



# Instructions for Form CT-32-M

## Banking Corporation MTA Surcharge Return

Tax Law — Article 32, Section 1455-B

# CT-32-M-1

**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 tax return

Visit our Web site for tax law changes or forms corrections that occurred after the forms and instructions were printed (see *Need help?*).

### Changes for 2009

#### Increase in the mandatory first installment (MFI) of estimated tax

The Tax Law was amended to provide an increase in the MFI for taxpayers, other than life insurance corporations filing Form CT-33, *Life Insurance Corporation Franchise Tax Return*, or CT-33-A, *Life Insurance Corporation Combined Franchise Tax Return*, and continuing section 186 taxpayers filing Form CT-186, *Utility Corporation Franchise Tax Return*, whose preceding year's tax, exclusive of the metropolitan transportation business tax (MTA surcharge), exceeded \$100,000. For tax years beginning on or after January 1, 2010, those taxpayers are required to pay a first installment equal to 40% of the preceding year's tax. Additionally, taxpayers who are required to pay their MFI at the 40% rate and are subject to the MTA surcharge are also required to calculate their estimated tax for the MTA surcharge at 40% of the preceding year's MTA surcharge. The remaining three estimated tax payments are to be adjusted so that the total payments do not exceed 100% of the estimated tax due. The MFI of estimated tax and estimated MTA surcharge remains at 25% of the preceding year's tax and tax surcharge, respectively, for those taxpayers whose preceding year's tax exceeded \$1,000, but was less than or equal to \$100,000.

**Fee for payments returned by banks** — A new law allows the Tax Department to charge a \$50 fee when a check, money order, or electronic payment is returned by a bank for nonpayment. However, if an electronic payment is returned as a result of an error by the bank or the department, the department won't charge the fee. If your payment is returned, we will send a separate bill for \$50 for each return or other tax document associated with the returned payment.

#### General information

If you file Form CT-32, *Banking Corporation Franchise Tax Return*, or CT-32-A, *Banking Corporation Combined Franchise Tax Return*, use Form CT-32-M to report and pay the metropolitan transportation business tax surcharge (MTA surcharge).

If you do business, employ capital, own or lease property, or maintain an office in the Metropolitan Commuter Transportation District (MCTD), you must file Form CT-32-M and pay the MTA surcharge on business done in the MCTD. The MCTD includes the counties of New York, Bronx, Kings, Queens, Richmond, Dutchess, Nassau, Orange, Putnam, Rockland, Suffolk, and Westchester.

A banking corporation that meets one or more of the following tests is subject to the MTA surcharge:

- it has issued credit cards to 1,000 or more customers with mailing addresses in the MCTD as of the last day of its tax year;
- there are 1,000 or more locations in the MCTD covered by contracts with merchant customers to whom the banking corporation remitted payments for credit card transactions during the tax year;
- it has receipts of \$1 million or more during the tax year from customers who have been issued credit cards by the banking corporation and have mailing addresses in the MCTD;
- it has receipts of \$1 million or more from merchant customer contracts with merchants relating to locations in the MCTD; or
- it has either a) a total number of cardholders and merchant locations in the MCTD that equals or exceeds 1,000 or b) total receipts from cardholders and merchant locations in the MCTD that equal or exceed \$1 million. Receipts from processing credit card transactions for merchants include merchant discount fees received by the banking corporation.

A credit card includes bank, credit, travel, and entertainment cards.

Corporations filing on a combined basis are required to file only one return for the combined group. Use combined figures, as shown on your Form CT-32-A, to complete this form.

#### When 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.

#### Where to file

Mail your return to:

**NYS CORPORATION TAX  
PROCESSING UNIT  
PO BOX 22038  
ALBANY NY 12201-2038**

If you use a delivery service other than the U.S. Postal Service, see *Private delivery services*.

#### Private delivery services

If you choose, you may use a private delivery service, instead of the U.S. Postal Service, to mail in your form and tax payment. However, if, at a later date, you need to establish the date you filed 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?* for information on obtaining forms and publications.) If you have used a designated private delivery service and need to establish the date you filed your form, contact that private delivery service for instructions on how to obtain written proof of the date your form was given to the delivery service for delivery. If you use **any** private delivery service, whether it is a designated service or not, send the forms covered by these instructions to: State Processing Center, 431C Broadway, Albany NY 12204-4836.

#### Extension of time for filing

You may request additional time to file an MTA surcharge return. File Form CT-5, *Request for Six-Month Extension to File (for franchise/business taxes, MTA surcharge, or both)*, or Form CT-5.3, *Request for Six-Month Extension to File (for combined franchise tax return, or combined MTA surcharge return, or both)*, on or before the due date of the return for which you are requesting the extension, and pay the MTA surcharge you estimate to be due.

