



# Instructions for Form CT-186-P

## Utility Services Tax Return — Gross Income

### Tax Law — Article 9, Section 186-a

**CT-186-P-I**

Visit the *Corporation Tax Up-To-Date Information* page on our Web site at [www.nystax.gov](http://www.nystax.gov) for Tax Law changes or forms corrections that occurred after the forms and instructions were printed.

### Changes for 2004

**Temporary increase in the mandatory first installment of estimated tax** — The Tax Law has been amended to provide a temporary increase in the mandatory first installment for taxpayers whose preceding year's tax, exclusive of the metropolitan transportation business tax (MTA surcharge), exceeded \$100,000. For tax years beginning on or after January 1, 2003, but before January 1, 2006, these taxpayers are required to pay a first installment equal to 30% of the preceding year's tax. Additionally, taxpayers who are required to pay their mandatory first installment at the 30% rate and are subject to the MTA surcharge are also required to calculate their estimated tax for the MTA surcharge at 30% of the preceding year's MTA surcharge. The remaining three estimated tax payments are adjusted so that the total payments do not exceed 100% of the estimated tax due. For tax years beginning on or after January 1, 2006, the mandatory first installment reverts to 25% of the preceding year's tax.

The mandatory first installment of estimated tax and estimated MTA surcharge remains at 25% of the preceding year's tax and MTA surcharge, respectively, for those taxpayers whose preceding year's tax exceeded \$1,000, but was less than or equal to \$100,000. For more information, see TSB-M-02(5)C, *Summary of Corporation Tax Legislative Changes Enacted in 2002*.

**Your refund may be applied to a city of New York tax warrant judgment debt** — Due to a recent law change, your refund may be reduced by amounts owed for a city of New York tax warrant judgment debt. For additional information concerning these changes, see *Collection of debts from your refund* on page 3.

### General information

**Gross income** — Taxpayers who sell gas or electricity that is delivered through mains, pipes, wires, lines, or similar means for ultimate consumption or use in New York State must report gross income in the following categories:

- Receipts from the sale of gas and electric service of whatever nature
- Receipts from the sale of steam, water, and refrigeration utility services
- Receipts from interest and dividends allocated to New York State
- Profits

**Tax rates** — For the tax year January 1, 2004, through December 31, 2004, the tax rates are as follows:

- 2.125% (.02125) on noncommodity gas and electric service (receipts from transportation, transmission, or distribution of gas or electricity)
- .4% (.004) on receipts from the sale of the commodities of gas, electricity, steam, water, and refrigeration; and from steam, water, and refrigeration service
- .4% (.004) on receipts from interest and dividends
- .4% (.004) on profits

**MTA surcharge** — For a utility supervised by the Department of Public Service (where the utility is not a provider of telecommunication services) the MTA surcharge on Form CT-186-P/M, *Utility Services MTA Surcharge Return*, for the tax year January 1, 2004, through December 31, 2004, is computed using the 2.125% and .4% tax rates on gross income. The MTA surcharge is no longer computed as if the tax rate on gross income was 3.5%.

**Who must file Form CT-186-P** — Every utility doing business in New York State that is subject to the supervision of the New York State Department of Public Service or Department of Transportation that sells or furnishes gas, electricity, steam, water, or refrigeration service by means of mains, pipes, or wires for ultimate consumption or use by the purchaser in this state must file this form. *Utilities* include persons, corporations, companies, associations, joint stock associations, partnerships, estates, assignees of rents, persons acting in a fiduciary capacity, and persons, their assignees, lessees, trustees, or receivers, appointed by any court, that are subject to the supervision of the New York State Department of Public Service. *Utilities* include, but are not limited to, street surface, rapid transit, subway, and elevated railroads; gas, electric, steam, water, bridge, express, transfer, and freight terminal companies; and nonoperating railroads that lease their property to others. **Motor carriers or brokers are not required to file this return.**

The following taxpayers are required to file Form CT-186-P if they sell gas or electricity, or gas or electric service:

- A. All municipalities, political and civil subdivisions, and public districts that sell or furnish gas, electricity, or gas or electric service (including the sale of the transportation, transmission, or distribution of gas or electricity) must file. Do not include as taxpayers those described below under *Exemption from tax*, item 2.
- B. All municipalities engaged in the retail sale of electricity or the transportation, transmission, or distribution of electricity must file. Do not include as taxpayers those described below under *Exemption from tax*, item 3.

