Department of Taxation and Finance

Instructions for Form CT-186-E

Telecommunications Tax Return and Utility Services Tax Return

Tax Law – Article 9, Sections 186-e, 186-a, and 186-c

CT-186-E-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
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  - Negative amounts
  - Percentages
  - Whole dollar amounts
- Are you claiming an overpayment?
- NAICS business code number and NYS principal business activity
- Limitation on tax credit eligibility
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- Collection of debts from your refund or overpayment
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- Voluntary Disclosure and Compliance Program
- Your rights under the Tax Law
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General information

Who must file

Every provider of telecommunication services must file Form CT-186-E to report the tax due under section 186-e. In addition to your telecommunications activity, if you are a utility supervised by the Department of Public Service, you must use Form CT-186-E to report the tax imposed by section 186-a.

Provider of telecommunication services means any person, corporation, or other entity who furnishes or sells telecommunication services, regardless of whether these activities are the main business of the person, corporation, or other entity, or are only incidental. (Any reference to a utility, regarding the tax imposed by section 186-e or 186-a, is deemed to include a reference to a provider of telecommunication services.)

Providers of telecommunication services compute their tax by completing Schedule A and, if applicable, Schedule B.

Providers of telecommunication services that sell **mobile** telecommunication services compute their tax on such sales by completing Schedule E and, if applicable, Schedule F, when such mobile service was provided on or after May 1, 2015, **and** the receipt related to such service was received by the provider on or after May 1, 2015. Otherwise, the tax on such mobile service is paid using Schedules A and B.

Utilities that are subject to the supervision of the Department of Public Service compute their section 186-a tax by completing Schedule C and, if applicable, Schedule D.

Utilities that are not subject to the supervision of the Department of Public Service do not need to complete Schedule C or Schedule D.

Exempt sellers

The following, if selling telecommunication services, are exempt from tax under both sections 186-e and 186-a: New York State, municipalities, political and civil subdivisions of New York State or a municipality, public districts, not-for-profit corporations, and associations organized and operated exclusively for religious, charitable, or educational purposes.

In addition, the following exemptions apply to section 186-a: any 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, limited dividend housing corporations organized under the Private Housing Finance Law, and motor carriers and brokers.

If your gross income is $500 or less, you are exempt from tax under section 186-a, but you are still required to complete Schedule C. This $500 limitation does not apply to the tax imposed under section 186-e (Schedules A and E), or their related MTA surcharge (Schedules B and F).

When to file

You must report 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 April 15 following the close of the calendar tax year. If April 15 falls on a Saturday, Sunday, or legal holiday in any year, the return is due on the next business day.

Where to file

Mail your return to: **NYS CORPORATION TAX**
PO BOX 15181
ALBANY NY 12212-5181

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

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-E, *Request for Three-Month Extension to File Form CT-186-E,* on or before the original due date. 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-E.

Metropolitan transportation business tax (MTA surcharge)

You must also use this form to compute and report the MTA surcharge imposed by section 186-c on business done in the Metropolitan Commuter Transportation District (MCTD). The MCTD includes the counties of New York, Bronx, Kings, Queens, Richmond, Dutchess, Nassau, Orange, Putnam, Rockland, Suffolk, and Westchester.

Other forms you may need to file

Utility services tax – If you have no receipts from telecommunication services, but have receipts from the furnishing of utility services subject to tax under section 186-a, use Form CT-186-P, *Utility Services Tax Return – Gross Income,* to report your taxes under section 186-a. Use Form CT-186-P/M, *Utility Services MTA Surcharge Return*, to report your MTA surcharge.

Installments of estimated tax – You may be required to make installments of estimated tax. Form CT-300, *Mandatory First Installment (MFI) of Estimated Tax for Corporations*, is used to make the mandatory first installment (MFI) when an MFI is required. Form CT-400, *Estimated Tax for Corporations*, is used to make any additional estimated tax payments as required.

Specific instructions

Amended return – If you are filing an amended return, mark an ***X*** in the *Amended return* box on page 1.

An amended New York State return requesting a credit or refund must be filed within three years of the time the original return was filed or within two years of the time the tax was paid, whichever is later; or, if no return was filed, within two years of the time the tax was paid. For additional limitations on credits or refunds, see Tax Law, Article 27, section 1087.

Final return – Mark an ***X*** in this box if it is the last return you intend to file because you have ceased doing business.

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. Keep a record of your identifying information for future use.

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***.

Before completing lines 1 through 22b, you must complete any of the following schedules that apply to you.

