Department of Taxation and Finance

Instructions for Form CT-3

General Business Corporation Franchise Tax Return

CT-3-I

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Form CT-1, *Supplement to Corporation Tax Instructions*

See Form CT-1 for the following topics:

- Changes for the current tax year (general and by Tax Law Article)
- Business information (how to enter and update)
- Entry formats
  - Dates
  - Negative amounts
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All citations are to New York State Tax Law sections unless specifically noted otherwise.

Corporate tax filing requirements

All New York C corporations subject to tax under Tax Law Article 9-A (including former Tax Law Article 32 taxpayers) must file using the following returns, as applicable:

- Form CT-3, *General Business Corporation Franchise Tax Return*
- Form CT-3-A, *General Business Corporation Combined Franchise Tax Return*
- Form CT-3-M, *General Business Corporation MTA Surcharge Return*

Any return filed on an incorrect form, or on a form for the wrong year, except as described below, will not be processed and will not be considered timely filed. As a result, penalties and interest may be incurred.

See Form CT-3-A-I, *Instructions for Form CT-3-A*, for information as to when a combined return is permitted or required.

Use this tax return for calendar year 2016, fiscal years that begin in 2016 and end in 2017, and tax years of less than 12 months that begin on or after January 1, 2016, but before January 1, 2017.

You can also use the 2016 return if:

- you have a tax year of less than 12 months that begins and ends in 2017, and
- the 2017 return is not yet available at the time you are required to file the return.

In this case you must show your 2017 tax year on the 2016 return and take into account any tax law changes that are effective for tax years beginning **after** December 31, 2016.

For information on voluntary dissolution and surrender of authority, see *Instructions for voluntary dissolution of a New York corporation* (TR-125), and *Instructions for surrender of authority by foreign business corporation* (TR-199), on our website.

Corporations subject to tax under Article 9-A

The definition of a corporation, as used in Article 9-A and in these instructions, includes associations, limited liability companies (LLCs), limited liability partnerships (LLPs), and publicly traded partnerships that are taxed as corporations under the Internal Revenue Code (IRC). For more information, see §208.1.

A business corporation subject to tax under Article 9-A includes all corporations **except:**

- insurance corporations (including for-profit HMOs required to obtain a certificate of authority under Public Health Law Article 44) (Tax Law Article 33);
- transportation and transmission corporations (other than aviation corporations, corporations principally engaged in transportation, transmission, or distribution of gas, electricity, or steam (TTD corporations), and nonelecting railroad and trucking corporations) (Tax Law Article 9);
- farmers, fruit growers, and similar agricultural cooperatives (Article 9);
- nonstock, not-for-profit corporations, no part of the net earnings of which inures to the benefit of any officer, director, or member;
- continuing §186 taxpayers (Article 9).

Domestic corporations – A domestic corporation (incorporated in New York State) subject to tax under Article 9-A is generally liable for franchise taxes for each fiscal or calendar year, or part thereof, during which it is incorporated until it is formally dissolved with the Department of State. However, a domestic corporation that is no longer doing business, employing capital, owning or leasing property, or deriving receipts from activity, in New York State is exempt from the fixed dollar minimum tax for years following its final tax year and is not required to file a franchise tax return provided it meets the requirements listed in §209.8.

Foreign corporations – A foreign corporation (incorporated outside of New York State) is liable for franchise taxes under Article 9-A during the period in which it is doing business, employing capital, owning or leasing property, maintaining an office, or deriving receipts from activity, in New York State.

A corporation is considered to be deriving receipts in this state if it has receipts within New York of $1 million or more in a tax year (§209.1). *Receipts* means the receipts that are subject to the apportionment rules in §210-A, and the term *receipts within this state* means the receipts included in the numerator of the apportionment factor determined under §210-A. Also, receipts from processing credit card transactions for merchants include merchant discount fees received by the corporation (§209.1(b)).

A corporation is doing business in this state if (§209.1(c)):

- it has issued credit cards (including bank, credit, travel, and entertainment cards) to 1,000 or more customers who have a mailing address in this state as of the last day of its tax year;

- it has merchant customer contracts with merchants and the total number of locations covered by those contracts equals 1,000 or more locations in this state to whom the corporation remitted payments for credit card transactions during the tax year; **or**
- the sum of the number of customers and the number of locations equals 1,000 or more.

A foreign corporation that is a partner in a partnership should see *Corporate partners*.

A foreign corporation shall **not** be deemed to be doing business, employing capital, owning or leasing property, maintaining an office, or deriving receipts from activity, in this state by reason of (§209.2):

- the maintenance of cash balances with banks or trust companies in this state;
- the ownership of shares of stock or securities kept in this state if kept in a safe deposit box, safe, vault, or other receptacle rented for the purpose, or if pledged as collateral security, or if deposited with one or more banks or trust companies, or with brokers who are members of a recognized security exchange, in safekeeping or custody accounts;
- the taking of any action by any such bank or trust company or broker, which is incidental to the rendering of safekeeping or custodian service to the corporation;
- the maintenance of an office in this state by one or more officers or directors of the corporation who are not employees of the corporation if the corporation otherwise is not doing business in this state, and does not employ capital or own or lease property in this state;
- the keeping of books or records of a corporation in this state if such books and records are not kept by employees of the corporation and the corporation does not otherwise do business, employ capital, own or lease property, or maintain an office in this state; **or**
- any combination of the activities listed above.

All business corporations subject to tax under Article 9-A, other than New York S corporations, must file franchise tax returns using Form CT-3, unless such corporations are required or permitted to file as members of a combined group (see Form CT-3-A). A business corporation that has elected to be treated as a New York S corporation by filing Form CT-6, *Election by a Federal S Corporation to be Treated as a New York S Corporation*, must file Form CT-3-S, *New York S Corporation Franchise Tax Return*, instead of Form CT-3.

Qualified subchapter S subsidiary (QSSS) – The filing requirements for a QSSS that is owned by a federal S corporation that is a New York C corporation or a nontaxpayer corporation are outlined below.

Where New York State follows federal QSSS treatment:

- the QSSS is not considered a subsidiary of the parent corporation;
- the QSSS is ignored as a separate taxable entity, and the assets, liabilities, income, and deductions of the QSSS are included with the assets, liabilities, income, and deductions of the parent for franchise tax purposes; and
- for other taxes, such as sales and excise taxes, the QSSS continues to be recognized as a separate corporation.

In the situations outlined below where the federal QSSS treatment is followed for NYS, the combined reporting rules are applied to determine if the parent (with its QSSS's activity included) files a Form CT-3, or files as a member of a combined group on a Form CT-3-A. In the situations outlined below where the federal QSSS treatment is **not** followed, the combined reporting rules must still be applied to determine if either the parent, the QSSS, or both should file as distinct members of a combined group on a Form CT-3-A.

- **Parent is a New York C corporation –** New York State follows the federal QSSS treatment if: 1) the QSSS is a New York State taxpayer; or 2) the QSSS is not a New York State taxpayer but the parent makes a QSSS inclusion election. In both cases, the parent (**with** its QSSS's activity included) files as a New York C corporation on a Form CT-3 or, if the combined filing requirements are met with one or more entities (other than the QSSS), on a Form CT-3-A. If the parent does **not** make a QSSS inclusion election when the QSSS is not a New York State taxpayer, the parent (**without** its QSSS's activity included) files as a New York C corporation on a Form CT-3 or, if the combined filing requirements are met with one or more other entities (one of which could be the QSSS), on a Form CT-3-A. In this case, both the parent and the QSSS, as separate entities, are subject to the combined reporting rules, and if the parent and QSSS are unitary they both file as distinct members of a combined group on the same Form CT-3-A.
- **Nontaxpayer parent –** New York State follows the federal QSSS treatment where the QSSS is a New York State taxpayer but the parent is not, if the parent elects to be taxed as a New York S corporation by filing Form CT-6. The parent and QSSS are taxed as a single New York S corporation, and file Form CT-3-S. If the parent does **not** elect to be a New York S corporation, the QSSS (**without** its parent's activity included) must file as a New York C corporation on a Form CT-3 or, if the combined filing requirements are met with one or more other entities (one of which could be the parent), on a Form CT-3-A.

  In this case, both the parent and the QSSS, as separate entities, are subject to the combined reporting rules, and if the parent and QSSS are unitary they both file as distinct members of a combined group on the same Form CT-3-A.
- **Exception: excluded corporation –** Notwithstanding the above rules, QSSS treatment is not allowed when the parent and QSSS file under different Articles of the Tax Law (or would file under different Articles if both were subject to New York State franchise tax); in this case, each corporation must file as a distinct entity under its applicable Article, subject to the Article 9-A or Article 33 combined reporting rules, as applicable.

Mandated New York S corporations – Shareholders of an eligible federal S corporation that have not made the election to be treated as a New York S corporation for the current tax year will be deemed to have made that election and must file Form CT-3-S if the corporation's investment income is more than 50% of its federal gross income for that year. For purposes of the mandated New York State S election, *investment income* means the sum of an eligible S corporation's gross income from interest, dividends, royalties, annuities, rents and gains derived from dealings in property, including the corporation's share of such items from a partnership, estate, or trust, to the extent such items would be includable in the corporation's federal gross income for the tax year. In determining whether an eligible S corporation is deemed to have made this election, the income of a QSSS owned, directly or indirectly, by the eligible S corporation shall be included with the income of the eligible S corporation.

Corporate partners

- If a partnership is doing business, employing capital, owning or leasing property, maintaining an office, or deriving receipts from activity, in New York State, then a corporation that is a **general** partner in that partnership is subject to tax under Article 9-A (§209.1(f)).

- If a partnership is doing business, employing capital, owning or leasing property, maintaining an office, or deriving receipts from activity, in New York State, then a corporation that is a **limited** partner of that partnership (other than a portfolio investment partnership) is subject to tax under Article 9-A if it is engaged, directly or indirectly, in the participation or in the domination or control of all or any portion of the business activities or affairs of the partnership.

An LLC or LLP that is treated as a partnership for federal income tax purposes will be treated as a partnership for New York State tax purposes.

For purposes of determining nexus, the $1 million threshold for deriving receipts is determined by combining the **general** partner's receipts in New York with the partnership's receipts in New York. Also, when a **limited** partner is engaged, directly or indirectly, in the participation or in the domination or control of all or any portion of the business activities or affairs of the partnership, other than a portfolio investment partnership, for purposes of determining nexus, the $1 million threshold for deriving receipts is determined by combining the limited partner's receipts in New York with the partnership's receipts in New York.

In instances where an LLC is treated as a partnership, other than a portfolio investment partnership, when a corporate member is **not** limited in the participation in the management of the LLC by the LLC's operating agreement, such member's receipts in New York are combined with the receipts in New York of the LLC. Where the LLC operating agreement limits a corporate member's participation in the management of the LLC but such member is engaged, directly or indirectly, in the participation in or domination or control of all or any portion of the business activities or affairs of the LLC such member's receipts in New York are combined with the receipts in New York of the LLC.

Example: *Partnership A has two general partners: Partner B who owns 60% of the partnership and Partner C who owns 40%. Partnership A has $600,000 of receipts in New York. Separately, Partner B has $700,000 of receipts in New York and Partner C has $450,000 of receipts in New York. For purposes of determining nexus only, both partners B and C would be treated as having $600,000 from the partnership. Combined with their own receipts, both general partners exceed $1 million in receipts in New York ($1.3 million for Partner B and $1.05 million for Partner C). Therefore, both general partners are subject to tax.*

Alien corporations – An alien corporation (a corporation organized under the laws of a country, or any political subdivision thereof, other than the United States, or organized under the laws of a possession, territory or commonwealth of the United States) is **not** deemed to be doing business, employing capital, owning or leasing property, maintaining an office, or deriving receipts from activity, in this state if its activities in this state are limited solely to:

- investing or trading in stocks and securities for its own account per IRC section 864(b)(2)(A)(ii);
- investing or trading in commodities for its own account per IRC section 864(b)(2)(B)(ii); **or**
- any combination of the above two activities.

An alien corporation that under any provision of the IRC is not treated as a domestic corporation as defined under IRC section 7701 and has no effectively connected income, gain, or loss, for the tax year will not be subject to tax under Article 9-A for that tax year (§209.2-a).

Other forms you may need to file

Form CT-3.1, *Investment and Other Exempt Income and Investment Capital,* must be filed by a corporation that has investment capital (§208.5), investment income (§208.6), other exempt income (§208.6-a), stock that generates (or could generate) other exempt income, or is required to make the addback for prior years' presumed investment capital items that failed to meet the holding period presumption.

Form CT-3.2, *Subtraction Modification for Qualified Banks,* must be filed to utilize the subtraction modification for qualified residential loan portfolios (§208.9(r)), the subtraction modification for community banks and small thrifts (§208.9(s)), or the subtraction modification for community banks and small thrifts with a captive real estate investment trust (REIT) (§208.9(t)).

Form CT-3.3, *Prior Net Operating Loss Conversion (PNOLC) Subtraction,* must be filed to calculate and utilize the PNOLC subtraction and carryforward (§210.1(a)(viii)). This form must be filed for **every** tax year for which you carry a balance of a PNOLC subtraction, even if you are unable to utilize the subtraction in a given year.

Form CT-3.4, *Net Operating Loss Deduction (NOLD),* must be filed to calculate and utilize the NOLD and carryforward (§210.1(a)(ix)). This form must also be filed with the amended return when the carryback of a net operating loss (NOL) for a tax year beginning on or after January 1, 2015, is claimed. This form is also used to elect to waive the carryback of a loss in the year a loss is incurred.

Form CT-3-M, *General Business Corporation MTA Surcharge Return,* must be filed by any corporation taxable under Article 9-A that does business, employs capital, owns or leases property, maintains an office, or derives receipts from activity, in the Metropolitan Commuter Transportation District (MCTD). The MCTD includes the counties of New York, Bronx, Kings, Queens, Richmond, Dutchess, Nassau, Orange, Putnam, Rockland, Suffolk, and Westchester. An exception applies to a qualified entity of a New York State innovation hot spot when the qualified entity is located solely within a hot spot.