Taxpayers described in A and B above compute receipts from the sale of gas and electric service of whatever nature only on Part I. They should **not** complete Parts II, III, and IV.

A utility subject to section 186-a that has gross income of less than \$500 for the tax year ending December 31 is exempt from the payment of the tax under this section, but must still file a return. For additional information, see line 45 instructions.

### Other forms you may have to file

**Excise tax on telecommunication services** — If you are a telephone or telegraph company or other provider of telecommunication services, even if those services are not your primary business, **do not** file this form. File Form CT-186-E, *Telecommunications Tax Return and Utility Services Tax Return*, instead to report the tax imposed by sections 186-a and 186-e.

**Exemption from tax** — The following are exempt from taxation under section 186-a and **do not** have to file Form CT-186-P:

1. New York State, municipalities, political and civil subdivisions of New York State, or municipal and public districts, when selling or furnishing steam, water, or refrigeration service.
2. Municipalities, political and civil subdivisions, and public districts that sell or furnish gas, electricity, and gas or electric service, including the sale of the transportation, transmission, or distribution of gas or electricity, if they own and operate facilities used to generate electricity or distribute electricity or gas, and then sell or distribute such electricity or gas solely at retail within their jurisdiction.
3. Municipalities engaged in the retail sale of electricity or the transportation, transmission, or distribution of electricity, when all such electricity has been generated solely by and purchased solely from New York State or a public authority of New York State (for example, New York State Power Authority).

4. Not-for-profit corporations and associations described in Tax Law section 1116(a)(4), organized and operated exclusively for religious, charitable, or educational purposes, when the organization resells gas or electricity, or gas or electric service, as landlord to its tenants in buildings owned by the organization.
5. A corporation leasing from a city in New York State a water works system to supply water at cost to relieve water pollution in a river within that city.
6. Limited dividend housing corporations organized under the Private Housing Finance Law.

**When and where to file** — You must report gross income on a calendar-year basis to New York State, even if you maintain your records and report to the Internal Revenue Service (IRS) using a fiscal accounting period.

This return is due on March 15, following the close of each calendar year. If March 15 falls on a Saturday, Sunday, or legal holiday, the return is due on the next business day.

Mail your return to: **NYS CORPORATION TAX  
PROCESSING UNIT  
PO BOX 22038  
ALBANY NY 12201-2038**

**Private delivery services** — If you choose, you may use a private delivery service, instead of the U.S. Postal Service, to file your return and pay tax. However, if, at a later date, you need to establish the date you filed your return or paid your tax, you cannot use the date recorded by a private delivery service **unless** you used a delivery service that has been designated by the U.S. Secretary of the Treasury or the Commissioner of Taxation and Finance. (Currently designated delivery services are listed in Publication 55, *Designated Private Delivery Services*. See *Need help?* on page 6 of these instructions for information on ordering forms and publications.) If you use **any** private delivery service, whether it is a designated service or not, address your return to: State Processing Center, 431C Broadway, Albany NY 12204-4836.

**Extension of time for filing tax return** — If you cannot meet the filing deadline, you may request an extension of time by filing Form CT-5.9, *Request for Three-Month Extension to File*, on or before the due date of the return for which you are requesting the extension, and paying any amount you estimate to be due. An extension of time granted by the IRS to file a federal tax return does not extend the due date for filing Form CT-186-P.

**Amended return** — If you are filing an amended return, please mark an **X** in the *Amended return* box on the front of the return.

**Employer identification number, file number, and other identifying information** — Enter your employer identification number and file number. If you use a paid preparer or accounting firm, make sure they use your complete and accurate identifying information when completing all forms.

**Change of address** — If your address has changed, please enter your new address in the appropriate area and mark an **X** in the box below the address so that we can update your address for this tax type. Do not mark this box for any change of business information other than for your address.

