



Instructions for Forms CT-225-A and CT-225-A/B

(For filers of combined franchise tax returns)

CT-225-A-I

Tax Law – Article 9-A and 33

General information

Who must file this form

You must complete Form CT-225-A, *New York State Modifications*, and submit it with Form CT-3-A, *General Business Corporation Combined Franchise Tax Return*, or CT-33-A, *Life Insurance Corporation Combined Franchise Tax Return*, to report certain New York additions to federal taxable income (FTI) and certain New York subtractions from FTI that are entered on:

- Form CT-3-A, lines 8 and 15
- Form CT-33-A, lines 74 and 83

A combined group with more than one subsidiary must also file Form CT-225-A/B, *Subsidiary Detail Spreadsheet*, which is a breakdown, by subsidiary, of each other addition and other subtraction claimed by each subsidiary. A combined group with only one subsidiary enters the subsidiary's information on Form CT-225-A, column B, and does not file Form CT-225-A/B.

Corporations not filing as a member of a combined group under Tax Law Articles 9-A or 33 must file Form CT-225, *New York State Modifications*, instead of Form CT-225-A.

General instructions

Form CT-225-A is used to inform the Tax Department which additions to and subtractions from FTI a New York C corporation that is a member of a combined group is reporting, where such additions and subtractions do not have a specific reporting line on Form CT-3-A or CT-33-A. The addition and subtraction modifications are reported on this form using numbers assigned to each modification. Schedule A is used to report additions and Schedule B is used to report subtractions. See *New York State addition and subtraction modifications*. In either Schedule A or B, Part 1, use the modification number with the prefix of *A* or *S* to report modifications generated by the entity filing this Form CT-225-A. In either Schedule A or B, Part 2, use the modification number with the prefix of *EA* or *ES* to report that the filer's share of these modifications flow through to the entity filing this Form CT-225-A from a partnership, estate, or trust.

You may have the same modification number listed in both Parts 1 and 2 of either Schedule A or B. For example, a corporation uses addition modification number *A-212* in Schedule A, Part 1, for the environmental remediation insurance premium it deducted in computing FTI and for which it is taking a New York State tax credit. Then, the corporation also enters *EA-212* in Schedule A, Part 2, for the amount of environmental remediation insurance premiums a partnership in which the corporation is a partner has deducted in computing partnership income federally, when the partnership is allowed a New York State tax credit for those premiums and a share of the credit flowed through to the corporation.

Note: A corporation that is a qualified entity, or a corporate partner of a qualified entity, in an innovation hot spot must transfer the amount of income or gain attributable to the innovation hot spot(s) reported on Form CT-223, *Innovation Hot Spot Deduction*, to Form CT-225-A. Use subtraction modification number *S/ES-216* (see *S-216, New York State innovation hot spot deduction*).

If you have more entries than there are lines in any part, submit a separate Form(s) CT-225-A listing the other addition and/or subtraction modifications.

Line instructions for Form CT-225-A

Corporations

- Complete Schedule A, Part 1, to report certain New York State **additions** to FTI that did **not** flow through to you from a partnership, estate, or trust.
- Complete Schedule B, Part 1, to report certain New York State **subtractions** from FTI that did **not** flow through to you from a partnership, estate, or trust.

Corporate partners or beneficiaries

- Complete Schedule A, Part 2, to report your share of certain New York State **additions** to FTI from partnerships, estates, or trusts.
- Complete Schedule B, Part 2, to report your share of certain New York State **subtractions** from FTI from partnerships, estates, or trusts.

Corporate partners filing under Article 9-A: The amount of certain New York State additions and/or subtractions to enter from each partnership should be reported to you by the partnership on Form IT-204-CP, *New York Corporate Partner's Schedule K-1*.

The form provides a column A for the parent and a subsidiary column B for the other members of the group (if the combined group consists of more than one subsidiary, then the amounts in column B are obtained from Form CT-225-A/B). Columns A and B are then added together, and the result is entered in column C. Enter in column D any intercorporate eliminations. Subtract column D from the subtotal in column C and enter the balance in column E.

