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Article 32 of the Tax Law was repealed, effective for tax years beginning on or after January 1, 2015, by Part A of Chapter 59 of the Laws of 2014. As a result, this TSB-M is obsolete and cannot be relied upon for tax years on or after that date insofar as the TSB-M addresses matters relating to Article 32.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

Computation of the Issuer's Allocation Percentage by Banking Corporations Taxable Under Article 32 of the Tax Law

This memorandum applies to the computation of the issuer's allocation percentage by banking corporations for taxable years beginning on or after January 1, 1986.

Every corporation subject to tax under Article 32 of the Tax Law, including each corporation included in a combined return, must compute its issuer's allocation percentage on a separate basis for purposes of sections 210(3)(b)(1) and 210(7) of Article 9-A of the Tax Law. The issuer's allocation percentage is computed for each taxable year and is reported on Form CT-32.

Every banking corporation, as defined in section 1452(a)(1) through (8) of Article 32 of the Tax Law, organized under the laws of the United States, New York State or any other state has as its issuer's allocation percentage the alternative entire net income allocation percentage computed on Form CT-32, Schedule H, Part II, line 5.

Every banking corporation, as defined in section 1452(a)(2) of Article 32 of the Tax Law, organized under the laws of a country other than the United States computes its issuer's allocation percentage by dividing gross income within New York State by gross income within and without the United States, that is, world-wide gross income. Gross income within New York State means all receipts required to be included in the numerator of the receipts factor of the alternative entire net income allocation percentage. World-wide gross income is the same gross income that a domestic corporation is required to include in the computation of its Federal taxable income and alternative entire net income minus the eligible gross income of its International Banking Facility (I.B.F.) if the taxpayer elected to reflect the adjusted eligible net income or loss of its I.B.F. in computing entire net income.

Every corporation as defined by section 1452(a)(9) of Article 32 of the Tax Law and every bank holding company which is included in a combined return under Article 32 of the Tax Law has as its issuer's allocation percentage the amount computed by adding together business capital and subsidiary capital allocated to New York State and dividing the result by total capital. Total capital is the average total value of assets shown on Form CT-32, Schedule D, line 55 less current liabilities maturing in one year or less from the date originally incurred. Subsidiary capital is defined by section 1450(e) of Article 32 of the Tax Law. Business capital is total capital minus subsidiary capital. Business capital allocated to New York State is determined by multiplying business capital by the alternative entire net income allocation percentage. Subsidiary capital allocated to New York State is determined by multiplying each item of subsidiary capital by each subsidiary's issuer's allocation percentage and adding the products together. Any corporation described in this paragraph that is organized outside the United States must compute the average total value of its assets on a world-wide basis as if it were a domestic corporation. Its business capital is allocated by using the same formula that a banking corporation described in the preceeding paragraph is required to use in computing its issuer's allocation percentage.