Schedule A – New York State excise tax on telecommunication services
Schedule B – MTA surcharge related to those telecommunication services reported on Schedule A
Schedule C – Utility services tax
Schedule D – MTA surcharge on gross income for utility services
Schedule E – New York State excise tax on mobile telecommunication services subject to 2.9% tax rate
Schedule F – MTA surcharge related to mobile telecommunication services subject to 0.721% tax rate

Computation of tax

Lines 2 and 5 – A utility subject to tax under section 186-a that has gross income of less than $500 is exempt from the payment of the tax under this section. However, you are required to complete Schedule C. Enter ***0*** on lines 2 and 5, and file this form.

Lines 7 through 10 – mandatory first installment (MFI) removed – For information concerning MFIs, see Form CT-300 and its instructions.

Line 13a – If either column A or B shows a balance due, you may use lines 14a and 14b to transfer any overpayment from line 13b to pay the balance due. If both columns show a balance due, enter the amounts on line 14c, columns A and B.

Line 13b – If either column A or B shows an overpayment, you may use lines 14a and 14b to transfer the overpayment to pay a balance due. If both columns show overpayments, you may use lines 14a and 14b to transfer the amounts to be applied as overpayments to next year's tax or you may transfer the overpayments to line 19, columns A and B.

Line 14a – Use this line to transfer any MTA surcharge overpayment to the New York State (NYS) tax due. Enter the amount you want to transfer in both column A and column B.

Line 14b – Use this line to transfer any NYS tax overpayment to the MTA surcharge due. Enter the amounts you want to transfer in both column A and column B.

Line 14c – If there is a balance due for NYS tax (line 13a, column A) and an overpayment for MTA surcharge (line 13b, column B), subtract the amount transferred on line 14a, column A from line 13a, column A. If the difference is zero or a positive amount, enter the difference on line 14c, column A. If the difference is a negative amount, enter the difference as a positive number on line 19, column A. Subtract the amount transferred on line 14a, column B, from line 13b, column B, and enter the difference on line 19, column B.

If there is a balance due for MTA surcharge (line 13a, column B) and an overpayment for NYS tax (line 13b, column A), subtract the amount transferred on line 14b, column A from line 13b, column A and enter the difference on line 19, column A. Subtract the transfer amount on line 14b, column B from line 13a, column B. If the difference is zero or a positive amount, enter the difference on line 14c, column B. If the difference is a negative amount, enter the difference as a positive number on line 19, column B.

Line 15 – 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).

Interest and penalties for late payment

Line 16 – If you do not pay the taxes and MTA surcharges on or before the original due date (**without** regard to any extension of time), 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 amounts paid timely.

Line 17 – Compute additional charges for late filing and late payment on the amount of taxes and MTA surcharges, 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, 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 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 above (section 1085(a)).

If you think you are not liable for these additional charges, attach a statement to your return explaining any delay in filing, payment, or both (section 1085).

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

Overpayments and credits

Line 19 – If there are amounts listed in both columns of line 13b and you want to transfer the overpayment from one column to the other, see the instructions for lines 13a through 14c.

You may elect to apply all or part of the overpayment on line 19 to your next year's taxes and surcharges to be reported on Form CT-186-E or have it refunded. Unless you request a refund, we will apply your overpayment to the next year's tax. We will notify you when the overpayment has been credited and explain how to request a refund. You must claim the requested refund before the original due date of next year's tax return. To apply overpayments to next year's tax return or MTA surcharge, use lines 20a and 20b. To request a refund, use line 21.

Line 20a – Enter the amount from line 19, column A, to be credited to next year's NYS tax (section 186-e).

Line 20b – Enter the amount from line 19, column B, to be credited to next year's MTA surcharge.

Lines 22a and 22b – You may request a refund or credit of the resale credit or the multijurisdictional credit on lines 22a and 22b, instead of applying the credits against your tax liabilities on lines 40a, 40b, 61, and 62. Therefore, you may not request a refund or a credit of any amounts you have entered on lines 40a, 40b, 61, and 62.

The security officer training tax credit and the biofuel production credit are also refundable. However, for these credits you must first apply the credit against the tax liabilities on lines 41 and 91. Any excess credit may be refunded or credited on lines 22a and 22b.

Note: The long-term care insurance credit is not refundable. Do not enter any amount of this credit on lines 22a and 22b.

No interest is payable on any refund or credit allowed.

Schedule A – New York State excise tax on telecommunication services (Tax Law section 186-e)

Local carrier, interexchange carrier, or facilities-based cellular common carrier

Mark an ***X*** in the applicable box if you are a *local carrier, interexchange carrier,* or *facilities-based cellular common carrier*.

Local carrier means any provider of telecommunication services for hire to the public, subject to the supervision of the Public Service Commission (PSC), and engaged in providing carrier access service to a switched network.