#### Employer identification number, file number, and other identifying information

We must have the necessary identifying information to process your corporation tax forms. Keep a record of that information and include it on each corporation tax form mailed. If you use a paid preparer or accounting firm, make sure they use your complete and accurate identifying information when completing all forms.

#### Amended return

If you are filing an amended return, mark an **X** in the *Amended return* box on page 1 and attach a copy of the federal revenue agent's report or the amended federal return to the amended Form CT-32-M.

If you file an amended federal return, you must file an amended New York State return within 90 days (120 days if filing an amended combined return) thereafter.

**For amended returns based on changes by the Internal Revenue Service (IRS)** — If your federal taxable income (FTI) has been changed or corrected by a final determination of the Commissioner of Internal Revenue, you must file an amended return reflecting the federal changes within 90 days (120 days if filing an amended combined return) of the final federal determination. For a definition of final determination, see NYS Regulation section 21-1.3(b).

You must attach a copy of federal Form 4549, *Income Tax Examination Changes*, to your amended return.

If you filed as part of a consolidated group for federal tax purposes but on a separate basis for New York State tax purposes, you must submit a statement indicating the changes that would have been made if you had filed on a separate basis for federal tax purposes.

**For credits or refunds of corporation tax paid** — To claim any refund type that requires an amended return, file an amended New York State return for the year being amended and, if applicable, attach a copy of the claim form filed with the IRS (usually Form 1120X) and proof of federal refund approval, *Statement of Adjustment to Your Account*.

If you are a federal S corporation, file an amended New York State return for the year being amended. If applicable, attach a copy of the amended federal Form 1120S.

The amended return must be filed within three years of the date the original return was filed or within two years of the date the tax was paid, whichever is later. If you did not file an original return, you must make the request within two years of the date the tax was paid. However, a claim for credit or refund based on a federal change must be filed within two years from the time the amended return reporting the change or correction was required to be filed (see above). For additional limitations on credits or refunds, see Tax Law section 1087.

**Reporting period**

Use this tax return for calendar year 2009 and fiscal years that begin in 2009 and end in 2010.

You can also use the 2009 return if:

- you have a tax year of less than 12 months that begins and ends in 2010, **and**
- the 2010 return is not yet available at the time you are required to file the return.

In this case you must show your 2010 tax year on the 2009 return and take into account any tax law changes that are effective for tax years beginning after December 31, 2009.

All filers must complete the beginning and ending tax year boxes in the upper right corner on page 1 of the form.

**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 using 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:**  $5,000/7,500 = 0.6666666 = 66.6667\%$ .

**Entering dates**

Unless you are specifically directed to use a different format, enter dates in the *mm-dd-yy* format (using dashes and not slashes).

**Line instructions**

**Line A** — Make your check or money order payable 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 MCTD gross income allocation percentage**

**Lines 1 through 3**

- If you do all of your New York State business within the 12 counties of the MCTD, skip lines 1 and 2 and enter **100** on line 3.
- If you do part of your New York State business outside of the MCTD, compute your MCTD gross income allocation percentage on lines 1 through 3.

The MCTD gross income allocation percentage is determined by dividing your gross income within the MCTD by your gross income within New York State. *Gross income* is federal gross income as defined in Internal Revenue Code (IRC) section 61, plus any amount excluded from federal gross income under IRC section 103, minus the eligible gross income of an international banking facility (IBF), if the taxpayer elects to utilize the IBF modification. (See Regulations, section 23-1.3(b).)

**Line 4** — The MTA surcharge for banking corporations is computed using the tax rate (9%) on entire net income (ENI) that was in effect immediately prior to tax years beginning on or after July 1, 2000. Therefore, when line 5 (franchise tax before credits) of Form CT-32 or CT-32-A equals line 1 of Form CT-32 or CT-32-A, a recomputation using a tax rate of 9% is required. In this instance, complete Worksheet 1.

In all other instances, enter on line 4 of Form CT-32-M the net franchise tax from Form CT-32, line 7, or the total combined franchise tax from Form CT-32-A, line 9.

**Worksheet 1**

|          |  |           |
|----------|--|-----------|
| <b>A</b> | Enter allocated taxable entire net income from Form CT-32, line 61, or Form CT-32-A, line 59.....  | _____     |
| <b>B</b> | Rate.....  | _____ .09 |
| <b>C</b> | Multiply line A by line B.....   | _____     |
| <b>D</b> | Enter tax credits from Form CT-32, line 6, or Form CT-32-A, line 6.....  | _____     |
| <b>E</b> | Net New York State franchise tax: subtract line D from line C.....   | _____     |
| <b>F</b> | Combined fixed minimum tax for taxable member corporations ( <i>Form CT-32 filers enter 0;</i> <i>Form CT-32-A filers enter the amount from line 8 of that form</i> )..... | _____     |
| <b>G</b> | Total combined franchise tax: add line E and line F; enter result here and on Form CT-32-M, line 4.....  | _____     |

**First installment of estimated tax for the next tax period**

If, on your Form CT-32 or Form CT-32-A, you must make a first installment of estimated franchise tax for the next tax period, you must also make a first installment of the MTA surcharge for the next tax period.