Schedule A – Certain New York State additions to federal taxable income (FTI)

Part 1 – For certain additions to FTI that did not flow through from a partnership, estate, or trust

Lines 1a through 1p – Enter the applicable New York State addition modification number(s) and amount(s) in columns A through E. See *New York State additions*.

Part 2 – Corporations' share of certain additions to FTI that flow through from partnerships, estates, or trusts

Lines 3a through 3p – Enter the applicable New York State addition modification number(s) and amount(s) in columns A through E. If you are a partner or beneficiary in more than one partnership, estate, or trust, the amount to enter for a specific other addition is the total amount of that specific addition that flows through from **all** partnerships, estates, or trusts.

Line 5 – Transfer the amount from column E to Form CT-3-A, line 8, column E or Form CT-33-A, line 74, column E.

Schedule B – Certain New York State subtractions from FTI

Part 1 – For certain subtractions from FTI that did not flow through from a partnership, estate, or trust

Lines 6a through 6p – Enter the applicable New York State subtraction modification number(s) and amount(s) in columns A through E. See *New York State subtractions*.

Part 2 – Corporations' share of certain subtractions from FTI from partnerships, estates, or trusts

Lines 8a through 8p – Enter the applicable New York State subtraction modification number(s) and amount(s) in columns A through E. If you are a partner or beneficiary in more than one partnership, estate, or trust, the amount to enter for a specific other subtraction is the total amount of that specific subtraction that flows through from **all** partnerships, estates, or trusts.

Line 10 – Transfer the amount from column E to Form CT-3-A, line 15, column E or Form CT-33-A, line 83, column E.

Line instructions for Form CT-225-A/B

Corporations

- Complete Schedule A, Part 1, to report certain New York State **additions** to FTI that did **not** flow through to a subsidiary from a partnership, estate, or trust.
- Complete Schedule B, Part 1, to report certain New York State **subtractions** from FTI that did **not** flow through to a subsidiary from a partnership, estate, or trust.

Corporate partners and beneficiaries

- Complete Schedule A, Part 2, to report a subsidiary's share of certain New York State **additions** to FTI from **all** partnerships, estates, or trusts.
- Complete Schedule B, Part 2, to report a subsidiary's share of certain New York State **subtractions** from FTI from **all** partnerships, estates, or trusts.

Corporate partners filing under Article 9-A: The amount of certain New York State additions and/or subtractions to enter from each partnership should be reported to you by the partnership on Form IT-204-CP.

On this form, each subsidiary included in a combined return provides a breakdown of the amounts reported for that subsidiary as other additions or other subtractions on their Form CT-3-A/B or CT-33-A/B. Each subsidiary must complete its own Form CT-225-A/B.

Schedule A – Certain New York State additions to FTI

Part 1 – For certain additions to FTI that did not flow through from a partnership, estate, or trust

Lines 1a through 1p – Enter the applicable New York State addition modification number(s) and amount(s). See *New York State additions*.

Part 2 – Share of certain additions to FTI from all partnerships, estates, or trusts, in which the subsidiary is a partner or beneficiary

Lines 1a through 1p – Enter the New York State addition modification number and amount(s). If you are a partner or beneficiary in more than one partnership, estate, or trust, the amount to enter for a specific other addition is the total amount of that specific addition that flows through from **all** partnerships, estates, or trusts.

Line 2 – Transfer the amount from this line to this subsidiary's column on Form CT-3-A/B, line 8, or Form CT-33-A/B, line 74.

Schedule B – Certain New York State subtractions from FTI

Part 1 – For certain subtractions from FTI that did not flow through from a partnership, estate, or trust

Lines 3a through 3p – Enter the applicable New York State subtraction modification number(s). See *New York State subtractions*.

Part 2 – Share of certain subtractions to FTI from all partnerships, estates, or trusts, in which the subsidiary is a partner or beneficiary

Lines 3a through 3p – Enter the applicable New York State subtraction modification number(s) and amount(s). If you are a partner or beneficiary in more than one partnership, estate, or trust, the amount to enter for a specific other subtraction is the total amount of that specific subtraction that flows through from **all** partnerships, estates, or trusts.

