

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

TSB-M-78 (13)C  
Corporation Tax  
Instructions and Interpretations Section  
August 22, 1978

Subject: Exempt Income For Article 13

On July 24, 1978, Chapter 574 of the Laws of 1978 was signed into law.

This Law provides for the addition of Section 290(d) to Article 13 (Tax on Unrelated Business Income) of the New York State Corporation Tax Law. This law provides that any income derived from the conduct of games of chance or from rental of premises for the conduct of games of chance pursuant to a license granted under Article 9-A of the General Municipal Law shall not be subject to tax under Article 13 of the New York State Corporation Tax Law.

Article 9-A of the General Municipal Law now impowers cities, towns and villages to authorize the conduct of games of chance by bona fide religious, charitable, educational, fraternal, service, veterans and volunteer firemen organizations within the territorial limits of the authorizing municipalities. It also authorizes such localities to issue licenses to such organizations to rent premises to other such organizations to conduct games of chance.

A rider should be attached to form CT-13 (Unrelated Business Income Tax Report) to reconcile the difference between federal taxable income (shown at line 28 of the federal return) and the amount shown on Schedule B, line 10 of form CT-13 since this exclusion from income is only allowed for New York State Corporation Franchise Tax and not for federal taxes.

The effective date of this Law is August 6, 1978.