Form CT-33-D, *Tax on Premiums Paid or Payable to an Unauthorized Insurer,* must be filed if you purchase or renew a taxable insurance contract directly from an insurer not authorized to transact business in New York State under a *Certificate of Authority* from the Superintendent of Financial Services; you may be liable for a tax of 3.6% (.036) of the premium. For more information, see Form CT-33-D.

Form CT-60, *Affiliated Entity Information Schedule,* must be filed if you are an Article 9-A taxpayer and you have included the activities of any of the following on your return:

- a QSSS;
- a single member LLC; **or**
- a tax-exempt domestic international sales corporation (DISC).

You must also file Form CT-60 if:

- you are a federal S corporation but are filing as a New York C corporation,
- you are a partner in a partnership,
- you are a federal QSSS where New York State does **not** follow federal QSSS treatment; **or**
- you have affiliated entities.

Tax-exempt DISCs – A corporation that qualifies as a DISC under IRC section 992(a) is exempt from tax under Article 9-A if during the year it received more than 5% of its:

- gross sales from the sale of inventory or other property purchased from its stockholders;
- gross rentals from the rental of property purchased or leased from its stockholders; or

- total receipts, other than sales or rentals, from its stockholders.

All corporate stockholders in tax-exempt DISCS must adjust each item of its receipts, expenses, assets, and liabilities, as otherwise computed under Article 9-A, by adding thereto its attributable share of each such DISC's receipts, expenses, assets, and liabilities as reportable by each such DISC to the United States Treasury for its annual reporting period ending during the current tax year of such taxpayer. The tax-exempt DISC itself has no franchise tax filing requirement.

Taxable DISCs are DISCs that do not meet the 5% test under *Tax-exempt DISCs*. Taxable DISCs must file Form CT-3 on or before the 15th day of the ninth month after the end of the tax year. Such a DISC is subject to the tax on apportioned capital or the fixed dollar minimum, whichever is larger. Write ***DISC*** after the legal name of the corporation in the address section of the return.

Form CT-186-E, *Telecommunications Tax Return and Utility Services Tax Return,* must be filed by a corporation that provides telecommunication services. The corporation must pay an excise tax on its gross receipts from the sale of telecommunication services under Article 9 section 186-e.

Form CT-222, *Underpayment of Estimated Tax by a Corporation,* must be filed to inform the Tax Department that your corporation meets one of the exceptions to reduce or eliminate the underpayment of estimated tax penalty pursuant to Tax Law, Article 27, section 1085(d).

Form CT-223, *Innovation Hot Spot Deduction,* must be filed if you are a corporation that is a qualified entity located both inside and outside a hot spot, or you are a corporate partner of a qualified entity, or both.

Form CT-224, *Public Utility, Power Producer, and Pipeline Adjustments,* must be filed to make adjustments to federal taxable income (FTI) pursuant to §208.9(c-2) and §208.9(c-3).

Form CT-225, *New York State Modifications,* must be filed if you are entering an amount on Form CT-3, Part 3, lines 2 and/or 4.

Form CT-300, Mandatory First Installment (MFI) of Estimated Tax for Corporations, must be filed to pay the MFI for tax years beginning on or after January 1, 2017, if your second preceding year's franchise tax after credits exceeds $1,000.

Form CT-399, *Depreciation Adjustment Schedule,* must be filed to compute the allowable New York State depreciation deduction if you claim: 1) the federal accelerated cost recovery system (ACRS) depreciation or modified accelerated cost recovery system (MACRS) deduction for certain property placed in service after December 31, 1980; or 2) a 30%/50%/100% federal special depreciation deduction for certain qualified property placed in service on or after June 1, 2003, in tax years beginning after December 31, 2002.

This form also contains schedules for determining a New York State gain or loss on the disposition of ACRS/MACRS property and property for which you claimed a 30%/50%/100% federal special depreciation deduction.

Form CT-400, *Estimated Tax for Corporations,* must be filed if your New York State franchise tax liability can reasonably be expected to exceed $1,000.

Most corporations are required to electronically file this form either using tax software or online, after setting up an online services account, through the department's website.

Form DTF-664, *Tax Shelter Disclosure for Material Advisors,* must be filed to assist material advisors in complying with New York State's disclosure requirements.

Form DTF-686, *Tax Shelter Reportable Transactions Attachment to New York State Return,* must be filed to assist taxpayers and persons in complying with New York State's disclosure requirements.

For more information about other taxes that may apply to you, see **Publication 20, *Tax Guide for New Businesses***.

When to file

File your return within 3½ months after the end of your reporting period. If you are reporting for the calendar year, your return is due on or before April 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.

Extensions if you cannot meet the filing deadline

If you cannot meet the filing deadline, you may request a six-month extension of time by filing Form CT-5, *Request for Six-Month Extension to File (for franchise/business taxes, MTA surcharge, or both),* and paying your properly estimated franchise tax and metropolitan transportation business tax (MTA surcharge) on or before the original due date of the return.

Most corporations are required to electronically file their extension request either using tax software or online, after setting up an online services account, through the department's website.

You may request up to two additional extensions by filing Form CT-5.1, *Request for Additional Extension of Time to File (for franchise/business taxes, MTA surcharge, or both)*. File it on or before the expiration date of the original extension or previously filed additional extension.

Where to file

NYS CORPORATION TAX
PO BOX 15181
ALBANY NY 12212-5181

Private delivery services – See Publication 55, *Designated Private Delivery Services.*

Penalties and interest

If you pay after the due date

If you do not pay the tax due on or before the original due date, you must pay interest on the amount of the underpayment from the original due date of the return (**without** regard to any extension of time for filing) to the date the tax is paid. Interest is always due, without any exceptions, on any underpayment of tax. An extension of time for filing **does not** extend the due date for payment of tax.

If you file and pay after the due date

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).

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% (§1085(a)(1)(A)).

B. If you do not file a return within 60 days of the due date, the additional charge in item A above cannot be less than the smaller of $100 or 100% of the amount required to be shown as tax (§1085(a)(1)(B)).

C. If you do not pay the tax shown on a return when due, add to the tax ½% per month up to a total of 25% (§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 above (§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 (§1085).

Note: You may compute your penalty and interest by accessing our website, or you may call and we will compute the penalty and interest for you (see *Need help?*).

If you understate your tax

If the tax you report is understated by 10% or $5,000, whichever is greater, you must pay a penalty of 10% of the amount of understated tax. You can reduce the amount on which you pay penalty by subtracting any item for which: 1) there is or was substantial authority for the way you treated it; or 2) there is adequate disclosure on the return or in an attached statement (§1085(k)).

If you underpay your estimated tax

If you can reasonably expect your New York State franchise tax liability to exceed $1,000, you must make payments of estimated tax. A penalty will be imposed if you fail to file a declaration of estimated tax or fail to timely pay the entire installment payment of estimated tax due. For complete details, see Form CT-222.

Other penalties

Strong civil and criminal penalties may be imposed for negligence or fraud.

Voluntary Disclosure and Compliance Program

Have you underreported your tax due on past returns?

Tax Law, Article 36, section 1700 authorizes the Tax Department to waive civil and criminal penalties for taxpayers who disclose and pay overdue taxes. Under the Tax Department's Voluntary Disclosure and Compliance Program, eligible taxpayers who owe back taxes can avoid monetary penalties and possible criminal charges by:

- telling the Tax Department what taxes they owe;
- paying those taxes; and
- entering an agreement to pay all future taxes.

It is easy to apply. Visit our website (see *Need help?*). Follow the prompts, answer a few questions, and submit your application electronically.

Is this an amended return?

If you are filing an amended return for any purpose, mark an ***X*** in the *Amended return* box on page 1 of the return.

If you file an amended federal return, you must file an amended New York State return within 90 days thereafter.

You **must** file using the correct year's return for the tax year being amended. Do **not** use the most current year's return if the current year is not the year being amended. If you file on the wrong year's return, it may cause the amended return to be rejected, or may cause a delay in receiving any tax benefits being claimed.

For amended returns based on changes to federal taxable income (FTI) – If your FTI has been changed or corrected by a final determination of the Commissioner of Internal Revenue, or by a renegotiation of a contract or subcontract with the United States, you must file an amended return reflecting the change to FTI within 90 days of the final federal determination (as final determination is described under the regulations of the Commissioner of Taxation and Finance).

You must attach a copy of federal Form 4549, *Income Tax Examination Changes,* to your amended return.

If you filed as part of a consolidated group for federal tax purposes but on a separate basis for New York State tax purposes, you must submit a statement indicating the changes that would have been made if you had filed on a separate basis for federal tax purposes.

For credits or refunds based upon carryback of a net operating loss (NOL) – To claim a credit or refund resulting from the carryback of an NOL to a prior year, file an amended return for the year to which the carryback is being applied within 90 days from the date of the document indicating approval of the federal refund or credit.

You must attach the following to your amended return:

- federal claim Form 1139, *Corporation Application for Tentative Refund*, **or** federal Form 1120X, *Amended U.S. Corporation Income Tax Return;*
- proof of federal refund approval, *Statement of Adjustment to Your Account;*
- a copy of the New York State return previously filed with New York State for the loss year; and
- Form CT-3.4 when carrying back loss incurred in a tax year that began on or after January 1, 2015, to a tax year that began on or after January 1, 2015.

NOLs from tax years that begin on or after January 1, 2015, cannot be carried back to tax years that began before January 1, 2015.

If you are a federal S corporation that files as a New York C corporation, file an amended New York State return for the prior year and attach a copy of federal Form 1120S, *U.S. Income Tax Return for an S Corporation,* for the loss year. File the amended return within 15 months from the end of the loss year.

For credits or refunds of corporation tax paid – To claim any refund type that requires an amended return, other than an NOL carryback (see *For credits or refunds based upon carryback of a net operating loss (NOL)*), file an amended New York State return for the year being amended and, if applicable, attach a copy of the claim form filed with the IRS (usually Form 1120X) and proof of federal refund approval, *Statement of Adjustment to Your Account*. You must use the tax return for the year being amended.

If you are a federal S corporation, file an amended New York State return for the year being amended. If applicable, attach a copy of the amended federal Form 1120S.

The amended return must be filed within three years of the date the original return was filed or within two years of the date the tax was paid, whichever is later. If you did not file an original return, you must make the request within two years of the date the tax was paid. However, a claim for credit or refund based on a federal change must be filed within two years from the time the amended return reporting the change or correction was required to be filed (see *For amended returns based on changes to federal taxable income (FTI)).* For additional limitations on credits or refunds, see §1087.

Filing your final return

Mark an ***X*** in the *Final return* box on page 1 of the return if the corporation is a:

- domestic corporation that ceased doing business, employing capital, owning or leasing property, or deriving receipts from activity, in New York State during the tax year and wishes to dissolve; or
- foreign corporation that is no longer subject to the franchise tax in New York State.

Do not mark an ***X*** in the *Final return* box if you are only changing the type of return that you file (for example, from Form CT-3 to CT-3-S).

Do not mark an ***X*** in the *Final return* box in the case of a merger or consolidation.

Include the full profit from any installment sale made in your final tax year on your final return. Also include on your final return any remaining profit not yet received from a prior years' installment sale.

For information on voluntary dissolution and surrender of authority, see *Instructions for voluntary dissolution of a New York business corporation* (TR-125), and *Instructions for surrender of authority by foreign business corporation* (TR-199), on our website (see *Need help?)*.

New York S corporation termination year

When a New York S corporation terminates its federal or New York S election on a day other than the first day of a tax year, the tax year is divided into two tax periods (an S short year and a C short year). The corporation must file Form CT-3-S for the New York S short year and Form CT-3 for the New York C short year.

When an IRC section 338(h)(10) election is made for a target corporation that is a New York S corporation, the target corporation must file two short-period (less than 12 months) returns. When filing the second short-period return, the FTI of the new target is the starting point for computing entire net income (ENI).

The total tax for the S short year and the C short year may not be less than the fixed dollar minimum tax determined as if the corporation were a C corporation for the entire tax year. For more information, see Form CT-3-S-I, *Instructions for Form CT-3-S*.

The due date of the New York S corporation short year return (Form CT-3-S) is the same as the New York C corporation short year, even though they are treated as separate short tax years.

Overview of corporation franchise tax

Tax bases

Corporations subject to tax under Tax Law Article 9-A generally must compute three distinct taxes and pay the tax that results in the largest amount owed. The three taxes include a tax on business income, a tax on capital, and a fixed dollar minimum tax.

New York State innovation hot spot program

A qualified entity of a New York State innovation hot spot that is located solely within a hot spot is subject only to the fixed dollar minimum tax for five tax years beginning with the first tax year the qualified entity becomes a tenant in, or part of, an innovation hot spot. A qualified entity must be certified by a New York State innovation hot spot. A taxpayer who claims this benefit or who enters an amount on Form CT-3, Part 3, line 4, as a subtraction from FTI for the income or gain attributable to the operations at, or as part of, the hot spot is no longer eligible for any other New York State exemption, deduction, credit, or refund under the Tax Law to the extent that such exemption, deduction, credit, or refund is attributable to the business operations of a tenant in, or as part of, the New York State innovation hot spot. Claiming these benefits represents an irrevocable election.

Tax on business income

The tax on the business income base is computed in Part 3. The business income base is determined using a single receipts factor. The factor is computed in Part 6.

Tax on business capital

The tax on the business capital base is computed in Part 4. The business capital base is determined using a single receipts factor. The factor is computed in Part 6.

Fixed dollar minimum tax

The fixed dollar minimum tax is determined by a corporation's New York receipts.

A domestic corporation that is no longer doing business, employing capital, owning or leasing property, or deriving receipts from activity, in New York State is exempt from the fixed dollar minimum tax for years following its final tax year and is no longer required to file a franchise tax return, provided it meets the requirements listed in §209.8.

Computation of tax for corporate partners

A taxpayer that is a partner in a partnership (a corporate partner) computes its tax for its interest in the partnership using either the aggregate method or entity method, whichever applies. For an exception to these methods, see *Election by a foreign corporate limited partner*.

