



Important Notice

March 2002

Information for Corporate Franchise Tax filers under Articles 9-A and 32 regarding the transitional provisions for the federal Gramm-Leach-Bliley Act

On October 29, 2001, Governor George E. Pataki signed into law Chapter 383 of the Laws of 2001. This Chapter, in part, extends and modifies the corporate tax transitional provisions relating to the federal Gramm-Leach-Bliley Act.

Since this legislation was pending at the time the 2001 Corporate Franchise Tax forms and instructions were printed, the instructions for the affected Corporate Franchise Tax Returns under Articles 9-A and 32 do not reflect the new legislation. Although the legislation does not affect specific line items on the returns, the following information would have been included in the *General Information* section of the instructions.

Transitional provisions for the federal Gramm-Leach-Bliley Act extended and modified

Article 32 of the Tax Law (Franchise Tax on Banking Corporations) was amended by Chapter 63 of the Laws of 2000 to provide transitional rules relating to the enactment and implementation of the federal Gramm-Leach-Bliley Act. This Act repealed some provisions of the federal Glass-Steagall Act, which prevented the affiliation of banks, securities firms and insurance companies and resulted in the creation of a new entity, called a financial holding company (FHC).

These transitional provisions, which were scheduled to expire for taxable years beginning on or after January 1, 2001, have been extended for an additional two years.

In addition, a clarifying amendment was made to section 1452(h)(1) of Article 32 of the Tax Law, with respect to the one-time election to remain taxable under Article 9-A (grandfather election), pursuant to section 1452(d) of Article 32 of the Tax Law.

Finally, the transitional provisions relating to combined reporting were extended and clarified.

For additional information see TSB-M-00(2)C, *Summary of 2000 Tax Legislative Changes Taking Effect in 2000* and TSB-M-02(1)C, *Summary of Legislative Changes Enacted in 2001* which may be obtained by accessing the New York State website at www.tax.state.ny.us or using our Fax-on-demand forms ordering system at 1-800-462-8100.