

**Valuation of Property in the
Business Allocation Percentage**

Section 210.3(a) of the Tax Law was amended by the Business Tax Reform and Rate Reduction Act of 1987.

Leased Tangible Personal Property

For taxable years beginning on or after January 1, 1987, tangible personal property, whether owned or rented, is included in the property factor of the business allocation percentage. A taxpayer may make a one-time election to phase in leased tangible personal property over a 5-year period. This election must be made on or before the due date (or extended due date) of its report for the taxable year beginning in 1987 only! No election may be made for tax years beginning in 1988 or later years. Leased tangible personal property is valued at eight times the annual rent. Pursuant to that election, the following percentages of the value of tangible personal property would be included in the property factor.

<u>For Tax Years Commencing In</u>	<u>The Percentage shall be</u>
1987	20
1988	40
1989	60
1990	80
1991 and thereafter	100

Real and Tangible Personal Property Owned

The value of the taxpayer's real and tangible personal property owned is the adjusted basis of such property for federal income tax purposes. However, the taxpayer may make a one-time revocable election to use fair market value. (In the case of a combined filer, each taxpayer included in the combined group must make the election.) The election must be made on or before the due date for that taxpayer's first taxable year commencing on or after January 1, 1987.

TSB-M-(87)(14)C dated October 14, 1987 should be destroyed.