Aggregate method – Under the aggregate method, a corporate partner is viewed as having an undivided interest in the partnership's assets, liabilities, and items of receipts, income, gain, loss, and deduction. The partner is treated as participating in the partnership's transactions and activities.

Entity method – Under the entity method, a partnership is treated as a separate entity and a corporate partner is treated as owning an interest in the partnership entity. The partner's interest is an intangible asset that is classified as business capital. To the extent a corporate partner's ENI includes its distributive share of partnership items of income, gain, loss, or deduction, those items are treated as business income.

Corporate partners required to file under the aggregate method

A corporate partner receiving a complete Form IT-204-CP, *New York Corporate Partner's Schedule K-1,* must file using the aggregate method. In addition, a corporate partner must file using the aggregate method if the corporate partner has access to the information necessary to compute its tax using the aggregate method. A corporate partner is presumed to have access to the information and therefore is required to file using the aggregate method if it meets **one or more** of the following conditions:

- it is conducting a unitary business with the partnership;
- it is a general partner of the partnership or is a managing member of an LLC that is treated as a partnership for federal income tax purposes;
- it has a 5% or more interest in the partnership;

- it has reported information from the partnership for a prior tax year using the aggregate method;
- its partnership interest constitutes more than 50% of its total assets;
- its basis in its interest in the partnership determined under IRC section 705 on the last day of the partnership year that ends within or with the taxpayer's tax year is more than $5 million; or
- any member of its affiliated group has the information necessary to perform such computation.

A corporate partner that does not receive a complete Form IT-204-CP may file using the entity method **only** if it does **not** meet any of the conditions listed above **and** does not have access (and will not have access within the time period allowed for filing a return with regard to all extensions of time to file) to the information necessary to compute its tax using the aggregate method and certifies these facts to the Commissioner of Taxation and Finance.

Computation of tax under the aggregate method – The taxpayer's **distributive share** (IRC section 704) of each partnership item of receipts, income, gain, loss, and deduction, and the taxpayer's **proportionate part** of each partnership asset, liability, and partnership activity are included in the computation of the taxpayer's business income base, capital base, and the fixed dollar minimum. These items have the same source and character in the hands of the partner for Article 9-A purposes that the items have for the partner for federal income tax purposes.

Computation of tax under the entity method – A corporate partner is treated as owning an interest in the partnership entity for purposes of determining the taxes measured by the business income base, capital base, and the fixed dollar minimum. The partner's interest is an intangible asset that is business capital.

Election by a foreign corporate limited partner – A foreign corporation that is a limited partner in, and that is engaged, directly or indirectly, in the participation or in the domination or control of all or any portion of the business activities of, one or more limited partnerships, where such partnership(s) are doing business, employing capital, owning or leasing property, maintaining an office, or deriving receipts from activity, in New York State is subject to tax under Article 9-A. When this is the **sole** reason such foreign corporation is taxable under Article 9-A, and the corporation does not file on a combined basis for Article 9-A purposes, the corporation may elect to compute its tax by taking into account **only** its distributive share of each partnership item of receipts, income, gain, loss, and deduction (including any addition or subtraction modifications to FTI) and its proportionate part of each asset, liability, and partnership activity of the limited partnership.

This election may not be made if the limited partnership and corporate group are engaged in a unitary business, wherever conducted, and there are substantial inter-entity transactions between the limited partnership and the corporate group.

Corporate group means the corporate limited partner itself or, if it is a member of an affiliated group, the corporate limited partner and all other members of such affiliated group.

Affiliated group has the same meaning as such term is defined in IRC section 1504 without regard to the exclusions provided for in section 1504(b). However, the term *common parent corporation* means any person as defined in IRC section 7701(a)(1).

If the taxpayer meets the criteria to make the election and does not have access to the information necessary to do the computation, the taxpayer may treat its distributive share of the partnership's items of income, gain, loss, and deduction as business income and its interest in the partnership as business capital, and may allocate that business income and capital entirely to New York State.

Foreign airlines

Foreign airlines that have a foreign air carrier permit pursuant to section 402 of the Federal Aviation Act of 1958 may exclude from ENI all income from international operations effectively connected to the United States, foreign passive income, and income earned from overseas operations, provided the foreign country in which the airline is based has a similar exemption from tax with respect to United States airlines (§208.9(c-1)).

When computing the tax on capital, foreign airlines may also exclude from business capital those assets used to generate the income that was excluded based on the previous paragraph (to the extent the assets were employed in generating that income) (§208.7(b)).

However, if the country in which the foreign airline is based does not provide a similar exemption from tax with respect to United States airlines, the foreign airline is not entitled to the exclusions from income and capital described above.

How to fill out your tax return

Important identifying information

When preparing your corporation tax return, be sure to accurately complete the corporation's identifying information (employer identification number (EIN) and file number) including your current address. Keep a record of your identifying information for future use.

If you use a paid preparer or accounting firm, make sure they use your complete and accurate information when completing all your forms.

All filers must complete the beginning and ending tax year boxes in the upper right corner on page 1 of the form.

Signature

The return must be certified by the president, vice president, treasurer, assistant treasurer, chief accounting officer, or other officer authorized by the taxpayer corporation.

The return of an association, publicly traded partnership, or business conducted by a trustee or trustees must be signed by a person authorized to act for the association, publicly traded partnership, or business.

If an outside individual or firm prepared the return, all applicable entries in the paid preparer section must be completed, including identification numbers (see *Paid preparer identification numbers* in Form CT-1).

Failure to sign the return will delay the processing of any refunds and may result in penalties.

Tax rates schedule

Tax base	Tax rates
Table 1 – Business income base for general business taxpayers	.065
Table 2 – Business income base for qualified small business taxpayers	.065
Table 3 – Business income base for qualified New York manufacturers	.00
Table 4 – Business income base for qualified emerging technology companies (QETCs)	.055
Table 5 – Capital base	.00125
Table 6 – Capital base for qualified New York manufacturers and QETCs	.00106
Table 7 – Capital base for qualified cooperative housing corporations	.0004
Table 8 – Fixed dollar minimum tax For a corporation with New York receipts of:	
Not more than $100,000:	$ 25
More than $100,000 but not over $250,000:	$ 75
More than $250,000 but not over $500,000:	$ 175
More than $500,000 but not over $1,000,000:	$ 500
More than $1,000,000 but not over $5,000,000:	$ 1,500
More than $5,000,000 but not over $25,000,000:	$ 3,500
More than $25,000,000 but not over $50,000,000:	$ 5,000
More than $50,000,000 but not over $100,000,000:	$ 10,000
More than $100,000,000 but not over $250,000,000:	$ 20,000
More than $250,000,000 but not over $500,000,000:	$ 50,000
More than $500,000,000 but not over $1,000,000,000:	$ 100,000
Over $1,000,000,000:	$ 200,000
Table 9 – Fixed dollar minimum tax for qualified New York manufacturers and QETCs For a corporation with New York receipts of:	
Not more than $100,000:	$ 21
More than $100,000 but not over $250,000:	$ 63
More than $250,000 but not over $500,000:	$ 148
More than $500,000 but not over $1,000,000:	$ 423
More than $1,000,000 but not over $5,000,000:	$ 1,269
More than $5,000,000 but not over $25,000,000:	$ 2,961
Over $25,000,000:	$ 4,230

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.***

Line B – If during the tax year you do business, employ capital, own or lease property, maintain an office, or derive receipts from activity, in the MCTD, you are subject to the MTA surcharge.

A corporation is deriving receipts from activity in the MCTD if it has receipts within the MCTD of $1 million or more in a tax year. For more information, see Form CT-3-M-I.

The MCTD includes the counties of New York, Bronx, Kings, Queens, Richmond, Dutchess, Nassau, Orange, Putnam, Rockland, Suffolk, and Westchester.

Mark an ***X*** in the appropriate box. If *Yes*, you must file Form CT-3-M.

Line C – Pursuant to Public Law 86-272, a foreign corporation is not subject to the tax imposed by Article 9-A if its activities are limited to those described in that law. If you are disclaiming tax liability in New York State based on Public Law 86-272, but still want to file a New York State franchise tax return, mark an ***X*** in the box.

Part 1 – General corporate information

Section A – Qualification for preferential tax rates

Failure to mark a box that pertains to you may result in a delay in processing your return or the loss of a claimed tax benefit.

Generally, you will have only one box marked in Section A indicating the preferential tax status you are actually utilizing to realize the tax benefits of that status. However, a qualified New York manufacturer can have the boxes on both lines 2 and 3 marked if it meets the principally engaged test for line 2 and the different principally engaged test for line 3.

Also, a small business taxpayer utilizing the small business tax benefits would mark the box on line 6 as well as the box on line 6b if it was also a QETC, or the box on line 6c if it was also a qualified New York manufacturer.

Line 1 – If you are claiming QETC status for purposes of the lower business income base tax rate, the lower capital base tax rate and cap, and the reduced fixed dollar minimum tax amounts, you must mark an ***X*** in the box. For qualifying criteria, see New York State Public Authorities Law section 3102-e(1)(c), without regard to the $10 million limitation. For more information, see TSB-M-12(9)C, *Clarification of Qualifications for Qualified Emerging Technology Company (QETC) Tax Credits*.

Line 2 – If you are claiming qualified New York manufacturer status based on the principally engaged test (see below) for purposes of the lower business income base tax rate and the reduced fixed dollar minimum tax amounts, you must mark an ***X*** in the box.

A q*ualified New York manufacturer* is a manufacturer (as described below) that has property in New York State that is principally used by the manufacturer in the production of goods by manufacturing, processing, assembling, refining, mining, extracting, farming, agriculture, horticulture, floriculture, viticulture, or commercial fishing, and either:

- the adjusted basis of the property for federal income tax purposes is at least $1 million at the close of the tax year; or
- all of its real and personal property is located in New York State.

A corporation qualifies as a manufacturer if during the tax year the taxpayer is **principally engaged** in the production of goods by manufacturing, processing, assembling, refining, mining, extracting, farming, agriculture, horticulture, floriculture, viticulture, or commercial fishing. A taxpayer is *principally engaged* in the foregoing activities if during the tax year more than 50% of its gross receipts are derived from receipts for the sale of goods produced by these activities.

For purposes of the 0% business income base tax rate and the reduced fixed dollar minimum tax amounts, the generation and distribution of electricity, the distribution of natural gas, and the production of steam associated with the generation of electricity are **not** considered qualifying activities for purposes of the principally engaged test.

For more information, see TSB-M-15(3)C, *Real Property Tax Credit and Reduction of Tax Rates for Qualified New York Manufacturers*, and TSB-M-15(3.1)C, *Revised Information on the Real Property Tax Credit and Reduction of the Capital Base Tax Rate for Qualified New York Manufacturers*.

Line 3 – If you are claiming qualified New York manufacturer status based on the principally engaged test for purposes of the lower capital base tax rate and capital base tax cap, you must mark an ***X*** in the box. The definition of *qualified New York manufacturer* and the principally engaged test, as described in line 2 instructions, apply; however, the generation and distribution of electricity, the distribution of natural gas, and the production of steam associated with the generation of electricity **are** considered qualifying activities for purposes of the principally engaged test. For more information, see TSB-M-15(3)C and TSB-M-15(3.1)C.

Line 4 – If you are claiming qualified New York manufacturer status based on the significant employment and property test (see below) for purposes of the lower business income base tax rate, the lower capital base tax rate and cap, and the reduced fixed dollar minimum tax amounts, you must mark an ***X*** in the box.

A taxpayer that does not satisfy the principally engaged test may be a qualified New York manufacturer if the taxpayer employs during the tax year at least 2,500 employees in manufacturing in New York and the taxpayer has property in the state used in manufacturing, the adjusted basis of which for federal income tax purposes at the close of the tax year is at least $100 million.

For purposes of the 0% business income base tax rate and the reduced fixed dollar minimum tax amounts, the generation and distribution of electricity, the distribution of natural gas, and the production of steam associated with the generation of electricity are **not** considered qualifying activities for purposes of determining if employees are employed in manufacturing, or if property is used in manufacturing. For more information, see TSB-M-15(3)C and TSB-M-15(3.1)C.

Line 5 – A qualified cooperative housing corporation is entitled to use a reduced tax rate of .0004 when computing its tax using the capital base. To claim this reduced rate, you must mark an ***X*** in the box.

A corporation that has only one class of stock that entitles the shareholder to live in a house or an apartment in a building owned or leased by the corporation may be a cooperative housing corporation. For a complete definition, see IRC section 216(b).

Note: All cooperative housing corporations must file Form TP-588, *Cooperative Housing Corporation Information Return,* twice a year. For more information, see the instructions on Form TP-588.

Line 6 – If you are claiming small business taxpayer status for purposes of the exemption from the capital base tax when you

are reporting for either of your first two tax years, you must mark an ***X*** in the box.

A corporation qualifies as a small business taxpayer if:

1) its ENI is not more than **$390,000**;
2) the total amount of money and other property it received for stock, as a contribution to capital and as paid-in surplus, is not more than $1 million as of the last day of its tax year;
3) the average number of individuals (excluding general executive officers) employed full time in New York State during the tax year is 100 or fewer; **and**
4) the corporation is not part of an affiliated group, as defined in IRC section 1504, unless the group itself would have met the above criteria if it had filed a combined return.

For purposes of item 3 above, determine the average number of individuals employed full time in the state by averaging the sum of such individuals employed on March 31, June 30, September 30, and December 31 of the tax year.

An individual *employed full time* means an employee in a job consisting of at least 35 hours per week, or two or more employees who are in jobs that together constitute the equivalent of a job of at least 35 hours per week (full-time equivalent). A full-time equivalent employee in New York State includes any employee regularly connected with or working out of an office or place of business of the taxpayer in New York State.

General executive officers include the chairman, president, vice president, secretary, assistant secretary, treasurer, assistant treasurer, comptroller, and any other officer charged with the general executive affairs of the corporation. An executive officer whose duties are restricted to territory either in or outside New York State is not a general executive officer.

Short periods: A corporation that files Form CT-3 for a tax year of less than 12 months must annualize ENI from Form CT-3, Part 3, line 7, to determine if it qualifies as a small business taxpayer. For a period of less than 12 months, annualize the ENI by multiplying the ENI by 12 and dividing the result by the number of months in the short period.