**Changes of business information** — You must report any changes in your business name, ID number, mailing address, physical address, telephone number, or owner/officer information on Form DTF-95, *Business Tax Account Update*. If only your address has changed, you may use Form DTF-96, *Report of Address Change for Business Tax Accounts*. You can get these forms from our Web site, by phone, or by fax. See *Need help?* (on page 6) for the Web address and phone number.

**Maintenance fee for foreign corporations** — If you are a *foreign corporation* (a corporation organized outside of New York State) authorized to do business in New York State under Business Corporation Law, Article 13 or 15-A, you must pay an annual maintenance fee of \$300. If you do not pay this fee or its equivalent

in New York State corporation taxes and MTA surcharges, your authorization to do business in New York State may be annulled. Payments of New York State corporation taxes (including the MTA surcharge) under Articles 9, 9-A, and 32 are counted as payments toward the \$300 annual maintenance fee. However, the license fee reported on Form CT-240, *Foreign Corporation License Fee Return*, is not considered corporation tax and cannot be considered as a payment toward the maintenance fee.

If the total of corporation taxes and MTA surcharges paid on 2004 tax returns is less than \$300, compute the amount necessary to equal the \$300 maintenance fee and add that amount to the tax due on line 5.

**Foreign corporations – license fee** — Foreign corporations must also file Form CT-240 whether or not they are authorized to do business in New York State. Form CT-240 must be filed with the corporation's first franchise tax return or if the capital stock employed in New York State has increased since the last license fee return was filed.

#### **MTA surcharge**

Any corporation taxable under Article 9, section 186-a, that does business in the Metropolitan Commuter Transportation District (MCTD) must file Form CT-186-P/M and pay an MTA surcharge on business done in the Metropolitan Transportation Authority region. The MCTD includes the counties of New York, Bronx, Queens, Kings, Richmond, Dutchess, Nassau, Orange, Putnam, Rockland, Suffolk, and Westchester.

Corporations not doing business in the MCTD must disclaim liability for the MTA surcharge by marking an **X** in the *No* box on the front of Form CT-186-P. They are not required to file Form CT-186-P/M.

**Whole dollar amounts** — You may elect to show amounts in whole dollars rather than in dollars and cents. Round any amount from 50 cents through 99 cents to the next higher dollar. Round any amount less than 50 cents to the next lower dollar.

**Negative amounts** — Show any negative amounts with a minus (-) sign.

**Percentages** — When computing allocation percentages, convert decimals into percentages by moving the decimal point two spaces to the right. Carry percentages to four decimal places.

**Example:**  $5,000/7,500 = 0.6666666 = 66.6667\%$

#### **Specific instructions**

**Note:** Complete Form CT-186-P in the following order:

- lines 19 through 51
- lines 1 through 18
- line A

**Line A** — Make your payment in United States funds. We will accept a foreign check or foreign money order only if payable through a United States bank or if marked **Payable in U.S. funds**.

#### **Computation of tax**

**Line 2** — Enter the amount of the long-term care insurance tax credit that you are claiming. Attach Form CT-249, *Claim for Long-Term Care Insurance Tax Credit*, to your return (see TSB-M-00(5)C).

**Line 4** — Enter the amount of the power for jobs tax credit that you are claiming. A power for jobs tax credit is available to qualified electric corporations that are local distribution companies during calendar years 1997 through 2005. To claim the power for jobs tax credit, you must attach to Form CT-186-P a certificate from the Department of Public Service verifying the correctness of the calculation of the tax credit shown on this return. The power for jobs tax credit does not apply to the MTA surcharge (Form CT-186-P/M).

**Line 6b — First installment of estimated tax for the next period —**

If you did not file Form CT-5.9, *Request for Three-Month Extension to File*, and the tax amount shown on line 5 is more than \$1,000 but not more than \$100,000, you must pay a mandatory first installment of estimated tax for the next tax period. Enter 25% (.25) of the total tax amount shown on line 5.

