigeration; and from steam, water, and refrigeration service
- 0% on receipts from interest and dividends
- 0% on profits

Metropolitan transportation business tax (MTA surcharge) — For a utility supervised by the Department of Public Service (where the utility is not a provider of telecommunication services) the MTA

surcharge on Form CT-186-P/M, *Utility Services MTA Surcharge Return*, for the tax year January 1, 2005, through December 31, 2005, is computed using the 2% tax rate on gross income. The MTA surcharge is no longer computed as if the tax rate on gross income was 3.5%.

Who must file Form CT-186-P — Every utility doing business in New York State that is subject to the supervision of the New York State Department of Public Service that sells or furnishes gas, electricity, steam, water, or refrigeration service by means of mains, pipes, or wires for ultimate consumption or use by the purchaser in this state must file this form. *Utilities* include persons, corporations, companies, associations, joint stock associations, partnerships, estates, assignees of rents, persons acting in a fiduciary capacity, and persons, their assignees, lessees, trustees, or receivers, appointed by any court, that are subject to the supervision of the New York State Department of Public Service. *Utilities* include, but are not limited to, street surface, rapid transit, subway, and elevated railroads; gas, electric, steam, water, bridge, express, transfer, and freight terminal companies; and nonoperating railroads that lease their property to others. **Motor carriers or brokers are not required to file this return.**

The following taxpayers are required to file Form CT-186-P if they sell gas or electricity, or gas or electric service:

- A. All municipalities, political and civil subdivisions, and public districts that transport, transmit, or distribute gas or electricity must file. Do not include as taxpayers those described below under *Exemption from tax*, item 2.
- B. All municipalities engaged in the transportation, transmission, or distribution of electricity must file. Do not include as taxpayers those described below under *Exemption from tax*, item 3.

A utility subject to section 186-a that has gross income of less than \$500 for the tax year ending December 31 is exempt from the payment of the tax under this section, but must still file a return. For additional information, see line 22 instructions.

Other forms you may have to file

Excise tax on telecommunication services — If you are a telephone or telegraph company or other provider of telecommunication services, even if those services are not your primary business, **do not** file this form. File Form CT-186-E, *Telecommunications Tax Return and Utility Services Tax Return*, instead to report the tax imposed by sections 186-a and 186-e.

Exemption from tax — The following are exempt from taxation under section 186-a and **do not** have to file Form CT-186-P:

1. New York State, municipalities, political and civil subdivisions of New York State, or municipal and public districts, when selling or furnishing steam, water, or refrigeration service.
2. Municipalities, political and civil subdivisions, and public districts that sell or furnish gas, electricity, and gas or electric service, including the sale of the transportation, transmission, or distribution of gas or electricity, if they own and operate facilities used to generate electricity or distribute electricity or gas, and then sell or distribute such electricity or gas solely at retail within their jurisdiction.
3. Municipalities engaged in the retail sale of electricity or the transportation, transmission, or distribution of electricity, when all such electricity has been generated solely by and purchased solely from New York State or a public authority of New York State (for example, New York State Power Authority).
4. Not-for-profit corporations and associations described in Tax Law section 1116(a)(4), organized and operated exclusively for religious, charitable, or educational purposes, when the organization resells gas or electricity, or gas or electric service, as landlord to its tenants in buildings owned by the organization.

5. A corporation leasing from a city in New York State a water works system to supply water at cost to relieve water pollution in a river within that city.
6. Limited dividend housing corporations organized under the Private Housing Finance Law.

When and where to file — You must report gross income on a calendar-year basis to New York State, even if you maintain your records and report to the Internal Revenue Service (IRS) using a fiscal accounting period.

This return is due on March 15, following the close of each calendar 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 4 of these instructions for information on ordering forms and publications.) 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 cannot meet the filing deadline, you may request an extension of time by filing Form CT-5.9, *Request for Three-Month Extension to File*, on or before the due date of the return for which you are requesting the extension, and paying any amount you estimate to be due. An extension of time granted by the IRS to file a federal tax return does not extend the due date for filing Form CT-186-P.