Line 6a – If you are claiming the small business taxpayer exception to the capital base tax (see line 6 instructions), you must provide the information requested on this line. The amount taken into account with respect to any property other than money is the amount equal to the adjusted basis to the taxpayer of such property for determining gain, reduced by any liability to which the property was subject or was assumed by the taxpayer. Use the worksheet below to determine the total capital contributions to enter on this line.

	No. of shares	Amount
Par value stock.....		
No-par value stock		
Contributions to capital and paid-in surplus		
Total capital contributions; enter on line 6a		

Line 7 – For information as to how to qualify as an entity of a New York State innovation hot spot, see TSB-M-14(1)C, *New York State Business Incubator and Innovation Hot Spot Support Act*.

Part 1 Section B – New York State information

Line 1 – Enter the number of full-time employees at the end of the tax year. For more information, see Section A, line 6 instructions.

Line 2 – Enter the total amount of all wages and compensation of employees (except general executive officers) that work out of an office or location in New York State.

Line 3 – A *business establishment* is a single physical location where business is conducted, or where services or industrial operations are performed.

Lines 4a and 4b – If you marked the box on line 4 and have an interest in, or rent, real property in **multiple** counties in New York State, write ***see attached*** on the dotted line before line 4a, and attach a separate sheet with all counties listed showing the value or rent of each property. Transfer the total shown on the attached sheet to line 4b.

Line 5 – A taxpayer that is not included in a combined return with a related member must add back royalty payments directly or indirectly paid, accrued, or incurred in connection with one or more direct or indirect transactions with one or more related members during the tax year. These royalty payments must be added back to the extent deductible in calculating FTI. This addback applies unless the taxpayer meets one of the following four exceptions:

1. The addback will not apply to the portion of the royalty payment for which the taxpayer establishes by clear and convincing evidence of the form and type specified by the Commissioner of Taxation and Finance that:
   - the related member was subject to tax in New York or another state or possession of the United States, a foreign nation, or a combination of these on a tax base that included the royalty payment paid, accrued, or incurred by the taxpayer;
   - the related member during the same tax year directly or indirectly paid, accrued, or incurred the portion of the royalty payment to a person that is not a related member; and
   - the transaction giving rise to the royalty payment between the taxpayer and the related member was undertaken for a valid business purpose.
2. The addback will not apply if the taxpayer establishes by clear and convincing evidence of the form and type specified by the commissioner that:
   - the related member was subject to tax on, or measured by, its net income in New York, another state or possession of the United States, or a combination of these;
   - the tax base for the tax included the royalty payment paid, accrued, or incurred by the taxpayer; and
   - the aggregate effective rate of tax applied to the related member in those jurisdictions is not less than 80% of the statutory rate of tax that applied to the taxpayer under §210 for the tax year.
3. The addback will not apply if the taxpayer establishes by clear and convincing evidence of the form and type specified by the commissioner that:
   - the royalty payment was paid, accrued, or incurred to a related member organized under the laws of a country other than the United States;
   - the related member's income from the transaction was subject to a comprehensive income tax treaty between that country and the United States;
   - the related member was subject to tax in a foreign nation on a tax base that included the royalty payment paid, accrued, or incurred by the taxpayer;
   - the related member's income from the transaction was taxed in that country at an effective rate of tax at least equal to that imposed by New York; and
   - the royalty payment was paid, accrued, or incurred pursuant to a transaction that was undertaken for a

valid business purpose and using terms that reflect an arm's-length relationship.

4. The addback will not apply if the taxpayer and the commissioner agree in writing to the application or use of alternative adjustments or computations. The commissioner may, in his or her discretion, agree to the application or use of alternative adjustments or computations if he or she concludes that the income of the taxpayer would not be properly reflected in the absence of such an agreement.

If you are claiming one of these exceptions, mark an ***X*** in the box and see the instructions for line 5a.

Line 5a – Enter the number of the applicable exception (see above) and the amount of royalty payments excluded from ENI. Attach a statement to your return explaining how you meet each requirement for the exception.

Line 6 – A corporation is deriving receipts from activity in this state if it has receipts within this state of $1 million or more in the tax year. If you are not protected by Public Law 86-272 and are subject to tax **solely** as a result of deriving receipts in New York, mark an ***X*** in the box (§209.1).

Part 1 Section C – Filing information

To avoid an erroneous assessment or delayed refund, all filers **must** complete the applicable lines in this section.

Part 2 – Computation of balance due or overpayment

Line 1b – The tax on the capital base does not apply to certain filers. If you are a:

- REIT as defined in IRC section 856 that is subject to tax under IRC section 857, or
- RIC as defined in IRC section 851 that is subject to tax under IRC section 852,

enter ***0*** here and on Part 4, line 15.

A REIT or RIC filing federal Form 1120-REIT or 1120-RIC **must** mark an ***X*** in the applicable box on Part 1, Section C, line 1, to avoid an erroneous assessment or delayed refund.

A **small business taxpayer** may claim an exemption from the tax on capital base for its first two tax years if it meets certain requirements. However, it must mark the correct box on Part 4, line 14 for the return to process properly, and must complete lines 6 through 6c in Part 1, Section A, as applicable.

Line 1c – The fixed dollar minimum tax is determined by the corporation's New York receipts. Enter your New York receipts in the first box. If you do not have New York receipts, enter ***0***. **To avoid an erroneous assessment or a delay in your refund,** you **must** enter an amount on this line.

New York receipts are the receipts included in the numerator of the apportionment factor as determined in Part 6, *Computation of business apportionment factor*.

For a short period, compute New York receipts by dividing the amount of New York receipts for the tax year by the number of months in the tax year and multiplying the result by 12.

See Table 8 or 9 of the *Tax rates schedule* to determine the applicable fixed dollar minimum tax to enter on line 1c. The fixed dollar minimum tax may be reduced for short periods.

Period	Reduction
Not more than six months	50%
More than six months but not more than nine months	25%
More than nine months	None

A homeowners association, as such term is defined in IRC section 528(c), without regard to section 528(c)(1)(E), with no FTI, as the term is defined in section 528(d), is not subject to the fixed dollar minimum tax and must enter ***0*** on line 1c. A homeowners association filing federal Form 1120-H must mark an ***X*** in the applicable box on Part 1, Section C, line 1, to avoid an erroneous assessment or delayed refund.

Qualified New York manufacturers and QETCs must mark an ***X*** in the applicable box on Part 1, Section A, line 1, 2, or 4, to avoid an erroneous assessment or delayed refund.

Line 2 – Tax due

Small business taxpayer exception: If you qualify as **both** a small business taxpayer **and** either a qualified New York manufacturer or a QETC, you must use the small business taxpayer rate for purposes of the business income base in order to be exempt from the tax on capital base. You **cannot** claim qualified New York manufacturer or QETC status for those lower business income base tax rates, **and** also claim small business taxpayer status for the exemption from the capital base tax.

To indicate that you are claiming small business taxpayer status, mark an ***X*** in the box on Part 1, Section A, line 6, but do **not** mark an ***X*** in any of the boxes on Part 1, Section A, line 1, 2, 3, or 4.

Qualified entity of a New York State innovation hot spot exception: If located **solely** within a hot spot and electing to be subject only to the fixed dollar minimum tax, enter only the amount from line 1c. To indicate that you are making this election, mark an ***X*** in the box on Part 1, Section A, line 7.

Taxable DISC exception: Enter the larger of line 1b or 1c.

Line 3 – Complete Part 7, and enter the total amount of the tax credits that you are claiming to reduce your tax due. If you are claiming more than one tax credit, see Form CT-600-I, *Instructions for Form CT-600*, for the order of application under Article 9-A. **Attach** copies of all forms and schedules used. If you claim a tax credit without filing the appropriate tax credit claim form, the tax credit will be disallowed.

The only instances in which the use of a tax credit can reduce your tax below the fixed dollar minimum tax shown on line 1c are by using the manufacturer's real property tax credit which may reduce your tax to $25, the QEZE tax reduction credit if you have a 100% zone allocation which may reduce your tax to zero, and if you have a 100% area allocation factor for both the tax-free New York area excise tax on telecommunications credit, and the tax-free New York area tax elimination credit.

Lines 5, 6, and 7 – mandatory first installment (MFI) removed – For information concerning MFIs, see Form CT-300, *Mandatory First Installment (MFI) of Estimated Tax for Corporations*, and its instructions.

Line 8 – Form CT-222 is filed by a corporation to inform the Tax Department that the corporation meets one of the exceptions to reduce or eliminate the underpayment of estimated tax penalty pursuant to §1085(d).

Lines 9 and 10 – If you are not filing this return on time, you must pay interest and additional charges. See *Penalties and interest*.

Lines 12a through 12g

If you want to make a contribution to *Return a Gift to Wildlife*, *Breast Cancer Research and Education Fund*, *Prostate and Testicular Cancer Research and Education Fund, National September 11 Memorial & Museum at the World Trade Center, Volunteer Firefighting and Volunteer Emergency Services Recruitment and Retention Fund, Veterans Remembrance and Cemetery Maintenance and Operations Fund*, *Women's*

Cancers Education and Prevention Fund, or all seven, enter the whole dollar amount(s) on the appropriate line(s). Your gift will increase your payment due or reduce your overpayment. You cannot change the amount of your gift after you file your return.

Line 12a – Return a Gift to Wildlife – Your contribution will benefit New York's fish, wildlife, and marine resources, and you can receive a free issue of *Conservationist* magazine. Call 1 800 678-6399 for your free sample issue. For more information about New York State's environmental conservation programs, go to *www.dec.ny.gov*. For information about *Conservationist*, go to *www.TheConservationist.org*.

Line 12b – Breast Cancer Research and Education Fund – Your contribution will support ground-breaking research and education in New York State to prevent, treat, and cure breast cancer. Help make breast cancer a disease of the past. For more information, go to *www.wadsworth.org/extramural/breastcancer*. New York State will match your contribution to the Breast Cancer Research and Education Fund, dollar for dollar.

Line 12c – Prostate and Testicular Cancer Research and Education Fund – Your contribution will advance prostate and testicular cancer research, support programs and education projects in New York State. New York State will match contributions to the Prostate and Testicular Cancer Research and Education Fund, dollar for dollar.

Line 12d – National September 11 Memorial & Museum at the World Trade Center *(9/11 Memorial)* – Your contribution will help create and sustain the National September 11 Memorial & Museum which will commemorate and honor the thousands of people who died in the attacks of September 11, 2001, and February 26, 1993. The Memorial and Museum will recognize the endurance of those who survived, the courage of those who risked their lives to save others, and the compassion of all who supported us in our darkest hours. Help New York State, the nation, and the world remember by making a contribution. For more information, go to *www.911memorial.org*.

Line 12e – Volunteer Firefighting and Volunteer Emergency Services Recruitment and Retention Fund – Contributions to this fund will help recruit and retain the men and women who make up our volunteer fire and volunteer emergency medical services units. Volunteer firefighters and volunteer emergency services workers are crucial to the effective operation of a municipality and for the safety and well-being of the citizens of this state. Volunteer firefighters and volunteer emergency medical services workers provide invaluable benefits to their local communities. Despite their importance, the number of volunteer firefighters and volunteer emergency services workers has declined significantly over the past few years. For more information, go to *www.dhses.ny.gov/ofpc* or contact the State Office of Fire Prevention and Control at (518) 474-6746.

Line 12f – Veterans Remembrance and Cemetery Maintenance and Operation Fund *(Veterans Remembrance)* Your contribution will help provide for the perpetual care of state veterans cemeteries. Contributions will be used for the purchase, leasing, and improvement of land for veterans cemeteries, the purchase and leasing of equipment and other materials needed for the maintenance of cemeteries, and other associated costs.

Line 12g – Women's Cancers Education and Prevention Fund – Contributions to this fund will be used for grants for women's cancers education and prevention programs that have been approved by the New York State Department of Health. High risk women's cancers include cervical, endometrial, gestational trophoblastic tumors, ovarian, uterine sarcoma, vaginal, and vulvar cancers. Increased education and early detection can help women become more aware of symptoms and seek timely medical attention. For more information, go to *www.health.ny.gov/diseases/cancer/*.

Composition of prepayments on Part 2, line 22 – 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 22.

Line 24 – Unrequested refunds to be credited forward – If the corporation overpays its tax, it will not automatically receive a refund. Instead, we will credit your overpayment to the following tax year unless you request a refund on line 28. We will notify you that the overpayment has been credited and explain how to request a refund of the credited amount. If you choose to request a refund of such credited amount, you must claim a refund of such overpayment prior to the original due date of the following year's return.

Lines 25 through 28 – You may apply an overpayment to your next state franchise tax period, or to your MTA surcharge for this period, or you may have it refunded. Indicate on these lines the amount of overpayment you want credited or refunded.

Lines 29 and 30 – If you request a refund of unused tax credits, enter the total amount on line 29. If you request tax credits to be credited as an overpayment to next year's return, enter the total amount on line 30. **Do not include** these amounts in the total credits claimed on Part 2, line 3; or Part 7, line 2 or 3. Attach the appropriate tax credit forms.

Part 3 – Computation of tax on business income base

Business income is ENI minus investment income and other exempt income.

ENI is:

- FTI for non-alien corporations; **or**
- income, gain, or loss, effectively connected with the conduct of a trade or business within the United States, as determined under IRC section 882, for an alien corporation that under any provision of the IRC is not treated as a *domestic corporation* as defined in IRC section 7701; **or**
- FTI that would have been reported to the IRS in the case of a corporation which is exempt from federal income tax (other than tax on unrelated business income imposed under IRC section 511), but is taxable under Article 9-A;

plus or minus certain New York State modifications.

The sum of investment income and other exempt income must **not** exceed ENI.

Line 1 – Enter your FTI, before NOL and special deductions, as required to be reported to the U.S. Treasury Department.