If you did not file Form CT-5.9 and the tax amount shown on line 5 is \$100,000 or more, you must pay a mandatory first installment of estimated tax for the next tax period. Enter 30% (.30) of the total tax amount shown on line 5.

**Additional installments of estimated tax (Form CT-400) —** If you expect your tax for the next period to exceed \$1,000, you must file Form CT-400 or Form CT-400-MN, *Estimated Tax for Corporations*, and pay the additional installments of estimated tax due on June 15, September 15, and December 15.

**Line 10 —** If you underpaid your estimated tax for 2004, use Form CT-222, *Underpayment of Estimated Tax by a Corporation*, to compute the penalty. Attach Form CT-222, mark an **X** in the box, and enter the amount of penalty on line 10.

**Line 11 —** If you do not pay the tax on or before the original due date (**without** regard to any extension of time for filing) you must pay interest on the amount of the underpayment from the original due date to the date paid. Exclude from the interest computation any amount shown on line 6a or 6b. You may visit our Web site or call the Tax Department for the current interest rate or to have the interest computed for you. See *Note* below.

**Line 12 —** Compute additional charges for late filing and late payment on the amount of tax minus any payment made on or before the due date (**with** regard to any extension of time for filing). Exclude from the penalty computation any amount shown on line 6a or 6b.

- A. If you do not file a return when due, or if the request for extension is invalid, add to the tax 5% (.05) per month up to 25% (.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 in item A 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  $\frac{1}{2}\%$  (.005) per month up to 25% (.25) (section 1085(a)(2)).
- D. The total of the additional charges in item A and C may not exceed 5% (.05) for any one month, except as provided for in item 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, payment, or both (section 1085).

**Note:** You may compute your penalty and interest by accessing our Web site at [www.nystax.gov](http://www.nystax.gov) and clicking on *Electronic Services*, or you may call 1 800 972-1233, and we will compute the penalty and interest for you.

**Line 18 — Collection of debts from your refund —** We will keep all or part of your refund if you owe a past-due, legally enforceable debt to the Internal Revenue Service (IRS) or to a New York State agency, or if you owe a city of New York tax warrant judgment debt. A *New York State agency* includes any state department, board, bureau, division, commission, committee, public authority, public benefit corporation, council, office, or other entity performing a governmental or proprietary function for the state or a social services district. We will refund any amount over your debt.

If you have any questions about whether you owe a past-due, legally enforceable debt to the IRS or to a state agency, or whether you owe a city of New York tax warrant judgment debt, contact the IRS, the state agency, or the New York City Department of Finance.

For New York State tax liabilities only, call 1 800 835-3554 (from areas outside the U.S. and outside Canada, call (518) 485-6800) or

write to: NYS Tax Department, Tax Compliance Division, W A Harriman Campus, Albany NY 12227.

For New York City liabilities only, call (212) 232-3550.

**Definition of gross income —** *Gross income* includes receipts from transactions within New York State that are derived from the utility's principal business and profits from transactions within New York State that **are not** derived from the utility's principal business.

Receipts that are included in gross income include receipts from the following:

- The sale of gas or electric service of whatever nature
- Transportation, transmission, or distribution of gas or electricity by means of conduits, mains, pipes, wires, lines, or similar means
- The sale of gas, electricity, steam, water, or refrigeration when sold through mains, pipes, or wires for ultimate consumption or use within New York State
- Services rendered within New York State that are performed in the conduct of the utility's principal business
- Sale of merchandise within New York State that are part of the utility's stock in trade
- Other sales made or services rendered within New York State that are derived from the conduct of the utility's principal business
- Interest, dividends, and royalties from sources within New York State

In determining gross income receipts, include cash, credits, and property of any kind or nature without any deductions for the cost of property sold, the cost of materials used, labor, services, or other costs, interest or discount paid, or any other expenses, except those exclusions and deductions provided for with respect to lines 21, 24, and 41.

Profits included in gross income include profits from the following:

- The sale of securities that are held, managed, or controlled within New York State
- The sale of real property within New York State
- The sale of personal property within New York State that is not part of the utility's stock in trade
- Any transaction (except sales for resale and rentals) within New York State

Do not deduct gross income received from a financial resource asset, unless you attach to Form CT-186-P a certificate issued by the New York State Department of Public Service, verifying this deduction.

