NEW YORK STATE | **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Article 32 of the Tax Law was repealed, effective for tax years beginning on or after January 1, 2015, by Part A of Chapter 59 of the Laws of 2014. As a result, this TSB-M is obsolete and cannot be relied upon for tax years on or after that date insofar as the TSB-M addresses matters relating to Article 32.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 (24)C
Corporation Tax
Instructions and Interpretations Section
December 19, 1978

Subject: Consolidated Bank Tax Return - Computation of Tax

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

Question: How should the tax on a Consolidated Bank Tax Return (form CT-32A) be computed?

Answer: Corporations filing on a consolidated basis must compute the tax on consolidated allocated entire net income and the minimum tax for the corporations included in the New York State consolidated group. In computing consolidated allocated entire net income, only intercorporate dividends from corporations included in the New York State consolidated group shall be eliminated. The minimum tax for the consolidated group is computed by adding together each corporation's greater alternative minimum tax. In computing the alternative minimum tax measured by issued capital stock, no intercorporate eliminations shall be allowed.

When the greater tax of these two taxes is the tax on consolidated allocated entire net income, the consolidated group pays that tax plus each corporation in the consolidated group must compute its alternative minimum tax on a separate basis and add the difference, if any, between the tax on its income computed on a separate basis and the greater alternative minimum tax to the tax on consolidated entire net income. (See Example 1)

When the minimum tax for the consolidated group is greater than the tax on consolidated allocated entire net income, each corporation in the consolidated group computes its alternative minimum taxes on a separate basis and the consolidated group pays the sum of the greater alternative minimum taxes. (See Example 2)

Example 1:

	Holding Company	Bank S	Corp. A	Corp. B	Corp C	Total	Eliminations (Explain)	Total
1.Allocated Entire Net Income	$ 40,000	$ 100,000	$ 4,000	$ (5,000)	$ 1,000	$140,000	$ 10,000	$130,000
2.Tax on Allocated Entire Net Income	$ 4,800	$ 12,000	$ 480	-0-	$ 120	XXXX	XXXX	$ 15,600
3.Allocated Issued Capital Stock	$ 4,375,000	$ 4,375,000	$ 12,500	$ 187,500	$ 6,250	XXXX	XXXX	XXXX
4.Tax on Allocated Capital Stock	$ 7,000	$ 7,000	$ 20	$ 300	$ 10	XXXX	XXXX	XXXX
5.$250	$ 250	$ 250	$ 250	$ 250	$ 250	XXXX	XXXX	XXXX
6. Greater Alternative Minimum Tax	$ 7,000	$ 7,000	$ 250	$ 300	$ 250	XXXX	XXXX	$ 14,800
7.Differential (6 minus 2 - no negatives)	$ 2,200	$ -0-	-0-	$ 300	$ 130	XXXX	XXXX	$ 2,630
8.TAX DUE (If 2 is greater than 6, insert total of 2 and 7) (If 6 is greater than 2, insert 6)	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	$ 18,230

Example 2:

	Holding Company	Bank S	Corp. A	Corp. B	Corp C	Total	Eliminations (Explain)	Total
1.Allocated Entire Net Income	$ 40,000	$ 80,000	$ 4,000	$ (5,000)	$ 1,000	$ 120,000	$ 10,000	$ 110,000
2.Tax on Allocated Entire Net Income	$ 4,800	$ 9,600	$ 480	-0-	$ 120	XXXX	XXXX	$ 13,200
3.Allocated Issued Capital Stock	$ 4,375,000	$ 4,375,000	$ 12,500	$ 187,500	$ 6,250	XXXX	XXXX	XXXX
4.Tax on Allocated Capital Stock	$ 7,000	$ 7,000	$ 20	$ 300	$ 10	XXXX	XXXX	XXXX
5.$250	$ 250	$ 250	$ 250	$ 250	$ 250	XXXX	XXXX	XXXX
6.Greater Alternative Minimum Tax	$ 7,000	$ 7,000	$ 250	$ 300	$ 250	XXXX	XXXX	$ 14,800
7.Differential (6 minus 2 - no negatives)	$ 2,200	-0-	-0-	$ 300	$ 130	XXXX	XXXX	$ 2,630
8.TAX DUE (If 2 is greater than 6, insert total of 2 and 7) (If 6 is greater than 2, insert 6)	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	$ 14,800