Line 4 – Transfer the amount from this line to this subsidiary's column on Form CT-3-A/B, line 15, or Form CT-33-A/B, line 83.

New York State addition and subtraction modifications

New York State additions

A-105 Federal deduction for special additional mortgage recording tax – You must include the amount claimed as a New York State tax credit that was also deducted when computing FTI.

A-106 Special additional mortgage recording tax basis adjustment – The gain or loss on the sale of real property on which the special additional mortgage recording tax credit was claimed that is included in the computation of federal income must be increased, in the case of a gain, or decreased in the case of a loss, when any portion of the credit was not reflected in the computation of the federal gain or loss.

A-110 Qualified emerging technology investment (QETI) – If you elected to defer the gain from the sale of QETI, then you must add to FTI the amount previously deferred when the reinvestment in the New York QETC that qualified you for that deferral is sold (Also see S-115).

A-203 Safe harbor lease (CT-3-A filers only) – You must include any amount you claimed as a deduction in computing FTI solely as a result of an election made under IRC section 168(f)(8) as it was in effect on December 31, 1983.

A-204 Safe harbor lease (CT-3-A filers only) – You must include any amount you would have been required to include in the computation of your FTI if you had not made the election permitted under IRC section 168(f)(8) as it was in effect on December 31, 1983.

A-207 Federal deduction for farmers' school taxes (CT-3-A filers only) – You must include the amount of real property taxes paid on qualified agricultural property and deducted in determining FTI, to the extent of the amount of the credit allowed under section 210.22.

A-208 Federal IRC section 179 deduction for a sport utility vehicle (SUV) (CT-3-A filers only) – If you are not an eligible farmer you are required to add back the amount of the deduction claimed in computing federal income.

A-211 Royalty payment(s) – You must include royalty payments directly or indirectly paid, accrued, or incurred in connection with one or more direct or indirect transactions with one or more related members during the tax year to the extent deductible in calculating FTI. Exceptions to this addback apply. For more information on the exceptions see TSB-M-13(6)C, *Summary of Budget Bill Corporation Tax Changes Enacted in 2013 - Effective for Tax Years 2013 and After*. If you believe you do not have to make this addback as a result of one of the exceptions, attach a statement to your return explaining how you meet each requirement for the exception.

A-212 Federal deduction for environmental remediation insurance premiums – You must include the amount of premiums paid for environmental remediation insurance and deducted in determining federal income, to the extent of the amount of the credit allowed under Tax Law, Article 1, section 23.

A-213 IRC section 199 deduction – Include the amount of the deduction for domestic production activities from your federal return that is required to be added back under Tax Law section 208.9(b)(19) or 1503(b)(2)(u).

A-214 Federal deduction for the metropolitan commuter transportation mobility tax (MCTMT) under Tax Law Article 23 (CT-33-A filers only) – If you claimed a federal deduction for the MCTMT, then you must enter the amount deducted in determining federal income.

A-216 Federal deduction for real property taxes of manufacturers (CT-3-A filers only) – If you claimed any federal deduction for real property taxes and you also claimed the manufacturer's real property tax credit, Form CT-641, *Manufacturer's Real Property Tax Credit*, then enter the amount of the federal deduction for real property taxes used as the basis of the calculation of such credit.

A-217 Federal deduction for Tax Law section 186-e tax passed through to a START-UP NY business (CT-3-A filers only) – If you claimed any federal deduction for the New York State excise tax on telecommunication services that flow through to you by your telecommunication provider, and you also claimed the START-UP NY telecommunication services excise tax credit on Form CT-640, *START-UP NY Telecommunication Services Excise Tax Credit*, then enter the amount of the federal deduction for excise taxes of telecommunication services used as the basis of the calculation of such credit.

