

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

TSB-M-78 (3)C  
Corporation Tax  
Instructions and Interpretations Section  
April 26, 1978

Subject: Modification to Entire Net Income for New Federal Jobs Credit

On March 28, 1978, Chapter 33 of the Law of 1978 was signed by the Governor. It enacts Section 208.9(a)(7) (Art. 9A-Business Corporations), Section 1453 (e)(4) (Art. 32-Banking Corporations) and Section 1503(b)(1)(D) (Art. 33-Insurance Corporations).

The new law provides for a deduction in the computation of entire net income for the amount of the wages not allowed as a deduction in the computation of the federal taxable income because of the new Federal Jobs Credit.

For federal purposes, for taxable years beginning in 1977 and 1978, a credit will be allowed against the tax of up to \$100,000 based upon the employment of new employees. Because of this credit, federal taxpayers are required to add back the wages in the amount of the credit, in the computation of federal taxable income. Taxpayers filing reports on Federal Form 1120 will indicate this modification to their book income in Schedule M-1.

As a similar credit is not available for New York purposes, the law was amended to allow a modification in the computation of entire net income in the amount of these wages. Business Corporations will indicate this modification to entire net income on line 30, Schedule B of Form CT 3. Banking corporations will indicate this modification on line 36, Schedule B of Form CT 32. Insurance Corporations will indicate the modification on line 39, Schedule B, Form CT 33.