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

Employer identification number, file number, and other identifying information — Enter your employer identification number and file number. If you use a paid preparer or accounting firm, make sure they use your complete and accurate identifying information when completing all forms.

Change of address — If your address has changed, please enter your new address in the appropriate area and mark an **X** in the box below the address so that we can update your address for this tax type. Do not mark this box for any change of business information other than for your address.

Changes of business information — You must report any changes in your business name, ID number, mailing address, physical address, telephone number, or owner/officer information on Form DTF-95, *Business Tax Account Update*. If only your 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 phone, or by fax. See *Need help?* (on page 4) for the Web address and phone number.

Maintenance fee for foreign corporations — If you are a *foreign corporation* (a corporation organized outside of New York State) authorized to do business in New York State under Business Corporation Law, Article 13 or 15-A, you must pay an annual maintenance fee of \$300. If you do not pay this fee or its equivalent in New York State corporation taxes and MTA surcharges, your authorization to do business in New York State may be annulled. Payments of New York State corporation taxes (including the MTA surcharge) under Articles 9, 9-A, and 32 are counted as payments toward the \$300 annual maintenance fee. However, the license fee reported on Form CT-240, *Foreign Corporation License Fee Return*, is not considered corporation tax and cannot be considered as a payment toward the maintenance fee.

If the total of corporation taxes and MTA surcharges paid on 2005 tax returns is less than \$300, compute the amount necessary to equal the \$300 maintenance fee and add that amount to the tax due on line 5.

Foreign corporations – license fee — Foreign corporations must also file Form CT-240 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.

MTA surcharge

Any corporation taxable under Article 9, section 186-a, that does business in the Metropolitan Commuter Transportation District (MCTD) must file Form CT-186-P/M and pay an MTA surcharge on business done in the Metropolitan Transportation Authority region. The MCTD includes the counties of New York, Bronx, Queens, Kings, Richmond, Dutchess, Nassau, Orange, Putnam, Rockland, Suffolk, and Westchester.

Corporations not doing business in the MCTD must disclaim liability for the MTA surcharge by marking an **X** in the *No* box on the front of Form CT-186-P. They are not required to file Form CT-186-P/M.

Whole dollar amounts — You may elect to show amounts in whole dollars rather than in 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 to four decimal places.

Example: $5,000/7,500 = 0.6666666 = 66.6667\%$

Specific instructions

Note: Complete Form CT-186-P in the following order:

- lines 19 through 30
- lines 1 through 18
- line A

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**.

Computation of tax

Line 2 — Enter the amount of the long-term care insurance tax credit that you are claiming. Attach Form CT-249, *Claim for Long-Term Care Insurance Tax Credit*, to your return (see TSB-M-00(5)C).

Line 4 — Enter the amount of the power for jobs tax credit that you are claiming. A power for jobs tax credit is available to qualified electric corporations that are local distribution companies during calendar years 1997 through 2005. To claim the power for jobs tax credit, you must attach to Form CT-186-P a certificate from the Department of Public Service verifying the correctness of the calculation of the tax credit shown on this return. The power for jobs tax credit does not apply to the MTA surcharge (Form CT-186-P/M).

Line 6b — First Installment of estimated tax for the next period — If you did not file Form CT-5.9, *Request for Three-Month Extension to File*, and the tax amount shown on line 5 is more than \$1,000, you must pay a mandatory first installment of estimated tax for the next tax period. Enter 25% (.25) of the total tax amount shown on line 5.

Additional installments of estimated tax (Form CT-400) — If you expect your tax for the next period to exceed \$1,000, you must file Form CT-400 or Form CT-400-MN, *Estimated Tax for Corporations*, and pay the additional installments of estimated tax due on June 15, September 15, and December 15.

Line 10 — If you underpaid your estimated tax for 2005, use Form CT-222, *Underpayment of Estimated Tax by a Corporation*, to compute the penalty. Attach Form CT-222, mark an **X** in the box, and enter the amount of penalty on line 10.

Line 11 — If you do not pay the 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 the underpayment from the original due date to the date paid. Exclude from the interest computation any amount shown on line 6a or 6b. You may visit our Web site or call the Tax Department for the current interest rate or to have the interest computed for you. See *Note* below.

