



## New York State Adjusted Basis for Qualified New York Manufacturers

Qualified New York manufacturers benefit from a zero percent rate on their business income base, a reduced tax rate and cap on their capital tax base, lower fixed dollar minimum tax amounts, and a real property tax credit.

For tax years beginning on or after January 1, 2018, the definition of a *qualified New York manufacturer* has been changed to use the New York State adjusted basis rather than the federal adjusted basis when determining whether a manufacturer meets the \$1 million or \$100 million property thresholds for determining eligibility for the manufacturer's tax rate reductions and the real property tax credit.

A *qualified New York manufacturer* is a manufacturer (or in the case of a combined report, a combined group) that is principally engaged in the production of goods by manufacturing, processing, assembling, refining, mining, extracting, farming, agriculture, horticulture, floriculture, viticulture, or commercial fishing during the tax year that either has property in New York State of the type described for the investment tax credit under Tax Law § 210-B.1(b)(i)(A)<sup>1</sup> that has an adjusted basis for New York State tax purposes of at least \$1 million at the end of the tax year, or has all of its real and personal property in New York State.

Alternatively, a taxpayer (or in the case of a combined report, a combined group) that does not satisfy the manufacturer's principally engaged test may be a qualified New York manufacturer if the taxpayer or the combined group employs at least 2,500 employees during the tax year in manufacturing, processing, assembling, refining, mining, extracting, farming, agriculture, horticulture, floriculture, viticulture, or commercial fishing in New York and the taxpayer or combined group has property in the state used in these activities, the adjusted basis of which for New York State tax purposes at the close of the tax year is at least \$100 million.

For tax years beginning prior to January 1, 2018, the \$1 million and \$100 million manufacturing property thresholds are applied using the federal adjusted basis of the taxpayer's property in the state at the close of the tax year.

### Computation of New York State adjusted basis

For purposes of the manufacturing property tests **only**, *New York State adjusted basis* is computed as follows:

- The adjusted basis of such property for federal income tax purposes at the close of the tax year,

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<sup>1</sup> Tangible personal property and other tangible property, including buildings and structural components of buildings, which: are depreciable pursuant to Internal Revenue Code (IRC) § 167; have a useful life of four years or more; are acquired by purchase as defined in IRC § 179(d); have a situs in the state; and are principally used by the taxpayer in the production of goods by manufacturing, processing, assembling, refining, mining, extracting, farming, agriculture, horticulture, floriculture, viticulture, or commercial fishing.

**Plus**

- For Article 9-A taxpayers, the accumulated amount of the federal depreciation deductions disallowed under Tax Law § 208(9)(b)(17) for such property (including the current tax year depreciation deductions), or
- For Article 22 taxpayers, the accumulated amount of the federal depreciation deductions disallowed under Tax Law § 612(b)(8) for such property (including the current tax year depreciation deductions),

**Minus**

- For Article 9-A taxpayers, the accumulated amount of the subtractions from federal taxable income allowed under Tax Law § 208(9)(a)(17) for such property (including the current tax year subtractions), or
- For Article 22 taxpayers, the accumulated amount of New York depreciation modifications allowed under Tax Law § 612(c)(16) for such property (including the current tax year subtractions).

**Special rules for tax returns already filed for 2018**

A taxpayer that already filed its 2018 Form CT-3, CT-3-A, CT-3-S, IT-204, IT-201, or IT-203 and did not qualify to be a qualified New York manufacturer and would now meet the conditions as a qualified New York manufacturer using its New York State adjusted basis, must file an amended 2018 tax return to claim the benefits allowed to a qualified New York manufacturer for that tax year.

For more information regarding qualified New York manufacturers, see [TSB-M-15\(3\)C, \(3\)I](#), *Real Property Tax Credit and Reduction of Tax Rates for Qualified New York Manufacturers*, [TSB-M-15\(3.1\)C, \(3.1\)I](#), *Revised Information on the Real Property Tax Credit and Reduction of the Capital Base Tax Rate for Qualified New York Manufacturers*, and [TSB-M-16\(2\)C](#), *Additional Revisions to the Real Property Tax Credit For Qualified New York Manufacturers*.

**References**

Part D of Chapter 59 of the Laws of 2019  
Tax Law §§ 210(1)(a)(vi), 210(1)(b)(1), 210(1)(b)(2), 210(1)(d)(1)(C), 210-B(43)(a), 606(xx)(2)(A)

**Note:** A TSB-M is an informational statement of existing department policies or of changes to the law, regulations, or department policies. It is accurate on the date issued. Subsequent changes in the law or regulations, judicial decisions, Tax Appeals Tribunal decisions, or changes in department policies could affect the validity of the information presented in a TSB-M.