A-501 Optional depreciation (CT-3-A filers only) – If you have claimed optional depreciation in prior years on certain property acquired from January 1, 1964, through December 31, 1968, you must include any depreciation and any federal losses on the disposition of that property that you deducted from gross income when determining FTI. Make the adjustment for the New York gain or loss on qualified New York State property on Form CT-3-A, line 23. Attach Form CT-324, *Schedule of Optional Depreciation on Qualified New York Property*.

A-502 Addback pursuant to Tax Law section 208.9(c-2) and 208.9(c-3) (CT-3-A filers only) – Qualified public utility corporations, qualified power producers, and qualified pipeline corporations, see the instructions for Form CT-3-A/ATT, Schedule C, in Form CT-3-A-I, *Instructions for Forms CT-3-A, CT-3-A/ATT, and CT-3-A/B General Business Corporation Combined Franchise Tax Return*.

A-601 IRC section 847(1) (CT-33-A filers only) – Include the amount deducted from federal gross income on federal Form 1120-PC as a result of IRC section 847(1).

A-602 Unearned premiums (CT-33-A filers only) – Include the amount of unearned premiums on outstanding business at the end of the preceding tax year excluded from premiums earned as a result of IRC sections 832(b)(4)(B), 832(b)(7)(B)(i), and 832(b)(8)(A)(i).

A-603 Discounted unpaid losses (CT-33-A filers only) – Include the difference between the amount of discounted unpaid losses at the end of the preceding tax year used in the computation of losses incurred as a result of IRC section 832(b)(5)(A), and the amount of unpaid losses at the end of the preceding tax year that would have been used in such computation if such losses were not discounted for federal income tax purposes. Provide a copy of the loss reserves discount summary schedule used to compute discounted unpaid losses from federal Form 1120-PC and a copy of Schedule P, *Analysis of Losses and Loss Expenses, Part 1, Summary*, from the prior year's *Annual Statement*.

New York State subtractions

S-111 Distributions made to victims or targets of Nazi persecution – Include the amount received (including accumulated interest) from an eligible settlement fund, or from an eligible grantor trust established for the benefit of these victims or targets, if included in your FTI. Do not include amounts received from assets acquired with such assets or with the proceeds from the sale (Tax Law, Article 1, section 13).

S-115 Qualified emerging technology investment (QETI) – You may defer the gain on the sale of QETI that are (1) held for more than 36 months and (2) rolled over into the purchase of a QETI within 365 days. A replacement QETI must be purchased within the 365-day period beginning on the date of sale. Gain is not deferred and must be recognized to the extent that the amount realized on the sale of the original QETI exceeds the cost of a replacement QETI. The gain deferral applies to any QETI sold on or after March 12, 1998, that meets the holding-period criteria. You must add back the gain deferred in the year the replacement QETI is sold.

If you elect the gain deferral, deduct from FTI the amount of the gain deferral (to the extent the gain is included in FTI). If purchase of the replacement QETI within the 365-day period occurs in the same tax year as the sale of the original QETI, or in the following tax year and before the date the corporation's franchise tax return is filed, take the deduction on that return. If purchase of the replacement QETI within the 365-day period occurs in the following tax year and on or after the date the corporation's franchise tax return is filed, you must file an amended return to claim the deduction.

For more information, see TSB-M-98(7)C, *1998 Summary of Corporation Tax Legislative Changes*, pages 5 and 6.

S-205 Wage and salary expenses allowed as federal credits but not as federal expenses – Include the amount of wages disallowed under IRC section 280C in the computation of your FTI because you claimed a federal credit. Attach a copy of the appropriate federal credit form.

S-208 Safe harbor lease (CT-3-A filers only) – Include all amounts included in your FTI solely as a result of an election made under IRC section 168(f)(8) as it was in effect on December 31, 1983. Leases for qualified mass-commuting vehicles as defined in IRC section 103(b)(9) are exempt from this adjustment.

S-209 Safe harbor lease (*CT-3-A filers only*) – Include all amounts you could have excluded from FTI if you had not made the election provided for in IRC section 168(f)(8) as it was in effect on December 31, 1983. Leases for qualified mass-commuting vehicles as defined in IRC section 103(b)(9) are exempt from this adjustment.

