

New York State Department of Taxation and Finance
Taxpayer Services Division
Technical Services Bureau

TSB-M-78 (10)C
Corporation Tax
Instructions and Interpretations Section
July 21, 1978

Subject: Exemption of Certain Employees' Benefit Associations

On June 19, 1978, Chapter 434 of the Laws of 1978 was signed by the Governor. It clarifies the exemption of certain employees' benefit associations from the franchise tax on insurance companies imposed under Article 33 of the New York State Corporation Tax Law.

The new law (Section 1512(a)(8) of Article 33) exempts any Not-for-Profit voluntary employees' beneficiary association which is exempt from federal income tax under Section 501(c)(9) of the Internal Revenue Code, as long as the members of the association are employees, beneficiaries, or dependents of the employees of a single employer or an affiliated group of employers.

An affiliated group, for the above paragraph purposes, shall mean one or more chains of corporations connected through stock ownership with a common parent if (i) 80% or more of the voting stock of each corporation other than the common parent is owned directly by one or more of the other corporations and (ii) 80% or more of the voting stock of at least one of the corporations other than the common parent is owned directly by the common parent.

This act went into effect on June 19, 1978.