Interexchange carrier means any provider of telecommunication services between two or more exchanges that qualifies as a common carrier. In other words, any person engaged as common carrier for hire in intrastate, interstate, or foreign telecommunication services is an interexchange carrier.

Part 1 – Computation of gross charges

Section 186-e imposes an excise tax on each charge from:

1) any intrastate telecommunication services;
2) any interstate or international telecommunication services that originate or terminate in New York State and are charged to a service address in New York State (regardless of where the amounts charged are actually billed or ultimately paid);
3) private telecommunication services attributable to New York State; and
4) mobile telecommunication services provided by a home service provider where the mobile telecommunications customer's place of primary use is in New York State.

Note: When the mobile service was provided on or after May 1, 2015, **and** the receipt related to such service was received by the provider on or after May 1, 2015, include charges from item 4 above on Schedules E and F. Where mobile services are reported on Schedule E, they should **not** be reported on either Schedule A or Schedule B.

The charge for each telecommunication service is determined on the basis of each transaction. Providers of telecommunication services are required to file Form CT-186-E for each calendar year, summarizing the charges accrued and the tax liability to be paid.

Gross charge means the amount charged for each telecommunication service provided with no deductions, and is expressed in money, whether paid in cash, credit, or property of any kind or nature. A deduction is allowed for bad debts incurred on charges subjected to tax under section 186-e, when the debt becomes worthless in accordance with consistently applied generally accepted accounting principles (GAAP).

Telecommunication services means telephony or telegraphy, or telephone or telegraph service of any nature including, but not limited to, any transmission of the following: voice, image, data, information, and paging, through the use of wire, cable, fiber optics, laser, microwave, radio wave, satellite or similar media, or any combination thereof. *Telecommunication services* also include services that are not telecommunication services as such, but are:

- ancillary to the provision of telephone service (for example, directory information, call forwarding, caller identification, call waiting, and supplementary services); and
- services (of whatever nature) which are provided with telecommunication services.

The charges from equipment provided in connection with any telecommunication service (such as beepers, telephones, fax machines, or modems) are also subject to tax under section 186-e. The term telecommunication services does not apply to separately stated charges for a service that alters the substantive (information) content of the message received from that sent.

Example: *The character sequence 1, 2, 3, 4 is sent and the recipient receives only the summary number 10. The charge for this data processing service is separately billed. Because arithmetic processing has substantively changed the information content of the message sent and the data processing service is separately billed, this is not considered a telecommunication service.*

Telecommunication services **do not** include:

- Television or radio programming transmitted to subscribers by cable television service.
- Internet access services (see TSB-M-97(1.1)C, *Internet Access Charges Not Subject to Sales Tax and Telecommunications Excise Tax;* TSB-M-08(4)C, (2)S, *The Federal Internet Tax Freedom Act Amendments Act of 2007 and its Effect on the New York Sales Tax and Telecommunications Excise Tax;* and TSB-M-08(4.1)C, (2.1)S, *Revised Information Regarding the Telecommunications Excise Tax Based on the Federal Internet Tax Freedom Act Amendments Act of 2007).*

Examples of telecommunication services charges reported on Form CT-186-E include:

- Local telephone services.
- Toll services.
- Long distance telephone services.
- Carrier access services.
- Private telecommunication services.
- Pay telephone services.
- Paging services.
- Mobile telecommunication services.
- Facsimile and data transmission services.
- Prepaid telecommunication services.
- All other telecommunication services transmitted by any means whatsoever.

Line 23 – Enter 100% of your charges from intrastate telecommunication services. **Do not** include private intrastate telecommunication services to be reported on line 29.

Line 24 – Enter 100% of your charges from interstate and international services that originate or terminate in New York State and have a service address in New York State.

Service address means the location of the equipment from which the telecommunication originated or at which the telecommunication is received by the purchaser from the provider of telecommunication services. Special rules define the *service address* in instances where the telecommunication service is obtained through a credit or payment mechanism (such as a credit, calling card, or third-party billing), and where the service address is not a defined location (such as a mobile telephone, paging system, maritime system, or air-to-ground system). In instances where more than one rule may apply, use the first rule that applies from the list below to determine the service address.