Line 12 — Compute additional charges for late filing and late payment on the amount of tax minus any payment made on or before the due date (**with** regard to any extension of time for filing). Exclude from the penalty computation any amount shown on line 6a or 6b.

- A. If you do not file a return when due, or if the request 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 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% (.005) per month up to 25% (.25) (section 1085(a)(2)).
- D. The total of the additional charges in item 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, 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 4).

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.

Computation of gross income — receipts from the transportation, transmission, or distribution of gas and electric service

Gross income means receipts received as a result of any sale (conditional or otherwise) made or service rendered for ultimate consumption or use by the purchaser. This includes cash credits and property of any kind without any deductions for the cost of property sold, the cost of materials used, labor, services, or other costs, interest or discount paid, or any other expenses.

Line 20 — Allowable exclusions from receipts on line 19:

- Receipts from sales of transportation, transmission, or distribution of gas or electricity by means of conduits, mains, pipes, wires, lines, or similar means to any of the following:
 - A utility (excluding a public authority) supervised by New York State or another jurisdiction when an element of such supervision includes rate regulation; or
 - A municipality that owns and operates facilities that are used to generate or distribute electricity or distribute gas and that distributes and sells this electricity or gas solely at retail, solely within its jurisdiction; or
 - A public authority of New York State when that public authority is primarily engaged in the generation and transmission or distribution of electricity or gas and at least 95% of the assets are so devoted.
- Receipts from sales of transportation, transmission, or distribution of electricity to a municipality when the electricity being transported has been purchased by that municipality, and has been generated solely by and purchased solely from New York State or a public authority of New York State (for example, New York State Power Authority), and when the municipality sells solely at retail, solely within its jurisdiction, the electricity being transported, transmitted, or distributed.
- Receipts from sales of transportation, transmission, or distribution of gas or electricity to not-for-profit corporations and associations organized and operated exclusively for religious, charitable, or educational purposes, described in Tax Law section 1116(a)(4), when that organization resells the transportation, transmission, or distribution as part of a bundled gas or electric service as landlord to its tenants in buildings owned by that organization.

In addition, for the calendar tax year beginning on January 1, 2005, 100% of your receipts received from nonresidential customers representing the receipts from the transportation, transmission, or distribution of gas or electricity must be excluded from gross income.

The term *nonresidential customers* means those customers whose use of gas, electricity, or gas or electric service **does not** qualify for the reduced rate of sales and compensating use tax on residential gas, electricity, or gas or electric service, under Tax Law section 1105-A.

Computation of tax on gross income

Lines 21 and 22 — The tax rate on gross income for line 22 is 2% (.02). If the receipts on line 21 are less than \$500, you are exempt from the payment of tax under section 186-a. However, you are required to complete and file Form CT-186-P. Enter **0** on lines 1 and 22.

Composition of prepayments claimed on line 8

If you need more space, write **see attached** in this section and attach separate sheet showing all relevant prepayment information. Transfer the total to line 30, *Total prepayments*.

Privacy notification

The Commissioner of Taxation and Finance may collect and maintain personal information pursuant to the New York State Tax Law, including but not limited to, sections 171, 171-a, 287, 308, 429, 475, 505, 697, 1096, 1142, and 1415 of that Law; and may require disclosure of social security numbers pursuant to 42 USC 405(c)(2)(C)(i).

This information will be used to determine and administer tax liabilities and, when authorized by law, for certain tax offset and exchange of tax information programs as well as for any other lawful purpose.

Information concerning quarterly wages paid to employees is provided to certain state agencies for purposes of fraud prevention, support enforcement, evaluation of the effectiveness of certain employment and training programs and other purposes authorized by law.

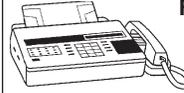
Failure to provide the required information may subject you to civil or criminal penalties, or both, under the Tax Law.

This information is maintained by the Director of Records Management and Data Entry, NYS Tax Department, W A Harriman Campus, Albany NY 12227; telephone 1 800 225-5829. From areas outside the United States and outside Canada, call (518) 485-6800.

Need help?



Internet access: www.nystax.gov
(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.