

Amendment to License Fee and Organization Tax

Chapter 540 of the Laws of 1985 amended both Sections 180.1 and 181.1 of the Tax Law.

The organization tax, as imposed on domestic corporations by Section 180.1 of the Tax Law, was amended to increase the credit for prior taxes paid to an amount equal to the prior tax actually paid. This amendment allows taxpayers to change their capitalization structure without being penalized by only being allowed a credit equal to 50% of the tax paid where the former shares are par value shares.

The license fee, as imposed on foreign corporations\* by Section 181.1 of the Tax Law, was amended to reduce the license fee rates imposed by Section 181.1 to equal the tax rates imposed on domestic corporations by Section 180.1. The new license fee rates under Section 181.1 will be five cents on each share of no par value stock allocated to New York State and one-twentieth of one percent upon the amount of its issued par value capital stock allocated to New York State. The minimum license fee is \$10.

Claims for refund of excess license fee which are filed within the time limitation provided by Section 1087(a) of the Tax Law and claims for refund of excess license fee on the basis of a license fee paid under protest will be granted. Interest will be paid on the refund from the due date of the License Fee Report to the billing date of the refund.

Chapter 540 takes effect immediately and applies on or after January 1, 1985.

\* Foreign corporations excluded from the license fee imposed by Section 181.1 of the Tax Law include banking corporations as defined in paragraphs 1, 2, 3, 4, 5, 6, 7 or 8 of Section 1452(a) of Article 32 of the Tax Law, fire, marine, casualty and life insurance companies, co-operative fraternal insurance companies and buildings and loan associations.