1. If the telecommunication originates or terminates in New York State and is charged to telecommunication equipment that is not associated with the origination or termination of the telecommunication (for example, by the use of a calling card or third-party billing), and the location of the equipment charged is in New York State, the service address will be deemed to be in New York State.
2. If the service is obtained through a credit or payment mechanism such as a bank, travel, credit, or debit card; or if the service is obtained by charging telecommunication equipment that is not associated with the origination or termination of the telecommunication (for example, by the use of a calling card or third-party billing), and the equipment is not located in the state of origination or termination, then the service address is deemed to be the location of the origination of the telecommunication.
3. If the service address is not a defined location, as in the case of mobile telephones, paging systems, maritime systems, air-to-ground systems, and the like, *service address* means the location of the subscriber's primary use of the telecommunication equipment as defined by telephone number, authorization code, or location where bills are sent. However, the location of the mobile telephone switching office or similar facility that receives and transmits the signals of the telecommunication is deemed the *service address* when the mobile telephone switching office or similar facility is outside the subscriber's assigned service area.

Note: Include on line 24 only those charges for mobile telecommunication services that **are not** associated with a New York place of primary use. Enter on line 25, or on line 104, as applicable, any charges for mobile telecommunication services that **are** associated with a New York place of primary use.

Line 25 – Enter 100% of your charges for mobile telecommunication services provided to customers whose place of primary use is in New York State, when such charges are not required to be reported on Schedule E. For more information, see *Schedule E – New York State excise tax on mobile telecommunication services subject to 2.9% tax rate*.

Place of primary use means the street address that represents a customer's primary use of the mobile telecommunication services. That address must be the residential street address or the primary business street address of the mobile telecommunication customer, and must be within the licensed service area of the home service provider.

A home service provider may treat the address it uses for a customer under a service contract that was in effect on July 28, 2002, as that customer's place of primary use for the remaining term of the contract (excluding extensions or renewals) in order to determine the proper taxing jurisdiction for section 186-e taxes.

Lines 26, 27, and 28 – Enter 100% of your charges from ancillary services (such as directory information, call forwarding, caller identification, or call waiting) or services provided with telecommunication service or from equipment provided in connection with telecommunication services (such as beepers and telephones). **Include** miscellaneous charges from commissions and fees earned that are directly related to telecommunication services reported on lines 23, 24, and 25. **Do not include** receipts from services or equipment that are separately billed and that are not provided directly in connection with telecommunication services.

Lines 29, 30, and 31 – Private telecommunication services

Private telecommunication service means any dedicated telecommunication service that entitles the user or users to the exclusive or priority use of a communications channel or group of channels **from** one or more locations **to** one or more locations. In this context, *exclusive* means that the user-subscriber has use of a communications channel to the exclusion of all others who are not authorized to use the channel (but not joint authorized users). *Priority* means that only authorized user-subscribers, as opposed to unauthorized persons, receive preferential use of a communications channel, but not necessarily a preference with respect to each other.

Line 29 – Enter 100% of the charges from private telecommunication services that are located entirely within New York State (intrastate services).

Line 30 – When the charge for each channel segment is **separately stated** and the amount fairly reflects traffic originating or terminating in New York State, the charge allocated to New York State is made up as follows:

- 100% of the charges imposed at each Channel Termination Point (CTP) within New York State;
- 100% of the charges imposed for the use of each channel segment between CTPs within New York State; and
- 50% of the charges imposed for the use of any channel segment between a CTP in New York State and a CTP outside New York State.

Example: *Charges for an interstate private telecommunications channel connecting Buffalo, Albany, and Boston consist of the following: $10 charged at each CTP, $100 charged for the use of the channel between Buffalo and Albany, and $150 between Albany and Boston. The charges fairly reflect New York State origination and termination traffic. The charge allocated to New York State is illustrated below:*

	Actual charges	*Allocation computation*		*Allocated to New York State*
$10 x 3 CTPs	*$ 30*	*$10 x 2 CTPs in NYS*	=	*$ 20*
Buffalo-Albany	*$100*	*$100 x 100%*	=	*$100*
Albany-Boston	*$150*	*$150 x 50%**	=	*$ 75*
Charges (unallocated) $280				
Charges allocated to New York State $195				

** The separately-stated charge for any channel segment between a CTP in New York State and a CTP outside New York State must be allocated at 50%.*

Line 31 – When the charge for each channel segment is **not separately stated** or the charge does not fairly reflect traffic originating or terminating in New York State, the charge allocated to New York State is made up as follows:

- 100% of the amount charged at each CTP within New York State; and
- an allocated portion of the gross interstate or international channel charge determined by dividing the number of CTPs within New York State by the total number of CTPs everywhere.