The General City Law, Article 2-I, provides for certain rebates of charges for energy in revitalization areas in the city of New York. However, nothing contained in Article 2-I shall be construed as reducing the amount of the gross income subject to tax under Tax Law section 186-a.

**Special rules for landlords**

**Sales to landlords —** *Gross income also includes* receipts from utility services to a landlord for resale to a tenant for consumption or use by the tenant as incident to the landlord's renting of premises to the tenant, even though such sales are not for ultimate consumption by the landlord. *Utility services* means the furnishing of gas, electricity, steam, water, or refrigeration, and services directly connected to the furnishing of gas, electricity, steam, water, or refrigeration. Include receipts from the sale of gas or electric services on line 19. Include receipts from the sale of steam, water, or refrigeration services on lines 26 through 31.

**Sales to tenants by landlords —** If all utility services purchased by a landlord for resale included the section 186-a tax, then the landlord is not required to complete Form CT-186-P.

If **any** utility services purchased by a landlord for resale to tenants **did not include** the section 186-a tax, then you must compute lines 19 and 26 through 31 as follows:

- Receipts derived by a landlord from the resale of utility services to a tenant are deemed to be equal to the landlord's cost of the same service (including any associated transportation cost). Include these amounts on lines 19 and 26 through 31; do not include the markup billed to the tenants.
- If the tax under section 186-a was included on the purchase of utility services by the landlord, then the landlord may deduct the cost of the same service (including any associated transportation cost) on lines 19 and 26 through 31. If the tax under section 186-a was not included on the purchase by the landlord, then do not deduct this cost.

## Computation of gross income

### Part I — Computation of receipts from the sale of gas and electric service of whatever nature

**Line 19** — Taxpayers who have receipts from the sales of gas or electric service of whatever nature within New York State must complete lines 19 through 25. Gross income on line 19 includes receipts from the following:

- The sale of gas or electric service of whatever nature.
- The sale of transportation, transmission, or distribution of gas or electricity by means of conduits, mains, pipes, wires, lines, or similar means. These receipts are equivalent to the noncommodity charges for gas or electric service of whatever nature.
- The sale of the commodity of gas or electricity when sold through mains, pipes, or wires for ultimate consumption or use within New York State.
- The sale of gas or electric services rendered within New York State that are performed in the conduct of the utility's principal business. See the instructions for line 29 for a listing of receipts included in this line.
- The sale of merchandise from gas or electric service within New York State that is part of the utility's stock in trade. See the instructions for line 30 for a listing of receipts included in this line.
- Other gas or electric sales made or services rendered within New York State that are derived from the conduct of the utility's principal business. Receipts include, but are not limited to, receipts from the following:
  - The sale of residuals and by-products that are consumed or used in New York State.
  - Transportation or transmission agreements, such as contract carriage and lease operating agreements, where the utility uses its mains, pipes, or wires within New York State to transport or transmit a commodity owned by the purchaser that is not a utility. See *Special rules for landlords* beginning on page 3.

In determining gross income receipts, include cash, credits, and property of any kind or nature without deductions for the cost of property sold, the cost of materials used, labor, services or other costs, interest, discount paid, or any other expenses. Include as gross income on line 19 sales for resale of items A, B, D, E, and F above when a utility has passed on its section 186-a tax to you and you resell that service. You may deduct from gross income, on line 21, your cost of services resold by you that were included as gross income on line 19, items A, B, D, E, and F above.

Do not include on line 19 receipts from the following:

- Cash discounts taken by the customer
- Uncollectible accounts
- Taxes imposed by New York State or its municipalities or the federal government, when the taxpayer is merely a collection agency for the taxing authority (for example, state and local sales taxes and federal excise taxes)

Do not include on line 19 receipts from utility services included on lines 26 through 31. See *Special rules for landlords* beginning on page 3.

**Line 20** — Enter receipts from the sale of the commodity of gas or electricity when sold through mains, pipes, or wires for ultimate consumption or use within New York State that were included on line 19.