**Line 7b** — If you did not file Form CT-5 or Form CT-5.3 and the franchise tax shown on Form CT-32, line 7, or Form CT-32-A, line 7, exceeds \$1,000, but does not exceed \$100,000, enter 25% of the MTA surcharge shown on line 6 of Form CT-32-M. If you did not file Form CT-5 or CT-5.3, and the franchise tax shown on Form CT-32 or CT-32-A, line 7, exceeds \$100,000, enter 40% (.4) of the MTA surcharge shown on line 6 of Form CT-32-M. Otherwise, enter **0**.

**Line 11** — Form CT-222, *Underpayment of Estimated Tax by a Corporation*, is filed by a corporation to inform the Tax Department that the corporation meets one of the exceptions to reduce or eliminate the underpayment of estimated tax penalty pursuant to Tax Law section 1085(d).

**Line 12** — If you do not pay the MTA surcharge on or before the original due date (**without** regard to any extension of time to file), 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 7a or line 7b, first installment of estimated MTA surcharge for the next tax period.

**Line 13 – Late filing and late payment penalties** — Late filing and late payment penalties are computed on the amount of the MTA surcharge 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 7a or line 7b, *First installment of estimated MTA surcharge for the next tax period*.

- 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 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 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 (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).

The Tax Law also provides penalties for failure to disclose certain transactions and related information regarding tax shelters, as well as for the underpayment of taxes due to participation in such shelters. See

TSB-M-05(2)C, *Disclosure of Certain Transactions and Related Information Regarding Tax Shelters.*

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

**Line 15** — You may divide the overpayment on line 16, 17, or 18 in any way you choose.

#### 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 if you owe a New York City tax warrant judgment debt. We may also keep all or part of your refund or overpayment if you owe a past-due legally enforceable debt to another state, provided that state has entered into a reciprocal agreement with New York State. 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.

The Tax Department is authorized to charge the taxpayer, as part of the taxpayer's tax debt, any cost or fee imposed or charged by the United States, or any state, for the payment or remittance of a taxpayer's overpayment to satisfy a New York State tax 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 (518) 457-5434 (in-state callers without free long distance call 1 800 835-3554) or write to: NYS Tax Department, Collections and Civil Enforcement Division, W A Harriman Campus, Albany NY 12227.

**Line 19 through 25 – Computation of prepayments on line 9** — If you need more space, write **see attached** in this section and attach a separate sheet showing all relevant prepayment information. Transfer the total shown on the attached sheet to line 9.

#### Third-party designee

If you want to authorize another person (third-party designee) to discuss this tax return with the New York State Tax Department, mark an **X** in the Yes box in the *Third-party designee* area of your return. Also **print** the designee's name, phone number, and any five-digit number the designee chooses as his or her personal identification number (PIN). If you want to authorize the paid preparer who signed your return to discuss the return with the Tax Department, **print** the preparer's name in the space for the designee's name and enter the preparer's phone number in the space for the designee's phone number. You do not have to provide the other information requested. If you do not want to authorize another person, mark an **X** in the *No* box.

If you mark the Yes box, you are authorizing the Tax Department to discuss with the designee any questions that may arise during the processing of your return. You are also authorizing the designee to:

- give the Tax Department any information that is missing from your return;
- call the Tax Department for information about the processing of your return or the status of your refund or payment(s); and
- respond to certain Tax Department notices that you shared with the designee about math errors, offsets, and return preparation. The notices will not be sent to the designee.

You are not authorizing the designee to receive your refund check, bind you to anything (including any additional tax liability), or otherwise represent you before the Tax Department. If you want the designee to perform those services for you, you must file Form POA-1, *Power of Attorney*, making that designation with the Tax Department. Copies of statutory tax notices or documents (such as a *Notice of Deficiency*) will only be sent to your designee if you file Form POA-1.

You cannot change the PIN. The authorization will automatically end on the due date (without regard to extensions) for filing your next year's tax return.

**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 5-a, 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 Manager of Document Management, NYS Tax Department, W A Harriman Campus, Albany NY 12227; telephone (518) 457-5181.

## Need help?



**Internet access:** [www.nystax.gov](http://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.

**Corporation Tax Information Center:** (518) 485-6027  
In-state callers without free long distance: 1 888 698-2908

To order forms and publications: (518) 457-5431  
In-state callers without free long distance: 1 800 462-8100



**Text Telephone (TTY) Hotline** (for persons with hearing and speech disabilities using a TTY): If you have access to a TTY, contact us at 1 800 634-2110. If you do not own a TTY, 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, call the information center.