Example: *Charges for an interstate private telecommunications channel are billed as follows: $50 charged at each CTP and $400 charged for the use of an entire channel between Buffalo, Albany, New York City, and Washington, DC. The charge allocated to New York State is illustrated below:*

	Actual charges	*Allocation computation*		*Allocated to New York State*
$50 x 4 CTPs	*$200*	*$50 x 3 CTPs in NYS*	=	*$150*
Entire channel	*$400*	*$400 x ¾***	=	*$300*
Charges (unallocated) $600				
Charges allocated to New York State $450				

*** Since the charge for each channel segment is not separately stated, the gross channel charge is allocated by the number of CTPs in New York State divided by the number of CTPs everywhere, or ¾.*

Part 2 – Exclusions and deductions from gross charges that were included on line 32

Line 33 – Providers of telecommunication services are allowed a sale-for-resale exclusion from the excise tax for any sale of telecommunication services made to a person who resells the services as such, and who presents the provider with a valid Form CT-120, *Resale Certificate for Telecommunication Purchases*. A valid Form CT-120 should be presented to the provider within 90 days after the provision of the service.

The sale-for-resale exclusion does **not** apply if the purchaser (reseller) does not resell the services as a telecommunication service. The reseller must be a provider of telecommunication services. For more information, see TSB-M-09(2)C, *Resale Certificates for Certain Telecommunications Purchases*, and Form CT-120. See line 40a instructions for other sales-for-resale.

Note: These instructions only apply to telecommunication services purchased on or after January 1, 2009.

Line 34 – The following exclusions and deductions are allowed if included in the gross charges reported in Part 1:

- Any surcharges collected, or any administrative fees retained, when you are merely acting as a collection agent for a municipality in connection with the provision of an enhanced emergency telephone system (E911) or for the public safety communications surcharge under Tax Law, Article 9, section 186-f
- Receipts from the sale of telecommunication services to air carriers solely for the purpose of air safety and navigation, if you are an organization defined by Tax Law section 186-e.2(b)(3)
- Taxes imposed by New York State or its municipalities, or the federal government, when you are merely a collection agency for the tax authority (for example, state and local sales tax)
- Receipts from the sale of cable television and radio programming – *Cable television and radio programming* means the transmitting to subscribers of programs broadcast by one or more television or radio stations or any other programs originated by any person by means of wire, cable, microwave, or any other means. **Note:** telecommunication services provided to a cable television or radio provider, for the purposes of broadcasting programs to subscribers, are subject to tax under section 186-e.

Line 35 – Enter the total deduction for bad debts from all transactions for telecommunication charges subject to tax under section 186-e, when the debt has become worthless in accordance with consistently applied GAAP.

Part 3 – Computation of tax due

Lines 40a, 40b, and 41 – Any tax credit amounts claimed on these lines may **not** be claimed in Schedule E.

Line 40a – If you are a reseller of telecommunication services but did not present the provider with a valid Form CT-120, you are allowed a credit for tax paid when you resell the services as telecommunication services. The credit operates so that the tax on the resale is applied only to the difference between the gross charge imposed on resale and the amount paid to acquire the service resold. Compute the amount of the credit by multiplying your cost to purchase the service by the applicable tax rate.

Example: *(Note: For this example, the 2.5% rate is used.) A telephone company sells a telecommunication service to a reseller for $2 for resale. The reseller resells the service for $6. The reseller owes a tax on the difference of $4, or $.10 ($4 × 2.5%). When reporting on the resold service, the reseller includes the gross charge of $6 on line 37, the excise tax of $.15 ($6 × 2.5%) on line 39, and the credit of $.05 ($2 × 2.5%) on line 40a.*

Note: You may request a refund or credit in lieu of applying this credit against your tax liability. See the instructions for lines 22a and 22b.

Line 40b – To prevent multijurisdictional taxation, you are allowed a credit on any interstate or international telecommunication service upon proof that you paid a tax to another state or country. The amount of the credit is the amount lawfully due and paid to the other state or country, but it may not reduce the tax due to less than zero.

Note: You may request a refund or credit in lieu of applying this credit against your tax liability. See the instructions for lines 22a and 22b.

Line 41

Enter the total of any credits claimed from these forms: Form CT-243, *Claim for Biofuel Production Credit,* Form CT-249, *Claim for Long-Term Care Insurance Credit,* and Form CT-631, *Claim for Security Officer Training Tax Credit.* Mark an ***X*** in the appropriate box(es). For other credits not specified, enter the name of the credit(s) being claimed on the *Other credits* line and mark an ***X*** in the box. Attach the appropriate credit forms to your return. Refer to instructions for lines 22a and 22b.

Generally, the *Other credits* line will be used only when a credit claim form for a newly-enacted tax credit was not developed in time to appear on Form CT-186-E.