**Line 21** — Where a utility has passed on its section 186-a tax to you and you resell that service, you may deduct your cost of the service resold by you. Enter your cost of services resold by you that were included as gross income on line 19, items A, B, D, E, and F above.

**Line 23** — Compute receipts from transportation, transmission, or distribution of gas or electricity by means of conduits, mains, pipes, wires, lines, or similar means by subtracting line 20 from line 19.

**Line 24** — Allowable exclusions from receipts on line 23:

- Receipts from sales of transportation, transmission, or distribution of gas or electricity by means of conduits, mains, pipes, wires, lines, or similar means to any of the following:
  - A utility (excluding a public authority) supervised by New York State or another jurisdiction when an element of such supervision includes rate regulation; or
  - A municipality that owns and operates facilities that are used to generate or distribute electricity or distribute gas and that distributes and sells this electricity or gas solely at retail, solely within its jurisdiction; or
  - A public authority of New York State when that public authority is primarily engaged in the generation and transmission or distribution of electricity or gas and at least 95% of the assets are so devoted.
- Receipts from sales of transportation, transmission, or distribution of electricity to a municipality when the electricity being transported has been purchased by that municipality, and has been generated solely by and purchased solely from New York State or a public authority of New York State (for example, New York State Power Authority), and when the municipality sells solely at retail, solely within its jurisdiction, the electricity being transported, transmitted, or distributed.
- Receipts from sales of transportation, transmission, or distribution of gas or electricity to not-for-profit corporations and associations organized and operated exclusively for religious, charitable, or educational purposes, described in Tax Law section 1116(a)(4), when that organization resells the transportation, transmission, or distribution as part of a bundled gas or electric service as landlord to its tenants in buildings owned by that organization.

In addition, for the calendar tax year beginning on January 1, 2004, 75% of your receipts received from nonresidential customers representing the noncommodity charges for gas or electric service (receipts from the transportation, transmission, or distribution of gas or electricity) must be excluded from gross income.

The term *nonresidential customers* means those customers whose use of gas, electricity, or gas or electric service **does not** qualify for the reduced rate of sales and compensating use tax on residential gas, electricity, or gas or electric service, under Tax Law section 1105-A.

Enter all exclusions listed above that are included as receipts on line 19. Attach a statement listing all deductions. See *Special rules for landlords* beginning on page 3.

### Part II — Computation of receipts from the sale of steam, water, and refrigeration utility services

**Lines 26 through 31** — Taxpayers who sell steam, water, or refrigeration that is delivered through mains, pipes, or wires for ultimate consumption or use within New York State must complete lines 26 through 31. Enter, for each type of commodity sold for

ultimate consumption or use within New York State, the receipts from those sales without any deductions. See *Special rules for landlords* beginning on page 3.

Do not include on lines 26 through 31 receipts from the following:

- Sales for resale (if your utility has passed on its section 186-a tax to you and you resell the service, you may deduct your cost of the service resold by you)
- Cash discounts taken by the customer
- Uncollectible accounts
- Taxes imposed by New York State or its municipalities or the federal government when the taxpayer is merely a collection agency for the taxing authority (for example, state and local sales taxes and federal excise taxes)

**Line 29** — Enter all receipts (without any deductions) from services rendered within New York State that are directly connected with the sale of steam, water, or refrigeration for ultimate consumption or use within New York State. Receipts include, but are not limited to, receipts from the following:

- Installation charges.
- Service charges (other than installation) that are performed in the conduct of the utility's principal business.
- Rentals within New York State that in fact constitute service charges (for example, receipts received from equipment necessary to enable the customer to use the commodity). See *Special rules for landlords* beginning on page 3.

**Line 30** — Enter receipts (without any deduction) from sales of merchandise (conditional or otherwise) within New York State that are directly connected with the sale of steam, water, or refrigeration, for ultimate consumption or use within New York State. *Sales of merchandise* includes materials and supplies that constitute stock in trade of the utility and are included in merchandise inventory. Receipts include, but are not limited to, receipts from the following:

- The sale of merchandise to the utility's customers
- The sale of merchandise to other utilities
- The sale of merchandise to employees (except work supplies such as clothing, shoes, and helmets)

Do not include receipts from the sale of merchandise when the merchandise does not constitute stock in trade and is not included in merchandise inventory (that is, items of fixed assets such as fixtures, furniture, or machines).