S-212 Federal IRC section 179 deduction recapture for a sport utility vehicle (SUV) (*CT-3-A filers only*) – If you are not an eligible farmer that previously claimed an IRC section 179 deduction with respect to an SUV, you must include the amount of that deduction that was recaptured in computing federal income.

S-215 Refund of qualified empire zone enterprise (QEZE) credit – Include the amount of refund of the QEZE credit for real property taxes that is included in FTI. See TSB-M-10(9)C, (15), *New York State Tax Treatment of Refunds of the Qualified Empire Zone Enterprise (QEZE) Credit for Real Property Taxes*.

S-216 New York State innovation hot spot deduction (*CT-3-A filers only*) – Include any income or gain attributable to the innovation hot spot (as reported on Form CT-223, *Innovation Hot Spot Deduction*, column G). A taxpayer who claims this benefit is no longer eligible for any other New York State exemption, deduction, credit, or refund under the Tax Law to the extent that such exemption, deduction, credit, or refund is attributable to the business operations of a tenant in, or as part of, the New York State innovation hot spot. Claiming this subtraction represents an irrevocable election.

S-501 Taxable refunds or credits of certain taxes – Include any refund or credit of a tax that was previously added back on:

- Form CT-3-A, line 6 **other than** taxes paid or accrued to the United States, its possessions, other U.S. states, their political subdivisions, any foreign country, and the District of Columbia; or
- Form CT-33-A, line 70 or 74; that is now being properly included as income for federal income tax purposes, and for which no exclusion or deduction was allowed in determining the taxpayer's ENI for any prior year. **Do not** include on this line any refund or credit of tax that was used to offset an addition of tax on Form CT-3-A, line 6, or Form CT-33-A, line 70 or 74. Do not include any refund or credit of New York City taxes.

S-502 Optional depreciation (*CT-3-A filers only*) – If you have claimed optional depreciation in prior years on certain property acquired from January 1, 1964, through December 31, 1968, you must include all federal gain on the disposition of qualified property that was included in FTI. Make the adjustment for the New York State gain or loss on qualified New York State property on Form CT-3-A, line 23. Attach Form CT-324.

S-503 Deductions pursuant to Tax Law sections 208.9(c-2) and 208.9(c-3) (*CT-3-A filers only*) – Qualified public utility corporations, qualified power producers, and qualified pipeline corporations see the instructions for Form CT-3-A/ATT, Schedule C, in Form CT-3-A-I.

S-504 Receipts from the operation of school buses (*CT-3-A filers only*) – Include all receipts from the transportation of pupils, teachers, and others acting in a supervisory capacity to and from school or school activities, minus any deductions allowed in computing FTI that are directly or indirectly attributable to those receipts.

S-601 Unearned premiums (*CT-33-A filers only*) – Include the amount of unearned premiums on outstanding business at the end of the tax year included in premiums earned as a result of IRC sections 832(b)(4)(B), 832(b)(7)(B)(i), and 832(b)(8)(A)(i).

S-602 Discounted unpaid losses (*CT-33-A filers only*) – Include the difference between the amount of discounted unpaid losses at the end of the tax year used in the computation of losses incurred as a result of IRC section 832(b)(5)(A), and the amount of unpaid losses at the end of the tax year that would have been used in such computation if such losses were not discounted for federal income tax purposes. Provide a copy of the loss reserves discount summary schedule used to compute discounted unpaid losses from federal Form 1120-PC, and a copy of *Schedule P, Analysis of Losses and Loss Adjustment Expenses, Part 1, Summary*, from the current year's *Annual Statement*.

S-603 IRC section 847(5) and 847(6) (*CT-33-A filers only*) – Include the amount included in federal gross income as a result of IRC sections 847(5) and 847(6).

S-604 IRC section 832(b)(5)(B) (*CT-33-A filers only*) – Include the amount by which losses incurred were reduced as a result of IRC section 832(b)(5)(B).

Need help? and Privacy notification

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