- If you file federal Form 1120, use the amount from line 28.
- If you file Form 1120-REIT, use the sum of:
  - REIT taxable income (as defined in IRC section 857(b)(2), but **before** the NOL deduction, total deduction for dividends paid, and the IRC section 857(b)(2)(e) deduction), as modified by IRC section 858; **plus**
  - the amount taxable under IRC section 857(b)(3).
- If you file Form 1120-RIC, use the sum of:
  - investment company taxable income (as defined in IRC section 852(b)(2), but **before** the deduction for dividends paid and the deductions for tax imposed under IRC sections 851(d)(2) and 851(i)), as modified by IRC section 855; **plus**
  - the amount taxable under IRC section 852(b)(3).

- If you file federal Form 1120-H or Form 1120-POL, use the amount from line 19.
- If you file federal Form 1120-C, use the amount from line 25c.
- If you are a member of a federal affiliated group that files a consolidated return, complete a pro forma 1120 reporting the FTI you would have been required to report on a separate federal tax return, and attach a copy of the federal consolidating workpaper indicating your separate taxable income before any elimination of intercorporate transactions included in the federal consolidated return.
- If you are a federal S corporation filing federal Form 1120S but you have not made an election to be treated as a New York S corporation, you must determine the amount you would have had to report as FTI, before NOL and special deductions, were you not a federal S corporation. Attach a separate sheet showing how you determined this amount. In general, the items on Form 1120 affected are:
  - dividends
  - interest
  - gross rents
  - gross royalties
  - capital gain net income
  - charitable contributions
  - IRC section 199 deduction
- If you file Form 1120-F, use the amount from Section II, line 29. Mark an ***X*** in the box on Part 1, Section C, line 5.
- If you are exempt from federal income tax but subject to New York State franchise tax, you must determine the amount you would have had to report as FTI, before NOL and special deductions, were you not exempt. Attach a separate sheet showing how you determined the amount.
- If you have an amount of excess inclusion as a result of having a residual interest in a real estate mortgage investment conduit (REMIC), you must properly reflect this income in FTI.
- If you are a corporate stockholder in a tax-exempt DISC, all transactions between you and each such DISC must be eliminated from your receipts, expenses, assets, and liabilities. Your ENI must not include the amount of the deemed distribution of current income, if any, that was included in your FTI. The tax-exempt DISC itself has no franchise tax filing requirement.

Line 6 – Certain thrifts and community banks are eligible to make **one** of the following modifications to ENI:

- Subtraction modification for qualified residential loan portfolios (§208.9(r))
- Subtraction modification for community banks and small thrifts (§208.9(s))

Enter the amount of subtraction modification (r) or (s) from Form CT-3.2, Schedule A, line 1.

Note: The subtraction modification under §208.9(t) will only be claimed by a thrift or community bank that is filing as part of a combined group on Form CT-3-A.

Line 8 – The amount entered on this line must **not** exceed your ENI (line 7).

Line 12 – An addback to business income is required when the presumptive holding period for qualification as investment capital is not met. See Form CT-3.1.

Line 19 – When this line is reporting a loss, Form CT-3.4 must be filed to report such loss, and to make the irrevocable election to waive the carryback of such loss, if applicable.

Line 20 – If you do not qualify as a QETC (see Part 1, Section A, line 1 instructions), or a qualified New York manufacturer (see Part 1, Section A, lines 2 and 4 instructions), multiply line 19 by 6.5% (.065). Enter the result on this line and on Part 2, line 1a.

QETCs: Multiply line 19 by 5.5% (.055). Enter the result on this line and on Part 2, line 1a.

Qualified New York manufacturers: Enter ***0*** on this line and on Part 2, line 1a.

Mark an ***X*** in the applicable box in Part 1, Section A, to avoid an erroneous assessment or delayed refund.

Part 4 – Computation of tax on capital base

The tax on the capital base is computed on that portion of the total business capital apportioned to New York State. §208.7(a) defines business capital as all assets, other than investment capital and stock issued by the taxpayer, less liabilities not deducted from investment capital. Business capital includes only those assets the income, loss, or expense of which are properly reflected (or would have been properly reflected if not fully depreciated or expensed, or depreciated or expensed to a nominal amount) in the computation of ENI for the tax year. Business capital includes stock that generates, or could generate, other exempt income. When filing using the aggregate method, corporate partners must include their proportionate part of the partnership's assets and liabilities in their computation.

Lines 1 through 15

To determine the value of your assets for the capital base computations, you must include real property and marketable securities at fair market value (FMV). You must include all other property at the value shown on your books in accordance with generally accepted accounting principles (GAAP). Use lines 2 through 5 to adjust the value of the real property and marketable securities you reported on your federal return. If you are not required to complete the balance sheet on your federal tax return, use the amount that would have been reported on the federal return.

On lines 1 through 6, enter the values at the beginning of the year in column A and at the end of the year in column B. Enter the average value in column C. Average value is generally computed quarterly if your usual accounting practice permits it. However, you may use a more frequent basis such as monthly, weekly, or daily. If your usual accounting practice does not permit a quarterly or more frequent computation of the average value of assets, you may use a semiannual or annual computation if no distortion of average value results.

Short periods – If a tax return is for a period of less than 12 months, determine the amount of business capital by multiplying the average value by the number of months covered by the return and dividing by 12 (§210.2).

Line 4 – Enter the FMV of real property and marketable securities included on line 2. The *fair market value* of an asset is the price (without deduction of an encumbrance whether or not the taxpayer is personally liable) at which a willing seller will sell and a willing purchaser will buy. You can generally find the FMV of marketable securities from price quotes in financial newspapers. For determination of FMV of real property, see TSB-M-85(18.1)C, *Valuation of Real Property*.

Line 6 – Enter the amount of all liabilities attributable to assets entered on line 1, both long and short term. Use the same method of averaging used to determine average value of assets.

Line 10 – An addback to business capital is required when the presumptive holding period for qualifications of investment capital is not met (§208.5(d)). See Form CT-3.1.

Line 14 – Small business taxpayers (see Part 1, Section A, line 6 instructions)**:** You may claim an exemption from the tax on the capital base for your first two tax years. If you are claiming this exemption, enter ***0*** on line 15 and mark the box indicating the year for which the exemption is taken. You will continue to be liable for the tax computed on Part 2, line 2.

Line 15 – Capital base tax computation – If you do **not** qualify as a cooperative housing corporation, QETC, or qualified New York manufacturer, multiply line 13 by the tax rate of .00125. Do **not** enter more than $5 million.

Cooperative housing corporations: Multiply line 13 by the tax rate of .0004 (see Part 1, Section A, line 5 instructions). Do **not** enter more than $5 million.

Qualified New York manufacturers (see Part 1, Section A, lines 2, 3, and 4 instructions) **and QETCs** (see Part 1, Section A, line 1 instructions)**:** Multiply line 13 by the tax rate of .00106. Do **not** enter more than $350,000.

Part 5 – Computation of investment capital for the current tax year

This part computes the amount of investment capital that is excluded from the tax on the capital base and is reported on Part 4, line 8.

For more information on investment capital, see Form CT-3.1.

Note: You **must** file Form CT-3.1 and identify investment capital items or the subtraction will be disallowed.

Part 6 – Computation of business apportionment factor

Receipts, net income, net gains, and other items are sourced, and the amounts allowed in the apportionment factor are determined, per §210-A. Include only the receipts, net income, net gains, and other items described in §210-A that are earned in the regular course of business and included in your business income, determined without regard to the amount subtracted on Part 3, line 6 *(Subtraction modification for qualified banks)*, and without regard to any amount from investment capital that is determined to exceed the 8% of ENI limitation on gross investment income.

Generally, receipts from services are reported on line 52 *(Receipts from other services/activities not specified)*.

Columns A and B – *New York State* (NYS) (column A) amounts are determined per the specific line instructions. *Everywhere* (EW) (column B) amounts should be 100% of the amount of the item being reported on a line unless otherwise specified. If only one line of Part 6 applies to your business, you must still complete both columns for that line. Skip a line only if **both** the numerator (column A) and the denominator (column B) are zero.

Taxpayers that have no receipts required to be included in the denominator of the apportionment factor must mark the box at the beginning of Form CT-3, Part 6, *Computation of business apportionment factor*. Examples include taxpayers that own property in New York State but have no FTI, ECI, or receipts from the rental, sale or lease of such property amounts, or taxpayers whose only income is dividends and net gains from the sales of stock or sales of partnership interests when the fixed percentage election is **not** made. If you have any other everywhere receipts, this box does not apply. If you mark the box, you must attach a statement explaining why you have no receipts required to be included in the business apportionment factor.

Section 210-A.2 – Sales of tangible personal property, electricity and net gains from real property

Line 1 – Receipts from the sale of tangible personal property are included in the New York State column when shipments are made to points in the state, or the destination of the property is a point in the state. Receipts from sales of tangible personal property and electricity that are traded as commodities, as defined in IRC section 475, are included on line 27, in accordance with §210-A.5(a)(2)(I).

Line 2 – Receipts from the sale of electricity are included in the New York State column when delivered to points in the state. Receipts from sales of tangible personal property and electricity that are traded as commodities, as defined in IRC section 475, are included on line 27, in accordance with §210-A.5(a)(2)(I).

Line 3 – For the New York State column, net the gains from the sales of real property located within the state against the losses from the sales of real property located within the state and enter the result (but not less than zero). For the Everywhere column, net the gains from the sales of real property located everywhere against the losses from the sales of real property located everywhere and enter the result (but not less than zero).

Section 210-A.3 – Rentals of real and tangible personal property, royalties, and rights for certain closed-circuit and cable TV transmissions

Line 4 – Receipts from rentals of real and tangible personal property located within the state are included in the New York State column.

Line 5 – Receipts of royalties from the use of patents, copyrights, trademarks, and similar intangible personal property within the state are included in the New York State column.

Line 6 – Receipts from the sales of rights for closed-circuit and cable television transmissions of an event (other than events occurring on a regularly scheduled basis) taking place within the state as a result of the rendition of services by employees of the corporation, as athletes, entertainers, or performing artists, are entered in the New York column to the extent that those receipts are attributable to such transmissions received or exhibited within the state.

Section 210-A.4 – Receipts from sale of, license to use, or granting of remote access to digital products

Line 7 – For Article 9-A apportionment purposes, the term *digital product* means any property or service, or combination thereof, of whatever nature delivered to the purchaser through the use of wire, cable, fiber-optic, laser, microwave, radio wave, satellite or similar successor media, or any combination of these. Digital product includes, but is not limited to, an audio work, audiovisual work, visual work, book or literary work, graphic work, game, information or entertainment service, and storage of digital products. In addition, it includes computer software by whatever means delivered. The term *delivered* to includes furnished or provided to or accessed by. A digital product does **not** include legal, medical, accounting, architectural, research, analytical, engineering or consulting services.

If the receipt for a digital product is comprised of a combination of digital property and services, it cannot be divided into separate components and is considered to be one receipt, regardless of whether it is separately stated for billing purposes. The entire receipt must be allocated according to a hierarchy (see below).

Receipts from the sale of, license to use, or granting of remote access to digital products within the state, are sourced according to the following hierarchy:

1) The customer's primary use location of the digital product.
2) The location where the digital product is received by the customer or is received by a person designated for receipt by the customer.
3) The apportionment fraction for the preceding tax year for such digital product.
4) The apportionment fraction in the current tax year for those digital products that can be sourced using the methods in items 1 and 2.

Note: Item 3 does not apply to your first tax period that begins on or after January 1, 2015, for which you are subject to Article 9-A.

The taxpayer must exercise due diligence under each method before rejecting it and proceeding to the next method in the hierarchy, and must base its determination on information known to the taxpayer or information that would be known to the taxpayer upon reasonable inquiry.

Section 210-A.5(a)1 – Qualified financial instruments (QFIs), the 8% fixed percentage method

Line 8 – A *qualified financial instrument (QFI)* means a financial instrument of these types that is marked to market in the tax year by the taxpayer under IRC section 475 or 1256: Type A (reported on lines 11 and 12); Type B (reported on lines 13 – 18); Type C (reported on lines 19 – 21): Type D (reported on lines 22 – 24); Type I (reported on line 27); Type(s) H (reported on lines 29 and 30); and Type(s) G (also reported on line 30).

If the taxpayer has in the tax year marked to market a financial instrument within types A, B, C, D, and I, then **any** financial instrument **within that same type** that has **not** been marked to market by the taxpayer under IRC section 475 or 1256 **is also** a QFI in the tax year. When a financial instrument within either types H or G is marked to market, **not** all financial instruments within type H or G, respectively, are QFIs, as explained further below.

When reporting interest from "other" financial instruments on line 29, and net gains and other income from "other" financial instruments on line 30, marking to market one "other" financial instrument does **not** necessarily cause all "other" financial instruments to be QFIs. It is an instrument by instrument determination as to when "other" financial instruments are of the same type. Thus, you may have more than one **type** of "other" financial instruments reported on either of lines 29 and 30, and some types may be QFI while other types may not be QFI.

Line 30 can be used to report financial instruments under clause **G** (dividends and net gains from sales of stock or partnership interests) **or** clause **H** ("other" financial instruments) of §210-A.5(a)(2), or both. Line 30 will be used to report financial instruments under clause (G) **only** when the financial instrument is a QFI **and** the 8% fixed percentage method has been elected. When **any** stock that is business capital has been marked to market, **all** stock that is business capital is a QFI (for exception, see next paragraph immediately following). When **any** partnership interest in a widely held or publicly traded partnership has been marked to market, **all** partnership interests in a widely held or publicly traded partnership are QFIs. However, marking to market stock that is business capital does **not** cause partnership interests in a widely held or publicly traded partnership that are **not** marked to market to be QFIs. The same is true in regard to the marking to market of partnership interests in a widely held or publicly traded partnership in respect to stock that is business capital. When a financial instrument falling under clause (H) has been marked to market, it does **not** necessarily cause all financial instruments under clause (H) to be QFIs. It is an instrument by instrument determination as to when instruments under clause (H) are of the same **type**. Thus, you may have more than one type of "other" financial instruments under clause (H) to report on line 30. Marking to market a financial instrument of the type under clause (G) does **not** cause financial instruments of the type under clause (H) to be QFIs. The same is true in regard to clause (H) in respect to clause (G).

