New York State Department of Taxation and Finance

Instructions for Form CT-32-M

Banking Corporation MTA Surcharge Return

Tax Law — Article 32, Section 1455-B

CT-32-M-I

Important reminder to file a complete return: You must complete all required schedules and forms that make up your return, and include **all pages** of those forms and schedules when you file. Returns that are missing required pages or that have pages with missing entries are considered incomplete and cannot be processed, and may subject taxpayers to penalty and interest.

Up-to-date information affecting your tax return

Visit our Web site for tax law changes or forms corrections that occurred after the forms and instructions were printed (see *Need help?* on page 2).

Changes for 2006

Entering dates — Unless you are specifically directed to use a different format, enter dates in the *mm-dd-yy* format (using dashes and not slashes).

General information

If you file Form CT-32, *Banking Corporation Franchise Tax Return*, or CT-32-A, *Banking Corporation Combined Franchise Tax Return*, use Form CT-32-M to report and pay the metropolitan transportation business tax surcharge (MTA surcharge).

If you do business, employ capital, own or lease property, or maintain an office in the Metropolitan Commuter Transportation District (MCTD), you must file Form CT-32-M and pay the MTA surcharge on business done in the MCTD. The MCTD includes the counties of New York, Bronx, Kings, Queens, Richmond, Dutchess, Nassau, Orange, Putnam, Rockland, Suffolk, and Westchester.

Corporations filing on a combined basis are required to file only one return for the combined group. Use combined figures, as shown on your Form CT-32-A, to complete this form.

MTA surcharge rate — The MTA surcharge rate is 17%.

When to file — File your return within 2½ months after the end of your reporting period. If you are reporting for the calendar year, file your return on or before March 15. If your filing date falls on a Saturday, Sunday, or legal holiday, then you must file your return on or before the next business day.

Where to file — Mail your return to:

NYS CORPORATION TAX
PROCESSING UNIT
PO BOX 22038
ALBANY NY 12201-2038

If you use a delivery service other than the U.S. Postal Service, see *Private delivery services* below.

Private delivery services — If you choose, you may use a private delivery service, instead of the U.S. Postal Service, to mail in your return and tax payment. 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 2 of these instructions for information on obtaining forms and publications.) If you have used a designated private delivery service and need to establish the date you filed your return, contact that private delivery service for instructions on how to obtain written proof of the date your return was given to the delivery service for delivery. If you use **any** private delivery service, whether it is a designated service or not, send the forms covered by these instructions to: State Processing Center, 431C Broadway, Albany NY 12204-4836.

Extension of time for filing — You may request additional time to file an MTA surcharge return. File Form CT-5, *Request for Six-Month Extension to File (for franchise/business taxes, MTA surcharge, or both)*, or Form CT-5.3, *Request for Six-Month Extension to File (for combined franchise tax return, or combined MTA surcharge return, or both)*, on or before the due date of the return for which you are requesting the extension, and pay the MTA surcharge you estimate to be due.

Employer identification number, file number, and other identifying information — We must have the necessary identifying information to process your corporation tax forms. Keep a record of that information and include it on each corporation tax form mailed. If you use a paid preparer or accounting firm, make sure they use your complete and accurate identifying information when completing all forms.

Changes in 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,* to correct your address for this and all other tax types. You can get these forms from our Web site, or by fax or phone (see *Need help?* on page 2).

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

Reporting period — Complete the beginning and ending tax period boxes in the upper right corner on the front of the form.

Whole dollar amounts — You may elect to show amounts in whole dollars rather than 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 using a minus (-) sign.

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

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

Line instructions

Line A — Make your check or money order payable 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 MCTD gross income allocation percentage

Lines 1 through 3

— If you do all of your New York State business within the 12 counties of the MCTD, skip lines 1 and 2 and enter ***100*** on line 3.

— If you do part of your New York State business outside of the MCTD, compute your MCTD gross income allocation percentage on lines 1 through 3.

The MCTD gross income allocation percentage is determined by dividing your gross income within the MCTD by your gross income within New York State. *Gross income* is federal gross income as defined in Internal Revenue Code (IRC) section 61, plus any amount excluded from federal gross income under IRC section 103, minus the eligible gross income of an international banking facility (IBF), if the taxpayer elects to utilize the IBF modification. (See Regulations, section 23-1.3(b).)

Line 4 – The MTA surcharge for banking corporations is computed using the tax rates in effect immediately prior to tax years beginning on or after July 1, 2000.

To determine the amount to enter on line 4, find the **first condition** below that applies to you, and follow the instruction indicated for that condition. For example, if Form CT-32, line 5, equals the amount on Form CT-32, line 1, and the amount on Form CT-32, line 7, equals $250, then your situation would be described in **both** conditions 1 and 2. In that event, you would follow the instructions for condition 1 and ignore the instructions for condition 2.

Condition	Instructions
1. The fixed dollar minimum tax equals the tax due. CT-32 Line 7 = $250 CT-32-A Line 7 = $250	Enter the net franchise tax from Form CT-32, line 7, or the total combined franchise tax from Form CT-32-A, line 9, on Form CT-32-M, line 4.
2. The tax on allocated taxable entire net income equals the largest tax before credits. CT-32 Line 5 = Line 1 CT-32-A Line 5 = Line 1	Complete Worksheet 1 on page 2.
3. Otherwise	Enter the net franchise tax from Form CT-32, line 7, or the total combined franchise tax from Form CT-32-A, line 9, on Form CT-32-M, line 4.