Schedule B – MTA surcharge related to those telecommunication services reported on Schedule A (Tax Law section 186-c.1(b)(1))

The MTA surcharge is imposed on charges derived from the MCTD. The rate is 17% of the state tax rate as was in effect on September 30, 1998. Therefore, the MTA rate is 0.595% (0.17 × 0.035 = 0.00595 = 0.595%).

All of the definitions and instructions in Schedule A apply to the MTA surcharge computed in Schedule B, with any necessary modifications and limitations, including substituting *MCTD* for *New York State* where appropriate. Accordingly, the tax applies to gross charges from:

- any intra-MCTD telecommunication services;
- any inter-MCTD telecommunication services that originate or terminate in the MCTD and are charged to a service address in the MCTD (including intrastate, interstate, and international telecommunication services);
- private telecommunication services attributable to the MCTD; and
- mobile telecommunication services provided by a home service provider where the place of primary use is in the MCTD, and the gross charge for the service was reported on Schedule A.

Lines 61 and 62 – For instructions about computing these credits, see the instructions for lines 40a and 40b. Any credit claimed on these lines may **not** be claimed in Schedule F.

Schedule C – Utility services tax (Tax Law section 186-a)

General information

Utilities include every person, subject to the supervision of the New York State Department of Public Service or Department of Transportation, engaged in the business of operating street surface, rapid transit, subway, and elevated railroads, as well as certain non-operating railroads. *Utilities* also include every person, whether or not subject to the supervision of the State Department of Public Service, who sells gas, electricity, steam, water, or refrigeration delivered through mains, pipes, or wires; or furnishes gas, electric, steam, water, or refrigerator service, by means of mains, pipes, or wires, whether such activities are the main business of such person or are only incidental to them. Every provider of telecommunication services that is subject to the supervision of the New York State Department of Public Service is considered a utility for the purposes of section 186-a.

Utilities include persons (including providers of telecommunication services), corporations, companies, associations, joint-stock companies or associations, partnerships or limited liability companies, estates, assignees of rents, any person acting in a fiduciary capacity; or any other entity and persons, their assignees, lessees, trustees, or receivers appointed by any court.

Motor carriers or brokers are not required to file this schedule.

If your gross income is $500 or less, you are exempt from tax under section 186-a, but you are still required to complete Schedule C. This limitation does not apply to the tax as computed on Schedule A, Schedule B, Schedule E, or Schedule F.

Gross operating income and gross income

If you are not subject to the supervision of the Department of Public Service, **do not** complete Schedule C or Schedule D.

If you are subject to the supervision of the Department of Public Service, you must pay tax on your gross income. *Gross income* is the total of receipts computed in Schedule C.

Gross operating income is the total of all receipts computed in Schedule C, Part 1. *Gross operating income* includes only those receipts from the sale or furnishing of utility services for ultimate consumption or use by the purchaser in New York State.

Gross income includes receipts from any sale (conditional or otherwise) or service rendered for ultimate consumption or use by the purchaser within New York State derived from the utility's principal business, and profits from transactions within New York State that are not derived from the utility's principal business.

For a utility that is a provider of telecommunication services, *gross operating income* or *gross income* includes only those receipts that **do not** constitute receipts from the sale of telecommunication services, as such services are defined in Tax Law section 186-e.

In determining gross operating income or gross income, include cash, credits, and property of any kind or nature without any deductions for the cost of property sold, materials used, labor, services, or other costs, interest, or discount paid, or any other expenses, except those deductions provided for on lines 69 and 79.

Article 2-I of the general city law provides for certain rebates of charges for energy in revitalization areas of New York City. However, nothing contained in Article 2-I shall be construed as reducing the amount of gross receipts subject to tax under Tax Law section 186-a.

Special rules for landlords

Sales to a landlord – *Gross operating income* **also includes** receipts from utility services to a landlord for resale to a tenant for consumption or use by the tenant as incidental to the landlord's renting of premises to the tenant, even though such sales are not for ultimate consumption by the landlord. *Utility services* means the furnishing of gas, electricity, steam, water, or refrigeration; and services directly connected to the furnishing of gas, electricity, steam, water, or refrigeration. Include these receipts with all other utility service receipts on lines 65, 66, and 67.

Part 1 – Gross operating income

Line 65 – Enter the total receipts from the sale or furnishing of each commodity made for ultimate consumption or use within New York State. See *Special rules for landlords*.

In determining gross operating income, *receipts* include cash, credits, and property of any kind or nature without any deductions for the cost of property sold, materials used, labor, services, or other costs, interest, or discount paid, or any other expense, except as stated in the instructions for line 69.

Line 67 – Enter the total of all other receipts from services rendered for ultimate use within New York State that are directly connected with the sale or furnishing of each commodity.