**Line 31** — Enter any other receipts (without any deduction) from steam, water, or refrigeration sales made or services rendered within New York State that are derived from the conduct of the utility's principal business. Receipts include, but are not limited to, receipts from the sale of residuals and by-products that are consumed or used in New York State.

### Part III — Receipts from interest and dividends allocated to New York State

**Line 33** — Enter receipts from interest and dividends from sources within New York State, without any deduction for any expense incurred in connection with the receipt. Do not include interest and dividends received from any of the following:

- A corporation, the majority of whose voting stock is owned by the taxpaying utility
- Obligations of the United States; any state, territory, or possession of the United States; or the District of Columbia
- Obligations of a foreign country
- Any obligation from any political subdivision or governmental instrumentality of any of the above

Compute receipts from interest and dividends from sources within New York State that are received from corporate and noncorporate entities. Enter in column A the name of the entity that paid the interest or dividend. Enter in column B the type of security (that is, stock, bond, or interest-bearing cash account). Enter in column C

the amount of interest or dividends received. Enter in column D the issuer's allocation percentage of the corporation that issued the security (always enter the issuer's allocation percentage from the year immediately preceding the current tax year). Use the issuer's allocation percentage to compute the amount of interest and dividends allocated to New York State in column E.

Issuer's allocation percentages for corporate entities can be obtained from tax services publications or from the Tax Department Web site at [www.nystax.gov](http://www.nystax.gov).

Up to three issuer's allocation percentages may be obtained by calling toll free 1 800 972-1233. From areas outside the U.S. and outside Canada, call (518) 465-6800.

If the entity that issued the security was not a corporate entity, the amount of interest or dividends allocated to New York State is determined by the percentage of capital employed in New York State by the payer of the stock, bond, interest-bearing cash account, or other security, for the year immediately preceding the current tax year. Attach a statement showing the computation of the payer's capital employed in New York State, as compared to total capital employed everywhere.

**Line 34** — Enter receipts from royalties from sources within New York State without any deductions incurred in connection with the receipt. Royalties include all amounts received by the utility for the use of patents or copyrights, whether or not such patents or copyrights were issued to or are owned by the utility. A patent or copyright is used in New York State to the extent that the activities under the patent or copyright are carried on in New York State.

### Part IV — Computation of profits

**Line 36** — Enter profits (that is, the gross selling price minus the basis without any further deductions) from the sale of securities that are held, managed, or controlled within New York State.

*Securities* includes shares of stock in any corporation; certificates of stock or interest in any corporation; securities issued by governmental bodies; and securities issued by corporations of a like nature as stock and bonds that are sold in the open market or on a recognized exchange, designed as a means of investment, and issued for the purpose of financing corporate enterprises and providing a distribution of rights in, or obligations of, those enterprises.

Include profits from the sale of any tax-exempt securities such as the following:

- The United States, any state, territory, or possession of the United States
- The District of Columbia
- Any foreign country
- Any political subdivision or instrumentality of any of the above

Include profits from the sale of securities of an affiliated company and profits from the sale of reacquired stock (treasury stock).

Except for a block transaction, losses from sales of securities may **not** be applied against profits from the sale of securities. A *block transaction* is a single sale where sales of the same security are made in several lots.

**Example:** *A utility carries a block of 10,000 shares of the same securities of a corporation in its portfolio and orders its broker to sell the entire block. The fact that the broker executes the order by disposing of the block in several lots does not change the essential nature of the transaction and make it more than one sale.*

**Line 37** — Enter profits (that is, the gross selling price minus the basis without any further deductions) from the sale of real property within New York State in which the utility owns or has an ownership interest.

**Line 38** — Enter profits (that is, the gross selling price minus the basis without any further deductions) from the sale of personal property within New York State that is not stock in trade of the utility and is not included in merchandise inventory. *Profits* include, but are not limited to, profits from the sale of fixed assets such as fixtures, furniture, machinery, and equipment.

