



# Department of Taxation and Finance

## Important

Article 32 of the Tax Law was repealed, effective for tax years beginning on or after January 1, 2015, by Part A of Chapter 59 of the Laws of 2014. As a result, this TSB-M is obsolete and cannot be relied upon for tax years on or after that date insofar as the TSB-M addresses matters relating to Article 32.

For additional information concerning the Article 32 repeal, see [Transitional Filing Provisions for Taxpayers Affected By Corporate Tax Reform Legislation](#).

This TSB-M begins on page 2 below.

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

TSB-M-78 (23)C  
Corporation Tax  
Instructions and Interpretations Section  
October 19, 1978

Subject: Allocation of Entire Net Income of a Banking Corporation

The following question has been raised concerning Article 32 (Franchise Tax on Banking Corporations) of the Tax Law:

Question:

When may a banking corporation which is doing a banking business allocate its entire net income within and without New York State?

Answer:

A banking corporation which is doing a banking business may only allocate its entire net income within and without New York State when it is carrying on a full service banking business through its office, branch or agency outside New York State.

For purposes of Article 32, an office, branch or agency is a permanent place of business which is regularly and systematically maintained, occupied and used by the taxpayer to carry on a full service banking business. Such business must be conducted through its own employees who are regularly in attendance at such place of business during normal business hours. It is not necessary that the office, branch or agency maintained without New York State conduct all the functions of a banking business.

For an office, branch or agency to do a full service banking business, it must conduct the following functions on a regular basis:

1. Approve loans and disburse the funds and
2. Accept loan repayments

plus conduct one or more of the other functions of a banking business on a regular basis, such as:

1. Accept deposits
2. Pay withdrawals
3. Cash checks, drafts and other similar items
4. Issue cashier's checks, treasurer's checks, money orders and other similar items

TSB-M-78 (23)C  
Corporation Tax  
Instructions and Interpretations Section  
October 19, 1978

5. Buy, sell, pay or collect bills of exchange
6. Issue letters of credit
7. Receive money for transmission or transmitting the same by draft, check, cable or otherwise
8. Exercise fiduciary powers

A bank which acts as an agent for another bank, is not an office, branch or agency of such bank for New York State tax purposes.