Other receipts includes installation charges, service charges (other than installation) that are connected with the sale or furnishing of the commodity, and rentals within the state that in fact constitute service charges. See *Special rules for landlords*.

Line 69 – Deductions allowed from gross operating income are uncollectible accounts and taxes imposed by New York State, its municipalities, or the federal government, for which you are merely a collecting agency for the taxing authority. In addition, if you have passed on your section 186-a tax when you originally purchased these services, you may deduct their cost when you resell them.

Part 2 – Receipts from interest and dividends allocated to New York State

Compute receipts from interest and dividends from sources within New York State that are received from corporate and noncorporate entities. Enter in column A the name of the entity that paid the interest or dividend. Enter in column B the type of security (such as stock, bond, or interest-bearing cash account). Enter in column C the amount of interest or dividends received.

Enter receipts from interest and dividends from sources within New York State without any deduction for any expense incurred in connection with the receipt. Do not include interest and dividends received from any of the following:

- A corporation, the majority of whose voting stock is owned by you
- Obligations of the United States, any state, territory, or possession of the United States, or the District of Columbia
- Obligations of a foreign country
- Any obligation from any political subdivision or governmental instrumentality of any of those listed above

Enter in column D, for the entity that paid the interest or dividend, the percentage of such entity's physical assets that are located in New York State.

Line 72 – Enter the total receipts from royalties from sources within New York State without any deductions incurred in connection with the receipt. *Royalties* include all amounts you received for the use of patents or copyrights, whether or not such patents or copyrights were issued to or are owned by you. A patent or copyright is used in New York State if the activities under the patent or copyright are carried on in New York State.

Part 3 – Computation of profits

For lines 74 through 77, the term *profits* means gross selling price minus basis without any further deductions.

Line 74 – Enter profits from the sale of securities that are held, managed, or controlled within New York State.

Securities include shares of stock in any corporation, certificates of stock or interest in any corporation, securities issued by governmental bodies, and securities issued by corporations of a like nature as stocks and bonds that are sold in the open market or on a recognized exchange, designed as a means of investment, and issued for the purpose of financing corporate enterprises and providing a distribution of rights in, or obligations of, such enterprises.

Include profits from the sale of any tax-exempt securities such as those of the following:

- The United States, any state, territory, or possession of the United States, or the District of Columbia
- Any foreign country
- Any political subdivision or instrumentality of any of the above

Include profits from the sale of securities of an affiliated company and profits from the sale of reacquired stock (treasury stock).

Except for a block transaction, you **may not** apply losses from sales of securities against profits from the sale of securities. A *block transaction* is a single sale where sales of the same security are made in several lots (for example, a utility carries a block of 10,000 shares of the same securities of a corporation in its portfolio and orders its broker to sell the entire block; the fact that the broker executes the order by disposing of the block in several lots does not change the essential nature of the transaction and does not make it more than one sale).

Line 75 – Enter profits from the sale of real property within New York State in which the utility owns or has an ownership interest.

Line 76 – Enter profits from the sale of personal property within New York State. *Profits* include but are not limited to profits from the sale of fixed assets such as fixtures, furniture, machinery, or equipment.

Do not include profits from the sale of merchandise (such as materials and supplies) that is stock in trade of the utility and is included in merchandise inventory.

Line 77 – Enter profits from any transaction within New York State that was not performed in the conduct of your principal business. Do not include profits from sales for resale or profits from rentals. *Profits* include but are not limited to profits from:

- the sale of merchandise (such as materials and supplies) that is not your stock in trade and is not included in merchandise inventory;
- labor not performed in the conduct of your principal business; or
- transportation or transmission agreements when you use your mains, pipes, or wires within New York State to transport or transmit a commodity owned by another utility.

Line 79 – Deductions allowed from profits reported on line 78 include:

- Brokerage fees, legal fees, advertising fees, and other selling expenses incurred due to the sale of securities, real property, and personal property
- Cash discounts taken by the customer
- Uncollectible accounts
- Taxes imposed by New York State or its municipalities or the federal government, when you are merely a collecting agency for the taxing authority (such as state and local sales tax or federal excise taxes)

Enter all deductions listed above that are included in profits on line 78. Attach a statement listing all deductions.

Part 4 – Tax on gross income

Line 82 – Enter all exclusions listed below that are included as receipts on line 66. Attach a statement listing all deductions. See *Special rules for landlords*.

- Sales of transportation, transmission, or distribution of gas or electricity by means of conduits, mains, pipes, wires, lines, or the like to a:
  - utility (excluding a public authority) supervised by New York State or another jurisdiction, when an element of such supervision includes rate regulation;
  - 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
  - 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.