If the **only** loans that are marked to market under IRC section 475 or 1256 are loans secured by real property, then **no** loans are QFIs. Stock that is investment capital shall **not** be a QFI. A stock that generates other exempt income as defined in §208.6-a, and that is not, **itself**, marked to market under IRC section 475 or 1256, is **not** a QFI with respect to such other exempt income only, even if other stocks are marked to market in the tax year.

Taxpayers may elect to use the 8% *fixed percentage method* to apportion business receipts from QFIs. This election is irrevocable, applies to **all** QFIs, and must be made on an annual basis on the original timely filed return (determined with regard to valid extensions of time for filing) by marking an ***X*** in the box on line 8. If you do not mark the box but still apportion QFI receipts by 8%, you will be considered to have made the election and to have marked the box.

Regardless of whether or not the 8% fixed percentage method is elected, when **any** financial instrument has been marked to market that is described on:

a) **either** line 11 or 12, then the boxes on **both** lines 11 and 12 must be marked, and all financial instruments reported on such lines are QFIs (Type A financial instruments);
b) **any** of lines 13 through 18, then the box above line 13 must be marked, and all financial instruments reported on such lines are QFIs (Type B financial instruments);
c) **any** of lines 19 through 21, then the box above line 19 must be marked, and all financial instruments reported on such lines are QFIs (Type C financial instruments);
d) **any** of lines 22 through 24, then the box above line 22 must be marked, and all financial instruments reported on such lines are QFIs (Type D financial instruments);
e) line 27, then the box above line 27 must be marked, and all financial instruments reported on line 27 are QFIs (Type I financial instruments);
f) line 28, then the box above line 28 must be marked;
g) line 29, then the box above line 29 must be marked;
h) line 30, due to clause (H), then the section 210-A.5(a)(2)(H) box above line 30 must be marked; and
i) line 30, due to clause (G), then the section 210-A.5(a)(2)(G) box above line 30 must be marked

A marked QFI box does **not** indicate which method of sourcing (8% fixed percentage method or customer-based sourcing rule) is being used to apportion such instruments. Also, because lines 28, 29, and 30 may report more than one **type** of financial instrument, when the QFI box above line 28 is marked, or one of the boxes above lines 29 and 30 is marked: a) in the case of line 28, it does **not** indicate that all financial instruments being reported on line 28 are QFIs, and b) in the case of lines 29 and 30 it does **not** indicate that all financial instruments being reported on lines 29 and 30 are QFIs.

General lines 9 through 52 instructions

For all financial instruments that do **not** meet the definition of a QFI, or for instruments that meet the definition of a QFI but the 8% fixed percentage method election is **not** in effect, use the customer-based sourcing rules as detailed in the specific line instructions for lines 9 through 27, 29, and 30.

Regardless of whether or not the 8% fixed percentage method election is in effect, Worksheets A, B, and C of these instructions compute certain amounts for lines 10, 12, 21, 24, 28, and 30 of Part 6.

For purposes of these apportionment instructions, an individual is deemed to be located in New York State if his or her billing address is in the state. A business entity is deemed to be located in New York State if its commercial domicile is located in the state.

Use the following hierarchy to determine the *commercial domicile* of a business entity, based on known information, or information that would be known upon reasonable inquiry:

1) The seat of management and control of the business entity.
2) The billing address of the business entity in the taxpayer's records.

You must exercise due diligence before rejecting the first method and proceeding to the next method in this hierarchy.

For purposes of these apportionment instructions, *registered securities broker or dealer* means a broker or dealer registered as such by the Securities and Exchange Commission (SEC) or a broker or dealer registered as such by the commodities futures trading commission, and shall include an over-the-counter (OTC) derivatives dealer as defined under regulations of the SEC (17 CFR 240.3b-12).

Section 210-A.5(a)(2)(A) – Loans

A loan is secured by real property if 50% or more of the value of the collateral used to secure the loan (when valued at FMV as of the time the loan was originated) consists of real property.

Line 9 – Include in the New York column, interest from loans secured by real property located within the state.

Include in the Everywhere column interest from loans secured by real property located anywhere.

Line 10 – For the New York column, multiply the amount of **net** gains (not less than zero) from sales of loans secured by real property by a fraction, the numerator of which is the amount of gross proceeds from sales of loans secured by real property located within the state, and the denominator of which is the amount of gross proceeds from sales of such loans everywhere.

In the Everywhere column, include the amount of net gains (not less than zero) from sales of loans secured by real property both within and outside New York State.

Use Worksheet A at the end of these instructions.

Line 11 – When the 8% fixed percentage method **is** elected (the box on Part 6, line 8, is marked), **and** the QFI box on line 11 **is** marked, use such method for **all** financial instruments to be reported on this line.

When the 8% fixed percentage method **is not** elected (the box on Part 6, line 8, is **not** marked), **and** the QFI box on line 11 **is** marked, use the customer-based sourcing rule below for **all** financial instruments to be reported on this line.

When the QFI box on line 11 is **not** marked, use the customer-based sourcing rule below for **all** financial instruments to be reported on this line.

In the New York column, include interest from loans **not** secured by real property if the borrower is located in New York State.

In the Everywhere column, include interest from all loans **not** secured by real property.

Line 12 – For the New York column, multiply net gains (not less than zero) from sales of loans **not** secured by real property by a fraction, the numerator of which is the amount of gross proceeds from sales of loans not secured by real property to purchasers located within the state, and the denominator of which is the amount of gross proceeds from sales of such loans to purchasers located within and outside the state.

In the Everywhere column, include the amount of net gains (not less than zero) from sales of loans **not** secured by real property within and outside the state.

Use Worksheet A at the end of these instructions.

Section 210-A.5(a)(2)(B) – Federal, state, and municipal debt

Lines 13 through 18 – Receipts are **not** included in column A (NYS) **unless** you have made the election to apportion QFI receipts using the 8% fixed percentage method. For lines 13, 15, and 16, in the Everywhere column, enter 100% of the applicable receipts regardless of if the 8% fixed percentage method election was made. For lines 17 and 18, if the 8% fixed percentage method election was made, and the QFI box above line 13 is marked, enter 100% of the receipts constituting interest and net gains from sales of debt instruments issued by other states or their political subdivisions in the Everywhere column. Otherwise, enter 50% for lines 17 and 18 in the Everywhere column.

Line 16 – When netting gains against losses, only net the gains from federal, NYS, and NYS political subdivisions debt against the losses from federal, NYS, and NYS political subdivisions debt. Do not enter less than zero.

Line 18 – When netting gains against losses, only net the gains from other states and their political subdivisions debt against the losses from other states and their political subdivisions debt. Do not enter less than zero.

Section 210-A.5(a)(2)(C) – Asset-backed securities and other government agency debt

Line 19 – In the Everywhere column, enter 100% of the interest income from **all**:

1) Asset-backed securities issued by government agencies;
2) Other securities issued by government agencies, including but not limited to securities issued by the Government National Mortgage Association (GNMA), the Federal National Mortgage Association (FNMA), the Federal Home Loan Mortgage Corporation (FHLMC), or the Small Business Administration (SBA); and
3) Asset-backed securities issued by other entities.

In the New York column, enter 8% of the amount in the Everywhere column.

Line 20 – In the Everywhere column enter the result (but not less than zero) of netting the gains and losses from all:

1) Sales of asset-backed securities or other securities issued by government agencies, including but not limited to securities issued by GNMA, FNMA, FHLMC, or the SBA; and
2) Sales of other asset-backed securities that are sold through a registered securities broker or dealer, or through a licensed exchange.

In the New York column, enter 8% of the amount in the Everywhere column.

Line 21 – For the New York column, multiply net gains (not less than zero) from sales of other asset-backed securities **not** reported on line 20 by a fraction, the numerator of which is the amount of gross proceeds from such sales to purchasers located in the state, and the denominator of which is the amount of gross proceeds from such sales to purchasers located within and outside the state.

In the Everywhere column, enter 100% of the amount of net gains (not less than zero) from sales of other asset-backed securities not reported on line 20.

Use Worksheet A at the end of these instructions.

Section 210-A.5(a)(2)(D) – Corporate bonds

Line 22 – In the New York column, enter interest from corporate bonds when the commercial domicile of the issuing corporation is in the state.

If the 8% fixed percentage method election has been made (the box on line 8 is marked), **and** the QFI box above line 22 is marked, enter 8% of the applicable receipts in the New York column.

Line 23 – In the Everywhere column, enter the result (but not less than zero) of netting the gains and losses from the sales of all corporate bonds sold through a registered securities broker or dealer, or through a licensed exchange.

In the New York column, enter 8% of the amount in the Everywhere column.

Line 24 – For the New York column, multiply net gains (not less than zero) from those sales of corporate bonds **not** reported on line 23 by a fraction, the numerator of which is the amount of gross proceeds from such sales to purchasers located within the state, and the denominator of which is the amount of gross proceeds from such sales to purchasers located within and outside the state.

In the Everywhere column, enter the amount of net gains (not less than zero) from sales of corporate bonds to purchasers within and outside the state.

Use Worksheet A at the end of these instructions.

Section 210-A.5(a)(2)(E) – Interest income from reverse repurchase and securities borrowing agreements

Line 25 – In the New York column, enter 8% of net interest income (not less than zero) from reverse repurchase agreements and securities borrowing agreements. For this calculation, net interest income is determined after the deduction of the amount of interest expense from the taxpayer's repurchase agreements and securities lending transactions, but cannot be less than zero. The amount of such interest expense is the interest expense associated with the sum of the value of the taxpayer's repurchase agreements where the taxpayer is the seller or borrower, **plus** the value of the taxpayer's securities lending agreements where the taxpayer is the securities lender (provided such sum is limited to the sum of the value of the taxpayer's reverse repurchase agreements where the taxpayer is the purchaser or lender, **plus** the value of the taxpayer's securities lending agreements where the taxpayer is the securities borrower).

Section 210-A.5(a)(2)(F) – Interest income from federal funds

Line 26 – In the Everywhere column, enter 100% of the net interest from federal funds. In determining net interest from federal funds, deduct interest expense that is from federal funds. The resulting net interest cannot be less than zero.

In the New York column, enter 8% of the amount in the Everywhere column.

Section 210-A.5(a)(2)(I) – Net income from sales of physical commodities

Line 27 – For the New York column, multiply the net income from sales of physical commodities by a fraction, the numerator of which is the amount of receipts from sales of physical commodities actually delivered to points within the state or, if there is no actual delivery of the physical commodity, the amount sold to purchasers located in the state, and the denominator of which is the amount of receipts from all sales of physical commodities actually delivered to points within and outside the state or, if there is no actual delivery of the physical commodity, the amount sold to purchasers located both within and outside the state.

Net income (not less than zero) from sales of physical commodities is determined after the deduction of the cost to acquire or produce the physical commodities.

In the Everywhere column, enter 100% of the net income (not less than zero) from sales of physical commodities.

Section 210-A.5(a)(2)(J) – Marked to market net gains

Line 28 – All marked to market net gains are reported on this line for **all** financial instruments.

For the purposes of computing marked to market net gains for this line, *marked to market* means that a financial instrument is **treated** by the taxpayer as sold for its FMV on the last business day of the taxpayer's tax year, despite no actual sale having taken place, under IRC section 475 or 1256. The term *marked to market gain or loss* means the gain or loss recognized by the taxpayer under IRC section 475 or 1256 because the financial instrument is **treated** as sold for its FMV on the last business day of the tax year.

All marked to market net gains are reported on this line. When the 8% fixed percentage method **is** elected, use such method to source marked to market net gains for all financial instruments **that are QFIs**.

When the 8% fixed percentage method **is** elected, use the customer-based sourcing rule below to source the marked to market net gains for those financial instruments that are **not** QFIs. Also, use the customer-based sourcing rule below to source **all** marked to market net gains for **all** financial instruments when the 8% fixed percentage method **is not** elected.

The amount of marked to market net gains to be included in the **New York** column of line 28 for financial instruments **described** on any certain line of Form CT-3, Part 6, is determined by multiplying such marked to market net gains by a fraction, the **numerator** of which is the amount included in the numerator of the apportionment fraction for the net gains from **actual** sales of financial instruments reported on that **same** certain line of Form CT-3, Part 6, and the **denominator** of which is the amount included in the denominator of the apportionment fraction for the net gains from **actual** sales of the financial instruments reported on that **same** certain line of Form CT-3, Part 6.

In the **Everywhere** column, enter 100% of the marked to market net gains from financial instruments for which the amount to be included in the New York column is determined under the immediately preceding paragraph.

If financial instruments that are **described** on any certain line of Form CT-3, Part 6, have marked to market net gains, but there are **no actual** sales of financial instruments reported on that **same** certain line of Form CT-3, Part 6, **or** if there **are actual** sales of financial instruments reported on that **same** certain line of Form CT-3, Part 6, but those **actual** sales resulted in a net **loss**, the amount of the marked to market net gains to include in the **New York** column of line 28 for those same financial instruments is determined by multiplying such marked to market net gains by a fraction, the **numerator** of which is the **sum** of the amounts entered in the New York column for Part 6, lines 9 through 30, and the **denominator** of which is the **sum** of the amounts entered in the Everywhere column of Part 6, lines 9 through 30.

In the **Everywhere** column, enter 100% of the marked to market net gains from financial instruments for which the amount to be included in the New York column is determined under the immediately preceding paragraph.

Use Worksheet C at the end of these instructions.

However, when sourcing the marked to market net gain from loans secured by real property, always use customer-based sourcing (even when the 8% fixed percentage method election was made). If using customer-based sourcing to source such marked to market net gains, when 210-A.5(a)(2)(j)(iii) applies, never include any amounts sourced under the 8% fixed percentage method election in computing the NYS aggregate marked to market factor in Part 2 of Worksheet C.

Section 210-A.5(a)(2)(H) – Income from other financial instruments

Line 29 – When the 8% fixed percentage method **is** elected, use such method for all financial instruments to be reported on this line **that are QFIs**. When the 8% fixed percentage method **is** elected, use the customer-based sourcing rule below for those financial instruments to be reported on this line that are **not** QFIs. Also, use the customer-based sourcing rule below for **all** financial instruments to be reported on this line when the 8% fixed percentage method **is not** elected.

