New York State Department of Taxation and Finance

CT-185-I

Instructions for Form CT-185
Cooperative Agricultural Corporation Franchise Tax Return

Tax Law - Article 9, Section 185

General Information

Who Must File Form CT-185

Form CT-185 must be filed by farmers, fruit growers and similar agricultural corporations organized and operated on a cooperative basis as described in Article 6 of the Cooperative Corporation Law of the State of New York. Receivers, liquidators, referees, trustees, assignees, and other fiduciaries, appointed by any court, who conduct the business of such a corporation must also file this form. Section 185 imposes a franchise tax on the net value of issued capital stock employed in New York State. The net value of issued capital stock may be allocated in and out of New York, based on the gross assets employed in New York (see Schedule E).

Tax Rate

You must pay the highest tax computed by one of the following three methods:

- allocated value of issued capital stock multiplied by tax rate of .001;
- allocated value of issued capital stock multiplied by a rate based on dividends equal to or in excess of 6%; or
- minimum tax of $10.

If a corporation has more than one kind of stock, a combination of tax on capital stock using the tax rate of 1 mill and the dividend rate, as computed in Schedule D, is possible.

Tax on Gains Derived from Certain Real Property Transfers - Article 31-B, Section 1449-a

A corporation with an interest in real property must keep a record of the transfer of its stock, report annually every transfer of a controlling interest in its stock, and provide any other information that may be required to enforce this article.

Controlling interest of a corporation is either 50% or more of the total combined voting power of all classes of stock or 50% or more of the capital, profits or beneficial interest in the voting stock.

Answer both questions on page 1 of Form CT-185. If the answer to both questions is *yes*, attach the following information:

- name, address and identification number of the new controlling stockholder (use the social security number of an individual or the federal employer identification number of a corporation);
- date the transfer was made; and
- location of the real property.

Foreign Corporations - Maintenance Fee and License Fee

Foreign corporations authorized to do business in New York must pay an annual maintenance fee of $300. This fee may be applied against the taxes due under Article 9. If the total tax payable with your return for December 31, 1992, is $300 or more, you have satisfied the requirement to pay a maintenance fee. If the total tax payable is less than $300, add the difference to produce a total tax and fee of $300. Foreign corporations must also file Form CT-240, *Report of License Fee*.

When and Where to File

File your 1992 return on or before March 15, 1993.

Mail to: NYS Corporation Tax
Processing Unit
P.O. Box 1909
Albany, NY 12201-1909

Extension of Time for Filing Tax Return

If you need more time to file your return, file Form CT-5.9, *Application for Three-month Extension for Filing a Franchise or Business Tax Return*, on or before March 15, 1993. An extension of time granted by the IRS to file a federal return does not extend the due date for filing Form CT-185.

Change of Business Information

If there have been any changes in your business name, ID number, mailing address, business address, telephone number or owner/officer information, complete the enclosed Form DTF-95, *Change of Business Information*. If you need a form, call toll free (from New York State only) 1 800 462-8100. From areas outside New York State, call (518) 438-1073 to request one.

Mail your completed Form DTF-95 to:

NYS Tax Department
Registration Section
Building 8, Room 409
W.A. Harriman Campus
Albany, NY 12227

If there are no changes to your business information, keep this Form DTF-95 in your files. If a change occurs, complete the form and send it to the Tax Department as soon as possible.

Specific Instructions

Line 1 - Enter the highest value of capital. To determine this amount subtract line 18, column B, from line 17, column B, or compute the average in Schedule C. The amount cannot be less than $5 per share of issued capital stock.

Line 2 - Allocation computation - multiply the amount on line 1 by the allocation percentage/issuer's allocation percentage from line 41.

Line 3 - Multiply line 2 by the tax rate (.001).

Line 4 - Enter the tax based on dividend rate from line 56.

Line 6 - Enter the amount from line 3, 4 or 5, whichever is largest. If you are an authorized foreign corporation, line 6 cannot be less than $300 (see *Maintenance Fee*).

Line 7 - You may take credit against your franchise tax for certain "special additional mortgage recording tax" you paid. This credit may not reduce your tax below the minimum tax, or if you are an authorized foreign corporation, it may not reduce the tax below the $300 maintenance fee. Any unused credit may be carried forward. Attach Form CT-43, *Claim for Special Additional Mortgage Recording Tax Credit*.

