



Instructions for Form CT-240

Foreign Corporation License Fee Return

CT-240-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
- Are you claiming an overpayment?
- 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

A foreign corporation must pay a license fee for the privilege of exercising its corporate franchise or carrying on its business in New York State (NYS). This fee is in addition to the annual franchise tax and is payable only once, unless the capital share structure changed or the amount of capital stock employed in NYS increased since the last license fee return was filed. Some changes in capital share structure are as follows:

- stock split
- issuance of authorized stock
- change of par value stock to no-par value stock
- change of no-par value stock to par value stock

Who must file — All foreign corporations (except banking corporations as defined in Tax Law, Article 32, section 1452(a), paragraphs 1 - 8; insurance corporations; limited liability companies (LLCs); limited liability partnerships (LLPs); and publicly traded partnerships taxed as corporations under the Internal Revenue Code) that do business in NYS must file Form CT-240. This includes foreign corporations that have elected to be New York State S corporations.

A foreign corporation that is subject to the NYS franchise tax under Article 32, section 1452(a)(9), or a foreign bank holding company that is included in a combined return under Article 32, section 1462(f), **is required** to file a license fee return. However, a foreign corporation or bank holding company that would not otherwise be taxable in NYS, except for its inclusion in a combined return under Article 9-A or Article 32 **is not required** to file a license fee return.

All foreign corporations subject to the license fee that are included in a combined return under Article 9-A or Article 32 are required to file the license fee return and compute the license fee on an individual basis.

When and where to file — File Form CT-240 with the first franchise tax return, within 2½ months after the end of the fiscal or calendar year, **and** whenever a change is made in the capital share structure of the corporation or whenever the amount of capital stock employed in NYS has increased since the last license fee return was filed. When filing Form CT-240 other than with your franchise tax return, mail to:

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

Private delivery services — See Publication 55, *Designated Private Delivery Services*.

License fee rates — The license fee rate is five cents on each share of no-par value stock and 1/20 of 1% of the value of par value stock. The minimum license fee is \$10.

When the license fee is recomputed, the amount of any license fee previously paid may be taken as a credit against the recomputed license fee. However, no credit for license fees previously paid will be allowed for a foreign corporation that merges or reincorporates in another state. Refunds will not be made to a corporation when a recomputed fee is less than the fee previously paid.

Line instructions

Computation of license fee

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**.

Line 1 — Enter the total face value of issued par value stock. **Do not include treasury stock.**

Line 4 — Enter the total number of shares of no-par value stock issued. **Do not include treasury stock.**

Line 8 — Enter total license fee paid with prior license fee returns. **Do not include interest or additional charges paid with prior returns.**

Line 10 — If you do not pay the license fee on or before the due date of the return, you must pay interest on the amount of the underpayment from the due date to the date paid. (See *Note*.)

Line 11 — Late filing and late payment penalties

Compute charges for late filing and late payment on the amount of the fee 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, add to the fee 5% per month up to 25% (Article 27 section 1085(a)(1)(A)).
- B If you do not file a return within 60 days of the due date, the addition to the fee in item A above cannot be less than the smaller of \$100 or 100% of the amount required to be shown (section 1085(a)(1)(B)).
- C If you do not pay the fee shown on a return, add to the fee ½% 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 the delay in filing or payment (section 1085).

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

Schedule A – Foreign corporations (including S corporations and corporations included in a combined return) taxable under Tax Law, Article 9-A

Add the allocated NYS business capital, allocated NYS investment capital, and the allocated NYS subsidiary capital, then divide the result by total capital.

Example:	<i>Allocated NYS capital</i>	<i>Capital everywhere</i>
<i>Business capital</i>	\$750,000	\$1,000,000
<i>Investment capital</i>	5,000	50,000
<i>Subsidiary capital</i>	<u>100,000</u>	<u>100,000</u>
	\$855,000	\$1,150,000

License fee allocation percentage: 74.3478% (855,000 ÷ 1,150,000)

Form CT-3-S filers: If you file Form CT-3-S, *New York S Corporation Franchise Tax Return*, calculate your allocated business and investment capital and total capital on Form CT-3, *General Business Corporation Franchise Tax Return*, and your allocated subsidiary capital on Form CT-3-ATT, *Schedules B, C, and D – Attachment to Form CT-3*.

Combined filers: If you file Form CT-3-A, *General Business Corporation Combined Franchise Tax Return*, calculate your allocated business and investment capital and total capital, as if you were filing on a separate basis, on Form CT-3, *General Business Corporation Franchise Tax Return*, and your allocated subsidiary capital on Form CT-3-ATT, *Schedules B, C, and D – Attachment to Form CT-3*.

Schedule B – Foreign corporations taxable under Tax Law, Article 9

Compute your license fee allocation percentage by dividing assets employed in NYS by total assets. Do not include cash or U.S. obligations as part of assets.

Schedule C – Foreign corporations taxable under Tax Law, Article 32

Add together business capital and subsidiary capital allocated to NYS and divide the result by total worldwide capital. Foreign corporations taxable under section 1452(a)(9), and foreign bank holding companies included in a combined return under section 1462(f), are required to compute the license fee allocation in the same manner as the issuer’s allocation percentage. The computation of the issuer’s allocation percentage is described in the instructions for Form CT-32, *Banking Corporation Franchise Tax Return*.

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.