Worksheet 1

A	Enter allocated taxable entire net income from Form CT-32, line 61, or Form CT-32-A, line 59	
B	Rate	.09
C	Multiply line A by line B	
D	Enter tax credits from Form CT-32, line 6, or Form CT-32-A, line 6	
E	Net New York State franchise tax: subtract line D from line C	
F	Combined fixed minimum tax for member corporations *(Form CT-32 filers enter **0**; Form CT-32-A filers enter the amount from line 8 of that form)*	
G	Total combined franchise tax: add line E and line F; enter result here and on Form CT-32-M, line 4	

First installment of estimated tax for the next tax period

If, on your Form CT-32 or Form CT-32-A, you must make a first installment of estimated franchise tax for the next tax period, you must also make a first installment of the MTA surcharge for the next tax period.

Line 7b — If you did not file Form CT-5 or Form CT-5.3 and the franchise tax shown on Form CT-32, line 7, or Form CT-32-A, Schedule A, line 7, exceeds $1,000, enter 25% of the MTA surcharge shown on line 6 of the CT-32-M. Otherwise, enter ***0***.

Line 11 — If you underpaid your estimated MTA surcharge, use Form CT-222, *Underpayment of Estimated Tax by a Corporation,* to compute the penalty. Attach Form CT-222 and mark an ***X*** in the box. If no penalty is due, enter ***0***.

Line 12 — If you do not pay the MTA surcharge on or before the original due date (**without** regard to any extension of time to file), 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 7a or line 7b, first installment of estimated MTA surcharge for the next tax period.

Line 13 – Late filing and late payment penalties — Late filing and late payment penalties are computed on the amount of the MTA surcharge 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 7a or line 7b, *First installment of estimated MTA surcharge for the next tax period*.

A. If you do not file a return when due or if the request 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 in item A above 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 items A and C may not exceed 5% for any one month except as provided for in item B (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).

The Tax Law also provides penalties for failure to disclose certain transactions and related information regarding tax shelters, as well as for the underpayment of taxes due to participation in such shelters. See TSB-M-05(2)C, *Disclosure of Certain Transactions and Related Information Regarding Tax Shelters*.

Note: You may compute your interest and penalty by accessing our Web site and clicking on *Electronic Services,* or you may call and we will compute the interest and penalty for you (see *Need help?* below).

Line 15 — You may divide the overpayment on line 16, 17, or 18 in any way you choose.

Collection of debts from your refund or overpayment

We will keep all or part of your refund or overpayment if you owe a past-due, legally enforceable debt to a New York State agency, or if you owe a New York City tax warrant judgment debt. We may also keep all or part of your refund or overpayment if you owe a past-due legally enforceable debt to another state, provided that state has entered into a reciprocal agreement with New York State. If we keep your refund or overpayment, we will notify you.

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 or apply as an overpayment any amount over your debt.

If you have any questions about whether you owe a past-due, legally enforceable debt to a state agency, or to another state, or whether you owe a New York City tax warrant judgment debt, contact the state agency, the other state, 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 tax liabilities only, call (212) 232-3550.

Line 19 through 25 – Computation of prepayments on line 9 — If you need more space, write ***see attached*** in this section and attach a separate sheet showing all relevant prepayment information. Transfer the total shown on the attached sheet to line 9.

Third-party designee

If you want to authorize another person (third-party designee) to discuss this tax return with the New York State Tax Department, mark an ***X*** in the *Yes* box in the *Third-party designee* area of your return. Also enter the designee's name, phone number, and any five-digit number the designee chooses as his or her personal identification number (PIN). If you want to authorize the paid preparer who signed your return to discuss the return with the Tax Department, enter ***Preparer*** in the space for the designee's name. You do not have to provide the other information requested.

If you mark the *Yes* box, you are authorizing the Tax Department to discuss with the designee any questions that may arise during the processing of your return. You are also authorizing the designee to:

- give the Tax Department any information that is missing from your return;
- call the Tax Department for information about the processing of your return or the status of your refund or payment(s); and
- respond to certain Tax Department notices that you shared with the designee about math errors, offsets, and return preparation. The notices will not be sent to the designee.

You are not authorizing the designee to receive your refund check, bind you to anything (including any additional tax liability), or otherwise represent you before the Tax Department. If you want the designee to perform those services for you, you must file Form POA-1, *Power of Attorney,* making that designation with the Tax Department. Copies of statutory tax notices or documents (such as a *Notice of Deficiency*) will only be sent to your designee if you file Form POA-1.

You cannot revoke the third-party designee authorization or change the PIN. However, the authorization will automatically end on the due date (without regard to extensions) for filing your next year's tax return.

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 5-a, 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.

Need help?

Internet access: *www.nystax.gov* (for information, forms, and publications)

Fax-on-demand forms:	1 800 748-3676
To order forms and publications:	1 800 462-8100
Corporation Tax Information Center:	1 888 698-2908
From areas outside the U.S. and outside Canada:	(518) 485-6800
Hearing and speech impaired (telecommunications device for the deaf (TDD) callers only):	1 800 634-2110