

Important Notice

Combined Filing Thirty-Day Rule Eliminated

For tax years ending on or after December 31, 1997, the Corporation Tax Regulations have been amended to simplify the administrative requirements for filing on a combined basis. It is no longer necessary to request prior permission to file on a combined basis. Instead, a group of corporations wishing to file on a combined basis must provide a *Combined Filer Statement* and certain other information with its combined franchise tax return. The following information must be included:

- i. a *combined filer statement*, listing the exact name, address, employer identification number and state of incorporation of each corporation included in the combined return;
- ii. information showing that each of these corporations meets the capital stock ownership or control requirement*; and
- iii. the exact name, address, employer identification number and state of incorporation of each corporation meeting the capital stock ownership or control requirement, but not included in the combined return*.

*The information requested in items (ii) and (iii) may be met by providing a copy of federal Form 851, *Affiliations Schedule*, with your franchise tax return.

There have been no other substantive changes except for these administrative requirements. Corporations may be permitted or required to file on a combined basis at the discretion of the Tax Department. Such corporations will be allowed to file on a combined basis if they meet the following requirements:

- 1) the corporations meet the capital stock ownership or control test;
- 2) the group of corporations is engaged in a unitary business; and
- 3) filing on a separate basis would distort New York activities, business, income or capital.

Although not required in advance, the amended regulations provide that the following information may be required at another time, such as in conjunction with an audit:

- a. a statement providing details as to why a combined return which includes only those corporations listed in paragraph (i) above equitably reflects the New York State activities of the corporations meeting the capital stock ownership or control requirement, and why the corporations listed in paragraph (iii) should be excluded; and
- b. details regarding the unitary business and distortion requirements.

You may wish to provide the information described in paragraphs (a) and (b) in conjunction with your combined franchise tax return. All information provided is subject to review and adjustment by the Audit Division in determining whether the group meets the requirements for filing a combined return.

For full details, see corporation tax regulation sections 6-2.4 and 21-2.5 (as amended December 23, 1997).

Form CT-50, *Combined Filer Statement (existing groups)*

Existing combined groups will be sent Form CT-50, *Combined Filer Statement*. This form will come preprinted with the relevant information for all members of the group as shown in the Tax Department's records. You will be asked to verify this information, make any necessary changes, and return the statement on or before the due date of your franchise tax return (with regard to extensions).

To initiate this new process, Form CT-50 must be filed for any tax year beginning in 1997 and ending on or after December 31, 1997, even if there have been no changes in the group. After such year, Form CT-50 must be filed for each year in which the composition of the combined group changes.

Form CT-51, *Combined Filer Statement for Newly Formed Groups*

New combined groups must provide the relevant information on Form CT-51, *Combined Filer Statement for Newly Formed Groups*. Newly formed groups must file Form CT-51 with the group's first franchise tax return. After the first year, the group must file Form CT-50 if there have been any changes to the group.

Form CT-51 will be provided with your franchise tax packet. To request additional forms, call 1-800-462-8100. From areas outside the U.S. and Canada, call (518) 485-6800. You may also request forms by accessing the Fax-on-Demand Forms Ordering System by calling toll free 1-800-748-3676, or by accessing the Internet at <http://www.tax.state.ny.us>.

Amended Returns

Form CT-50 or Form CT-51 may be filed with an amended franchise tax return, provided each of the corporations in the group meet the timely filing requirements under Article 27 of the Tax Law.