- 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 (New York State Power Authority), and when the municipality sells solely at retail, solely within its jurisdiction, the electricity being transported, transmitted, or distributed.
- 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, Article 28, 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.

Also exclude 100% of your receipts received from nonresidential customers representing the noncommodity charges for gas or electric service (receipts from the transportation, transmission, or distribution of gas or electricity) 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, Article 28, section 1105-A.

Line 89 – Enter the amount of the Power for Jobs credit you are claiming. A Power for Jobs credit is available to qualified electric corporations that are local distribution companies during the calendar year. To claim this credit, attach a certificate from the Department of Public Service verifying the correctness of the credit claimed.

Line 91 – Enter the total of any credits claimed from these forms: Forms CT-243, CT-249, CT-501, *Temporary Deferral Nonrefundable Payout Credit*, and CT-631. Do not include any refund or credit amounts included on lines 22a and 22b. Mark an ***X*** in the appropriate box(es). For other credits not specified, enter the name of the credit(s) being claimed on the *Other credits* line and mark an ***X*** in the box. Attach the appropriate credit forms to your return.

Generally, the *Other credits* line will be used only when a credit claim form for a newly-enacted tax credit was not developed in time to appear on Form CT-186-E.

Schedule D – MTA surcharge on gross income for utility services (Tax Law section 186-c.1(a))

If you are a utility not supervised by the Department of Public Service, do not complete Schedule D.

If you are a utility supervised by the Department of Public Service and did business in the MCTD during the tax year, complete Schedule D.

The MCTD includes the counties of New York, Bronx, Kings, Queens, Richmond, Dutchess, Nassau, Orange, Putnam, Rockland, Suffolk, and Westchester.

Do not complete Schedule D if your section 186-a tax computed on Schedule C is zero.

Schedule E – New York State excise tax on mobile telecommunication services subject to 2.9% tax rate (Tax Law section 186-e (2)(a)(2))

Part P of Chapter 59 of the Laws of 2015 imposed an excise tax on the sale of mobile telecommunication services by a telecommunication services provider at the rate of 2.9%. Part P also imposed a surcharge at the rate of 0.721% on charges derived from the MCTD for mobile telecommunication services (see Schedule F). The new rates apply to charges from any mobile telecommunication services provided on or after May 1, 2015, where the charge related to such service was received by the provider on or after May 1, 2015. Where mobile services are required to be reported on Schedule E, they should **not** be reported on Schedule A.

Part 1 – Computation of gross charges

See the instructions for Schedule A, Part 1 for the definition of *gross charge* and *telecommunication services.*

Line 104 – Enter 100% of your charges for mobile telecommunication services, including prepaid mobile telecommunication services, provided to customers whose place of primary use is in New York State. See the instructions for line 25 for definition of place of primary use.

Lines 105, 106, and 107 – See instructions for lines 26, 27, and 31, adding the word *mobile* before each instance of *telecommunication service(s)* in such instructions.

Part 2 – Exclusions and deductions from gross charges that were included on line 108

Line 109 – See the instructions for line 33, adding the word *mobile* before each instance of *telecommunication service(s)* in such instructions.

Line 110 – See the instructions for line 34, adding the word *mobile* before each instance of *telecommunication service(s)* in such instructions.

Line 111 – Enter the total deduction for bad debts from transactions for mobile telecommunication charges subject to tax under section 186-e, when the debt has become worthless in accordance with consistently applied GAAP.

Part 3 – Computation of tax due

Lines 116, 117, and 118 – For lines 116 and 117, see the instructions for lines 40a and 40b, respectively, adding the word *mobile* before each instance of *telecommunication service(s).* For line 118, see the instructions for line 41.

Any tax credit amounts that were claimed on lines 40a, 40b, and 41 may **not** be claimed on these lines.

Schedule F – MTA surcharge related to mobile telecommunication services subject to 0.721% tax rate (Tax Law section 186-c(1)(b)(2))

The MTA surcharge related to mobile telecommunication services subject to a 0.721% tax rate is imposed on charges derived from the MCTD where such mobile telecommunication services were provided on or after May 1, 2015, **and** the charge related to such service was received by the provider on or after May 1, 2015.

All of the definitions and instructions used for Schedule E apply to the MTA surcharge computed in Schedule F, with any necessary modifications and limitations, including substituting *MCTD* for *New York State* where appropriate. Accordingly, the tax applies to gross charges from mobile telecommunication services provided by a home service provider where the place of primary use is in the MCTD.

Lines 133 and 134 – Any tax credit amounts that were claimed on lines 61 and 62 may **not** be claimed on these lines.

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.