In the New York column, enter interest from other financial instruments when the payor is located in New York State.

Line 30 – More than 1 type of financial instrument may be reported on this line. Report financial instruments under clause (G) or clause (H) of §210-A.5(a)(2).

Include clause (G) financial instruments **only** when the 8% fixed percentage method **is** elected. The following constitute clause (G) instruments to be included:

- dividends and net gains from stock that is business capital if you have, in the tax year, marked to market any stock under IRC section 475 or 1256; provided that dividends that qualify as other exempt income should **not** be included; and
- net gains from the sale of partnership interests in widely held or publicly traded partnerships if you have, in the tax year, marked to market any partnership interest in a widely held or publicly traded partnership under IRC section 475 or 1256.

Customer-based sourcing rules for clause (H) instruments included on line 30:

- for gains from "other" financial instruments, for the Everywhere column, net the gains from all sales of a type of "other" financial instrument against the losses from all sales of the **same** type of "other" financial instrument. For the New York column, for the **same** type of "other" financial instrument being reported in the Everywhere column, net the gains from all sales of such **same** type of "other" financial instrument, where the purchaser or payor is located in New York State, against the losses from all sales of such **same** type of "other" financial instrument, where the purchaser or payor is located in New York State. **However**, if the purchaser or payor is a registered securities broker or dealer, or the transaction is made through a licensed exchange, then include 8% of the Everywhere amount in the New York column.
- for "other" income from "other" financial instruments, for the Everywhere column, compute the "other" income (but not less than zero) from a type of "other" financial instrument. For the New York column, for the **same** type of "other" financial instrument being reported in the Everywhere column, compute the "other" income (but not less than zero) from such **same** type of "other" financial instrument, where the purchaser or payor is located in New York State. **However**, if the purchaser or payor is a registered securities broker or dealer, or the transaction is made through a licensed exchange, then include 8% of the Everywhere amount in the New York column.

Use Worksheet B at the end of these instructions.

Section 210-A.5(b) – Other receipts from broker or dealer activities

For the purposes of lines 31 through 37, *securities* has the same meaning as in IRC section 475(c)(2), and *commodities* has the same meaning as in IRC section 475(e)(2). If the taxpayer receives any of the receipts reported on lines 31 through 35 as a result of a securities correspondent relationship that the taxpayer has with another broker or dealer (with the taxpayer acting in this relationship as the clearing firm), those receipts are deemed generated within the state to the extent set forth in §210-A.5(b)(1) through §210-A.5(b)(4). The amount of those receipts excludes the amount the taxpayer is required to pay to the correspondent firm for the correspondent relationship. If the taxpayer receives any of the receipts reported on lines 31 through 35 as a result of a securities correspondent relationship that the taxpayer has with another broker or dealer (with the taxpayer acting in this relationship as the introducing firm), these receipts are deemed generated within the state to the extent set forth in §210-A.5(b)(1) through §210-A.5(b)(4). If the taxpayer is unable to determine the mailing address of the customer from its records, include 8% of the receipts in the numerator of the apportionment fraction.

Line 31 – In the New York column, enter brokerage commissions derived from the execution of securities or commodities purchase or sales orders for the accounts of customers if in the records of the taxpayer, the mailing address of the customer responsible for paying the commissions is in the state.

Line 32 – In the New York column, enter margin interest earned on behalf of brokerage accounts if in the records of the taxpayer, the mailing address of the customer responsible for paying such margin interest is in the state.

Line 33 – In the New York column, enter the amount of fees for advisory services to a customer in connection with the underwriting of securities for the entity that is contemplating issuing or is issuing securities, or fees for managing an underwriting, if in the records of the taxpayer, the mailing address of the customer responsible for paying such fees is in the state.

Line 34 – In the New York column, enter the receipts constituting the primary spread of selling concession from underwritten securities if the customer is located in the state. The term *primary spread* means the difference between the price paid by

the taxpayer to the issuer of the securities being marketed and the price received from the subsequent sale of the underwritten securities at the initial public offering price, less any selling concession and any fees paid to the taxpayer for advisory services or any manager's fees, if those fees are not paid by the customer to the taxpayer separately. The term *public offering price* means the price agreed upon by the taxpayer and the issuer at which the securities are to be offered to the public. The term *selling concession* means the amount paid to the taxpayer for participating in the underwriting of a security where the taxpayer is not the lead underwriter.

Line 35 – In the New York column, enter account maintenance fees if in the records of the taxpayer, the mailing address of the customer responsible for paying such account maintenance fees is in the state.

Line 36 – In the New York column, enter fees for management or advisory services, including fees for advisory services in relation to merger or acquisition activities, if in the records of the taxpayer, the mailing address of the customer responsible for paying such fees is in the state. Exclude fees paid for services reported on line 43.

Line 37 – Interest earned on loans and advances made by the taxpayer to a corporation affiliated with the taxpayer, but with which the taxpayer is not included in a combined return under Article 9-A are deemed to arise from services performed at the principal place of business of the affiliated corporation. If such principal place of business is in New York State, include the interest in the New York column.

Section 210-A.5(c) – Receipts from credit card and similar activities

Lines 38 through 42 – These lines are used by corporations that **issue or process** credit cards and **not** by businesses that accept credit cards as payment for goods or services.

Line 38 – In the New York column, enter interest, fees, and penalties in the nature of interest from bank, credit, travel, and entertainment card receivables if in the records of the taxpayer, the mailing address of the card holder is in the state.

Line 39 – In the New York column, enter service charges and fees from such cards, if in the records of the taxpayer, the mailing address of the card holder is in the state.

Line 40 – In the New York column, enter receipts from merchant discounts when the merchant is located within the state. If the merchant has locations both within and outside of New York State, **only** receipts from merchant discounts attributable to sales made from locations within New York State are entered in the New York column. The location of the merchant is presumed to be the address of the merchant shown on the invoice submitted to the taxpayer by the merchant.

Line 41 – In the New York column, enter receipts from credit card authorization processing, and clearing and settlement processing, received by credit card processors if the location where the customer of the credit card processor accesses the credit card processor's network is located within the state.

Line 42 – For the New York column, multiply the total amount of all other receipts received by credit card processors not reported on lines 1 through 53 by the average of 8% and the percent of its New York access points. The *percent of New York access points* is the number of locations within the state from which the credit card processor's customers access the credit card processor's network, divided by the total number of locations in the United States where the credit card processor's customers access the credit card processor's network.

Section 210-A.5(d) – Receipts from certain services to investment companies

Line 43 – For the New York column, multiply the receipts received from an investment company arising from the sale of management, administration, or distribution services to such investment company by a fraction, the numerator of which is the sum of the monthly percentages determined for each month of the investment company's federal tax year that ends within the tax year of the taxpayer (but excluding any month during which the investment company had no outstanding shares), and the denominator of which is the number of those monthly percentages.

To determine the monthly percentage for each month, divide the number of shares in the investment company that are owned on the last day of the month by shareholders that are located in New York State by the total number of shares in the investment company outstanding on that date.

In the Everywhere column, enter 100% of the receipts received from an investment company arising from the sale of management, administration, or distribution services to the investment company.

For purposes of these receipts, the following apply:

- An individual, estate or trust is deemed located in the state if his, her, or its mailing address in the records of the investment company is in the state. A business entity is deemed located in the state if its commercial domicile is located in the state.
- *Investment company* means a regulated investment company, as defined in IRC section 851, and a partnership to which IRC section 7704(a) applies (by virtue of section 7704(c)(3)) and that meets the requirements of IRC section 851(b). This is applied to the tax year, for federal income tax purposes, of the business entity that is asserted to constitute an investment company that ends within the tax year of the taxpayer.
- *Receipts from an investment company* includes amounts received directly from an investment company as well as amounts received from the shareholders in the investment company, in their capacity as such.
- *Management services* means the rendering of investment advice to an investment company, making determinations as to when sales and purchases of securities are to be made on behalf of an investment company, or the selling or purchasing of securities constituting assets of an investment company, and related activities, but only where such activity or activities are performed pursuant to a contract with the investment company entered into according to the federal Investment Company Act of 1940, section 15(a), as amended.
- *Distribution services* means the services of advertising, servicing investor accounts (including redemptions), marketing shares or selling shares of an investment company; but in the case of advertising, servicing investor accounts (including redemptions) or marketing shares, **only** where such service is performed by a person who is (or was, in the case of a closed end company) also engaged in the service of selling such shares. In the case of an open-end company, the service of selling shares must be performed pursuant to a contract entered into pursuant to the federal Investment Company Act of 1940, section 15(b), as amended.
- *Administration services* includes clerical, accounting, bookkeeping, data processing, internal auditing, legal, and tax services performed for an investment company, but only if the provider of such service or services during the tax year in which such service or services are sold also sells management or distribution services (as defined above), to such investment company.

Section 210-A.6 – Receipts from railroad and trucking businesses

Line 44 – For the New York column, multiply receipts from the conduct of a railroad business or a trucking business (including surface railroad, whether or not operated by steam, subway railroad, elevated railroad, palace car or sleeping car business) by a fraction, the numerator of which is the revenue miles in such business within the state during the period covered by this return, and the denominator of which is the revenue miles in such business both within and outside the state during such period.

Section 210-A.6-a – Receipts from operation of vessels

Line 45 – For the New York column, multiply receipts from the operation of vessels by a fraction, the numerator of which is the aggregate number of working days of the vessels owned or leased by the taxpayer in territorial waters of the state during the period covered by this return, and the denominator of which is the aggregate number of working days of all vessels owned or leased by the taxpayer during such period.

Section 210-A.7 – Receipts from aviation services

Line 46 Air freight forwarding – In the New York column, enter the receipts from the activity of air freight forwarding acting as principal and like indirect air carrier receipts arising from that activity as follows:

- 100% of such receipts if both the pickup and delivery associated with those receipts are made in the state; and
- 50% of such receipts if either the pickup or delivery associated with those receipts is made in this state.

In the Everywhere column, enter the amount of receipts from all such activity.

Line 47 Other aviation services – For the New York and Everywhere columns, determine the portion of receipts from aviation services, other than services described in line 46 (but including the receipts of a qualified air freight forwarder, as described below) to enter by completing *Worksheet for Part 6, line 47*, below.

Aircraft arrivals and departures means the number of landings and takeoffs in the tax year, **plus** the number of air pickups and deliveries by such aircraft. Do **not** include arrivals and departures solely for maintenance, repair, or refueling (where no debarkation or embarkation of traffic occurs). Arrivals and departures of ferry and personnel training flights, or in the event of emergency situations, are also not included. Arrivals and departures of flights transporting officers and employees receiving air transportation are included (but see *Note:* below for exceptions) without regard to remuneration.

Note: The Commissioner of Taxation and Finance may exempt from the calculation arrivals and departures of all non-revenue flights including flights involving the transportation of officers and employees receiving air transportation to perform maintenance or repair services, or where such officers or employees are transported in conjunction with an emergency situation or the investigation of an air disaster (other than on a scheduled flight).

Revenue tons handled by the taxpayer at airports means the weight, in tons, of revenue passengers (at 200 pounds per passenger) and revenue cargo first received, either as originating or connecting traffic or finally discharged at an airport.

Originating revenue means revenue to the taxpayer from the transportation of revenue passengers and revenue property first received by the taxpayer as originating or connecting traffic at airports.

A corporation is a *qualified air freight forwarder* with respect to another corporation if:

- it owns or controls, either directly or indirectly, all of the capital stock of such other corporation; or if all of its capital stock is owned or controlled, either directly or indirectly, by such other corporation; or if all of the capital stock of both corporations is owned or controlled, either directly or indirectly, by the same interests;
- it is principally engaged in the business of air freight forwarding; and
- its air freight forwarding business is carried on principally with the airline or airlines operated by such other corporation.

Section 210-A.8 – Advertising: newspapers/periodicals, TV/radio, and other means

Line 48 – For the New York column, multiply receipts from sales of advertising in newspapers or periodicals by a fraction, the numerator of which is the number of newspapers and periodicals delivered to points within the state, and the denominator of which is the number of newspapers and periodicals delivered to points both within and outside the state.

Worksheet for Part 6, line 47

		A Within NYS	B Column A X 60% (.60)	C Everywhere	D NYS percentage *(round to three decimal places)*
1 **Aircraft arrivals and departures** during the period of this return	1				
2 Divide line 1, column B, by line 1, column C	2				
3 **Revenue tons handled at airports** during the period of this return	3				
4 Divide line 3, column B, by line 3, column C	4				
5 **Originating revenue** during the period of this return	5				
6 Divide line 5, column B, by line 5, column C	6				
7 Add all percentage amounts in column D, lines 2, 4, and 6; then divide by 3	7				
8 Enter 100% of receipts from other aviation services; also enter on line 47, in column B	8				
9 Multiply line 7 by line 8; also enter on line 47, in column A	9				

Line 49 – For the New York column, multiply receipts from sales of advertising on television or radio by a fraction, the numerator of which is the number of viewers or listeners within the state, and the denominator of which is the number of viewers or listeners both within and outside the state.

Line 50 – For the New York column, multiply receipts from sales of advertising **not** reported on either line 48 or 49 that is furnished, provided, or delivered to or accessed by the viewer or listener through the use of wire, cable, fiber-optic, laser, microwave, radio wave, satellite or similar successor media, or any combination of these by a fraction, the numerator of which is the number of viewers or listeners within the state, and the denominator of which is the number of viewers or listeners both within and outside the state.

Section 210-A.9 – Receipts from the transportation or transmission of gas through pipes

Line 51 – For the New York column, multiply receipts from the transportation or transmission of gas through pipes by a fraction, the numerator of which is the taxpayer's transportation units within the state, and the denominator of which is the taxpayer's transportation units both within and outside the state. A *transportation unit* is the transportation of one cubic foot of gas over a distance of one mile.