Line 9 - If you do not pay the tax by March 15, 1993, you must pay interest on the amount of underpayment from the due date to the date paid. You may call the Taxpayer Assistance Bureau for the current rate. To have the interest computed for you, call toll free (from New York State only) 1 800 CALL TAX (1 800 225-5829). From areas outside New York State, call (518) 438-8581.

Line 10 - Additional charges for late filing are computed on the amount of tax less any payment made on or before the due date.

a. If you do not file a return when due or if the application for extension is invalid, add to the tax 5% per month up to 25% (section 1085(a)(1)(A)).

b. If you do not file a return within 60 days of the due date, the addition to tax cannot be less than the smaller of $100 or 100% of the amount required to be shown as tax (section 1085(a)(1)(B)).

c. If you do not pay the tax shown on a return, add to the tax ½% per month up to 25% (section 1085(a)(2)).

d. The total of the additional charges in **a** and **c** may not exceed 5% for any one month, except as provided for in **b** above (section 1085(a)).

If you think you are not liable for these additional charges, attach a statement to your return explaining the delay in filing or payment or both (section 1085).

Line 12 - Enter total of all payments, including any overpayment carried over from a preceding period.

Schedules A and B

Complete these schedules using the information that appears on the balance sheet of your federal return. Attach a copy of your federal return.

Schedule D

The dividend rate on par value capital stock is computed by using the par value and should not include any paid-in capital.

The dividend rate on stock without nominal or par value is computed by dividing the dividend paid by the amount paid for the stock (stated value of no par stock) and paid-in capital on the stock. It does not include capital arising from appreciation of assets, amounts not contributed by the stockholder or retained earnings.

Schedule E - Allocation Percentage/Issuer's Allocation Percentage

Your issuer's allocation percentage is used by corporate shareholders to compute their corporate franchise tax. It represents the amount of your issued capital stock employed within New York State compared to the total amount of issued capital stock employed everywhere. This percentage is also used to compute the amount you enter on line 2.

Recent amendments to the Tax Law require most corporations doing business in New York State to provide the information needed to compute their issuer's allocation percentage. A penalty of $500 will be imposed for failure to provide this information.

If you have assets outside New York State, complete Schedule E using the amounts shown on the balance sheet of your federal return. If all of your assets are located in New York State, enter 100% on line 41.

Line 35 - If the assets of any company whose stock is owned by this corporation are employed both in and outside New York, you may allocate your holding on the basis of the percentage of employment by the issuer of the stock.

Line 36 - Bonds, loans and other securities are considered located where held.

Line 41 - Divide line 40, column A, by line 40, column B. Use this amount to compute your New York base on line 2.

Schedule F

If you paid dividends of 6% or more on **all** classes of issued capital stock, do not complete lines 51 through 55.

If you did not pay dividends of 6% or more on all classes of stock, you must compute a tax on the dividends based on the value of the stock on which dividends of 6% or more were paid **plus** a tax at the "Capital Stock" rate on the remaining value of all capital stock. The remaining value of all capital stock depends on which class of capital stock the dividend was paid on. If the dividend was paid on preferred stock, the remaining value of all capital stock is retained earnings plus common stock. If the dividend was paid on common stock, the remaining value of capital stock is preferred stock. Retained earnings are normally associated with common stock. The following examples show how the dividend rates and remaining value of capital stock are computed.

Example 1 — Dividend paid on preferred stock

Par value, common stock	$10,000
Par value, preferred stock	50,000
Retained earnings	80,000
Dividends paid on preferred stock	3,000
Dividends rate ($3,000 ÷ $50,000)	6%
6 × .00025 (Tax Rate)	.0015
Tax ($50,000 × .0015)	75
Remaining value of issued capital stock (common stock plus retained earnings $90,000 × .001)	90
Total tax	$ 165

Example 2 — Dividend paid on common stock

Par value, common stock	$10,000
Par value, preferred stock	50,000
Retained earnings	80,000
Dividends paid on common stock	3,000
Dividends rate ($3,000 ÷ $10,000)	30%
30 × .00025 (Tax Rate)	.0075
Tax ($10,000 × .0075)	75
Remaining value of issued capital stock (preferred stock only, $50,000 × .001)	50
Total tax	$ 125

For information:
Call toll free (from New York State only) 1 800 CALL TAX (1 800 225-5829.)
From areas outside New York State, call (518) 438-8581.

For forms or publications:
Call toll free (from New York State only) 1 800 462-8100.
From areas outside New York State, call (518) 438-1073.

If you need to write instead of calling, address your letter to:
NYS Tax Department
Taxpayer Assistance Bureau
W. A. Harriman Campus
Albany, NY 12227