Do not include profits from the sale of merchandise (that is, materials and supplies) that is stock in trade of the utility and is included in merchandise inventory.

**Line 39** — Enter profits (that is, the gross selling price minus the basis without any further deductions, or, in the case of the sale of a service, the gross selling price of the service minus the cost of the service provided) from any transactions within New York State that are not performed in the conduct of the utility's principal business. Do not include profits from sales for resale or profits from rentals. Profits include but are not limited to profits from the following:

- The sale of merchandise (that is, materials and supplies) that is not stock in trade of the utility and is not included in merchandise inventory
- Labor not performed in the conduct of the utility's principal business
- Transportation or transmission agreements where the utility uses its mains, pipes, or wires within New York State to transport or transmit a commodity owned by another utility

**Line 41** — Allowable deductions from profits on lines 36 through 39 are as follows:

- Brokerage fees, legal fees, advertising fees, and other selling expenses incurred due to the sale of securities, real property, and personal property
- Cash discounts taken by the customer
- Uncollectible accounts
- Taxes imposed by New York State or its municipalities or the federal government when the taxpayer is merely a collecting agency for the taxing authority (for example, state and local sales taxes and federal excise taxes)

Enter all deductions listed above that are included as receipts on lines 36 through 39. Attach a statement listing all deductions.

**Part V — Computation of tax on gross income**

**Line 43** — The tax rates on gross income for line 43 are as follows:

Tax year	Rate
January 1, 2004, through December 31, 2004	2.125% (.02125)
January 1, 2005, and thereafter	2.0% (.02)

**Line 44** — The tax rates on gross income for line 44 are:

Tax year	Rate
January 1, 2004, through December 31, 2004	0.4% (.004)
January 1, 2005, and thereafter	0.0%

**Line 45** — If the receipts on lines 22, 25, 32, 35, and 42 are less than \$500 total, you are exempt from the payment of tax under section 186-a. However, you are required to complete and file Form CT-186-P. Enter **0** on lines 1, 43, 44, and 45.

**Composition of prepayments claimed on line 8**

If you need more space, write **see attached** in this section and attach a separate sheet showing all relevant prepayment information. Transfer the total to line 51, *Total prepayments*.

**Privacy notification**

The Commissioner of Taxation and Finance may collect and maintain personal information pursuant to the New York State Tax Law, including but not limited to, sections 171, 171-a, 287, 308, 429, 475, 505, 697, 1096, 1142, and 1415 of that Law; and may require disclosure of social security numbers pursuant to 42 USC 405(c)(2)(C)(i).

This information will be used to determine and administer tax liabilities and, when authorized by law, for certain tax offset and exchange of tax information programs as well as for any other lawful purpose.

Information concerning quarterly wages paid to employees is provided to certain state agencies for purposes of fraud prevention, support enforcement, evaluation of the effectiveness of certain employment and training programs and other purposes authorized by law.

Failure to provide the required information may subject you to civil or criminal penalties, or both, under the Tax Law.

This information is maintained by the Director of Records Management and Data Entry, NYS Tax Department, W A Harriman Campus, Albany NY 12227; telephone 1 800 225-5829. From areas outside the United States and outside Canada, call (518) 485-6800.

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**Telephone assistance** is available from 8:00 A.M. to 5:00 P.M. (eastern time), Monday through Friday.  
To order forms and publications: 1 800 462-8100  
Business Tax Information Center: 1 800 972-1233  
From areas outside the U.S. and outside Canada: (518) 485-6800



**Hotline for the hearing and speech impaired:**

If you have access to a telecommunications device for the deaf (TDD), contact us at 1 800 634-2110. If you do not own a TDD, check with independent living centers or community action programs to find out where machines are available for public use.



**Persons with disabilities:** In compliance with the Americans with Disabilities Act, we will ensure that our lobbies, offices, meeting rooms, and other facilities are accessible to persons with disabilities. If you have questions about special accommodations for persons with disabilities, please call 1 800 972-1233.