New York State Department of Taxation and Finance

Instructions for Form CT-32-M

Banking Corporation MTA Surcharge Return

Tax Law — Article 32, Section 1455-B

CT-32-M-I

Form CT-1, *Supplement to Corporation Tax Instructions*

See Form CT-1 for the following topics:

- Changes for the current tax year (general and by Tax Law Article)
- Business information (how to enter and update)
- Entry formats
  - Dates
  - Negative amounts
  - Percentages
  - Whole dollar amounts
- Third-party designee
- Paid preparer identification numbers
- Is your return in processible form?
- Use of reproduced and computerized forms
- Electronic filing and electronic payment mandate
- Web File
- Form CT-200-V
- Collection of debts from your refund or overpayment
- Fee for payments returned by banks
- Reporting requirements for tax shelters
- Tax shelter penalties
- Voluntary Disclosure and Compliance Program
- Your rights under the Tax Law
- Need help?
- Privacy notification

General information

Who must file

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, Article 27, section 1087.

Reporting period

Use this tax return for calendar year 2011 and fiscal years that begin in 2011 and end in 2012.

You can also use the 2011 return if:

- you have a tax year of less than 12 months that begins and ends in 2012, **and**
- the 2012 return is not yet available at the time you are required to file the return.

In this case you must show your 2012 tax year on the 2011 return and take into account any tax law changes that are effective for tax years beginning after December 31, 2011.

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

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.

Worksheet 1

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

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.

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, line 7, 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, Article 27, 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).

Note: You may compute your interest and penalty by accessing our Web site, 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.

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.

Signature

The return must be certified by the president, vice president, treasurer, assistant treasurer, chief accounting officer, or other officer authorized by the taxpayer corporation.

The return of an association, publicly traded partnership, or business conducted by a trustee or trustees must be signed by a person authorized to act for the association, publicly traded partnership, or business.

If an outside individual or firm prepared the return, all applicable entries in the paid preparer section must be completed, including identification numbers (see *Paid preparer identification numbers* in Form CT-1). Failure to sign the return will delay the processing of any refunds and may result in penalties.