Section 210-A.10 – Receipts from other services/activities not specified

Line 52 – In the New York column, enter receipts from services and other business receipts not reported on lines 1 through 53, if the location of the customer is within the state. The determination of the amount of receipts included in the New York column is made according to the *Hierarchy of methods* below. The taxpayer must exercise due diligence under each method described before rejecting it and proceeding to the next method in the hierarchy, and must base its determination on information known to the taxpayer, or information that would be known to the taxpayer upon reasonable inquiry.

Hierarchy of methods

1) The benefit is received in this state.
2) Delivery destination.
3) The apportionment fraction for such receipts within the state determined according to §210-A.10 for the preceding tax year.
4) The apportionment fraction for the current tax year determined according to §210-A.10 for those receipts that can be sourced using the hierarchy of sourcing method in item 1 or 2.

Note: Item 3 does not apply to your first tax period that begins on or after January 1, 2015, for which you are subject to Article 9-A.

Section 210-A.11 – Discretionary adjustments

If it appears that the apportionment fraction determined according to §210-A does not result in a proper reflection of the taxpayer's business income or capital within the state, the Commissioner of Taxation and Finance is authorized in his or her discretion to adjust it, or the taxpayer may request that the commissioner adjust it. This is done by:

- excluding one or more items in such determination,
- including one or more other items in such determination, or
- any other similar or different method calculated to effect a fair and proper apportionment of the business income and capital reasonably attributed to the state.

The party seeking the adjustment bears the burden of proof to demonstrate that the apportionment fraction determined according to §210-A does not result in a proper reflection of the taxpayer's business income or capital within the state and that the proposed adjustment is appropriate.

Where you have received approval from the commissioner to make such adjustment, use line 53 to report it. Do **not** use line 53 to report an adjustment **unless** you have received the approval of the commissioner. If you have not received the approval of the commissioner before filing this return, you must file using the statutory rules for apportionment. You may file an amended return after you have received approval.

Worksheet A – Gross proceeds factors and net gains for lines 10, 12, 21, and 24				
Line **10**	§210-A.5(a)(2)(A)(iii) – **Gross proceeds** from sales of loans secured by real property *(see instructions)*			
	10a	NYS		
	10b	EW		
	10c	NYS gross proceeds factor		
	§210-A.5(a)(2)(A)(iii) – **Net gains** from sales of loans secured by real property *(see instructions)*			
	10d	EW		
	10e	NYS		
Line **12**	§210-A.5(a)(2)(A)(iv) – **Gross proceeds** from sales of loans not secured by real property *(see instructions)*			
	12a	NYS		
	12b	EW		
	12c	NYS gross proceeds factor		
	§210-A.5(a)(2)(A)(iv) – **Net gains** from sales of loans not secured by real property *(see instructions)*			
	12d	EW		
	12e	NYS		
Line **21**	§210-A.5(a)(2)(C) – **Gross proceeds** from all other asset backed securities not reported on line 20 *(see instructions)*			
	21a	NYS		
	21b	EW		
	21c	NYS gross proceeds factor		
	§210-A.5(a)(2)(C) – **Net gains** from all other asset backed securities not reported on line 20 *(see instructions)*			
	21d	EW		
	21e	NYS		
Line **24**	§210-A.5(a)(2)(D) – **Gross proceeds** from other sales of corporate bonds not reported on line 23 *(see instructions)*			
	24a	NYS		
	24b	EW		
	24c	NYS gross proceeds factor		
	§210-A.5(a)(2)(D) – **Net gains** from other sales of corporate bonds not reported on line 23 *(see instructions)*			
	24d	EW		
	24e	NYS		

Worksheet A – Gross proceeds factors and net gains – Form CT-3, Part 6, lines 10, 12, 21, and 24.

General information

This worksheet computes the amounts for Form CT-3, Part 6, lines 10, 12, 21, and 24. See the corresponding Form CT-3-I, Part 6 line instructions and also the specific instructions below. In the instructions below, ***all lines*** refers to lines 10, 12, 21, and 24, and specific rows (a, b, c, d, or e) are indicated to clarify which rows of these lines the specific instruction applies to.

Line instructions for Worksheet A

Use the instructions for Condition 1 or Condition 2 below, whichever applies; however:

- for **line 10**, use the specific instructions under Condition 1 below and skip Condition 2.
- for **lines 12, 21, and 24,** when the receipts for a certain line are **not** from QFIs (the QFI box pertaining to that specific line is **not** marked), use the specific instructions under Condition 1 below.

Condition 1 – If the fixed percentage method for QFIs is **not** in effect (use when Form CT-3, Part 6, line 8 box is **not** marked)

1.1. For all lines, rows a and b respectively, enter the total NYS and EW gross proceeds amount for that line's category of receipts; do not enter an amount less than zero. In determining such total gross amounts for each line, deduct any cost incurred to acquire the securities. When this results in a negative proceed amount for an individual security reported on a line, such negative amount is not limited to zero, and is netted against any positive proceed amounts for securities also reported on the **same** line.

1.2. For all lines, row c, divide the amount in row a by the amount in row b, and enter the result rounded to four decimal places; however, if either the amount in row a or the amount in row b is equal to zero, enter ***0***. This is the NYS gross proceeds factor for each respective line. It is used to compute the row e *(NYS)* amount for all lines.

1.3. For all lines, row d, enter the *EW* receipts for that line's category of receipts, but if the result is less than zero, enter ***0***.

1.4. For all lines, row e, multiply the factor in that line's row c (the NYS gross proceeds factor) by the amount in that line's row d, and enter the result. If the result is zero, enter ***0***.

Condition 2 – If the fixed percentage method for QFIs **is** in effect (use for a specific line when Form CT-3, Part 6, line 8 box is marked **and** the QFI box pertaining to **that** specific line is also marked)

2.1. Leave rows a through c blank, for such specific line(s).

2.2. For such specific lines, row d, enter the *EW* receipts for that line's category of receipts, but if the result is less than zero, enter ***0***.

2.3. In **row e**, for such specific line(s), multiply row d by 8% (.08) and enter the result; however, if the result is an amount equal to zero, enter ***0*** in row e.

Where are the amounts calculated on Worksheet A entered?

The amounts entered or calculated in rows a, b, and c, for all lines, are only used for Worksheet A calculations and do not get transferred to any other form or worksheet. The amounts entered or calculated in rows d and e need to be entered on Form CT-3, as follows:

Amount from Worksheet A	Amount is entered on
Line 10d (EW)	CT-3, Part 6, line 10 EW (column B)
Line 10e (NYS)	CT-3, Part 6, line 10 NYS (column A)
Line 12d (EW)	CT-3, Part 6, line 12 EW (column B)
Line 12e (NYS)	CT-3, Part 6, line 12 NYS (column A)
Line 21d (EW)	CT-3, Part 6, line 21 EW (column B)
Line 21e (NYS)	CT-3, Part 6, line 21 NYS (column A)
Line 24d (EW)	CT-3, Part 6, line 24 EW (column B)
Line 24e (NYS)	CT-3, Part 6, line 24 NYS (column A)

Worksheet B – Net gains and other income for line 30			
Part 1			
§210-A.5(a)(2)(H) – **Net gains** from all "other" financial instruments of one type *(see instructions)*			
30.1a	EW		
30.1b	NYS		
§210-A.5(a)(2)(H) – **Net gains** from all "other" financial instruments of a second type *(see instructions)*			
30.1a	EW		
30.1b	NYS		
§210-A.5(a)(2)(H) – **Net gains** from all "other" financial instruments of a third type *(see instructions)*			
30.1a	EW		
30.1b	NYS		
§210-A.5(a)(2)(H) – **Other income** from all "other" financial instruments of one type *(see instructions)*			
30.2a	EW		
30.2b	NYS		
§210-A.5(a)(2)(H) – **Other income** from all "other" financial instruments of a second type *(see instructions)*			
30.2a	EW		
30.2b	NYS		
§210-A.5(a)(2)(H) – **Other income** from all "other" financial instruments of a third type *(see instructions)*			
30.2a	EW		
30.2b	NYS		
Part 2 *(see instructions)*			
§210-A.5(a)(2)(G) – **Dividends** from stock that is business capital *(see instructions)*			
30.3a	EW		
30.3b	NYS		
§210-A.5(a)(2)(G) – **Net gains** from sales of stock that is business capital *(see instructions)*			
30.4a	EW		
30.4b	NYS		
§210-A.5(a)(2)(G) – **Net gains** from sales of partnership interests *(see instructions)*			
30.5a	EW		
30.5b	NYS		
Totals of Parts 1 and 2			
§210-A.5(a)(2)(H) and (G) – Net gains and other income from "other" financial instruments *(see instructions)*			
30a	Total EW		
30b	Total NYS		

Worksheet B – Net gains and other income – Form CT-3, Part 6, line 30

General information

This worksheet computes certain amounts for Form CT-3, Part 6, line 30. See the line 30 instructions in Form CT-3-I, Part 6 and also the specific instructions below. In the instructions below, ***all lines*** refers to all lines 30.1 and 30.2, and lines 30.3, 30.4, 30.5, and 30, and specific rows (a or b) are indicated to clarify which rows of these lines the specific instruction applies to. **Note:** Lines 30.1 through 30.5 are specific to this worksheet only. Since Form CT-3, Part 6, line 30 is comprised of different types of receipts that have to be netted separately, these receipts amounts are shown separately on lines 30.1 through 30.5.

Line instructions for Worksheet B

Part 1

Only clause (H) receipts are reported in Part 1.

Step 1 – Lines 30.1 and 30.2, row a – Regardless of whether or not the fixed percentage method is in effect for **lines 30.1 and 30.2,** for **row a** (EW), follow the applicable Form CT-3-I, Part 6, line 30 instructions to determine the amount of everywhere receipts, except that if the amount is less than zero, enter ***0***. When you have net gains from sales of more than one type of "other" financial instruments, use separate lines 30.1 to report sales of all "other" financial instruments of each such type. The same is true for lines 30.2 when reporting other income from "other" financial instruments.

If you have receipts reportable on lines 30.1 or 30.2 from **more** than three separate types of "other" financial instruments, use an additional line 30.1 or line 30.2 for **each** additional separate type of "other" financial instrument for which you have net gains (line 30.1) or other income (line 30.2); include the amounts from these additional lines in the same manner as you would for the three lines 30.1 and 30.2 provided on the worksheet, as you complete the steps below, as applicable.

Step 2 – Complete **lines 30.1 and 30.2, row b** (NYS)**,** using the instructions for Condition 1 or Condition 2, or both, as applicable.

Condition 1 – If the fixed percentage method for QFIs is **not** in effect (Form CT-3, Part 6, line 8 box is **not** marked); **or** if the receipts from line 30.1 or 30.2 do **not** represent receipts from QFIs (see instructions for Form CT-3, Part 6, line 8):

1.1. For such **lines 30.1 and 30.2, row b,** follow the applicable line 30 instructions to determine the amount of NYS receipts, except that if the amount is less than zero, enter ***0***. Use a separate line 30.1 for net gains from sales of all "other" financial instruments of each certain type, and use a separate line 30.2 for other income from all "other" financial instruments of each certain type.

Condition 2 – If the fixed percentage method for QFIs **is** in effect (Form CT-3, Part 6, line 8 box is marked) **and**:

2.1. the clause (H) QFI box is **not** marked on Form CT-3, Part 6, above line 29, then lines 30.1 and 30.2, row **b**, are completed in the same manner as if the fixed percentage method is **not** in effect (see above instructions).

2.2. the clause (H) QFI box **is** marked on Form CT-3, Part 6, above line 29, **and** the receipts to be reported on a line 30.1 or 30.2 represent receipts from QFIs (see instructions for CT-3, Part 6, line 8), then for such lines 30.1 or 30.2, **row b,** multiply row **a**, for each respective line, by 8% (.08) and enter the result; however, if the result is an amount equal to zero, enter ***0*** in row **b**. Use a separate line 30.1 for net gains from sales of all "other" financial instruments of **each** certain type, and use a separate line 30.2 for other income from all "other" financial instruments of **each** certain type.

Part 2

Only clause (G) receipts are reported in Part 2.

Part 2 of Worksheet B must **only** be completed **if** the fixed percentage method for QFIs **is** in effect. If Form CT-3, Part 6, line 8 box is **not** marked, leave lines 30.3, 30.4, and 30.5 blank and continue with *Totals of Parts 1 and 2* instructions below; otherwise continue with Step 1 below.

Step 1 – Lines 30.3 and 30.4, rows a (EW) and b (NYS) – If the fixed percentage method for QFIs **is** in effect and you have marked to market **any** stock that is business capital under

IRC section 475 or 1256 in the tax year, complete substep 1.1 below; otherwise leave lines 30.3 and 30.4 blank and continue with Step 2 below.

1.1. Enter on **line 30.3**, **row a,** 100% of dividends from stock that is business capital, provided that dividends that qualify as other exempt income should **not** be included. Enter on **line 30.4**, **row a**, 100% of net gains from sales of stock that is business capital; if the amount is less than zero, enter ***0***.

1.1.1. For **lines 30.3 and 30.4**, **row b**, multiply row **a**, for each respective line, by 8% (.08) and enter the result; however, if the result is an amount equal to zero, enter ***0*** in row b.

Step 2 – Line 30.5, rows a (EW) and b (NYS) – If the fixed percentage method for QFIs **is** in effect, and you have marked to market **any** partnership interest in a widely held or publicly traded partnership under IRC section 475 or 1256 in the tax year, complete substep 2.1, below; otherwise leave line 30.5 blank and continue with *Totals of Parts 1 and 2* below.

2.1. Enter on **line 30.5**, **row a**, 100% of net gains from sales of partnership interests in widely held or publicly traded partnerships; if the amount is less than zero, enter ***0***.

2.1.1. In **line 30.5**, **row b**, multiply row **a**, for each respective line, by 8% (.08) and enter the result; however, if the result is an amount equal to zero, enter ***0*** in row b.

Totals of Parts 1 and 2

Step 1 – Line 30, rows a and b

2.1. For line 30, row **a**, enter the sum of the amounts in row a, lines 30.1 through 30.5.

2.2. For line 30, row **b**, enter the sum of the amounts in row b, lines 30.1 through 30.5.

Where are the amounts calculated on Worksheet B entered?

The amounts entered or calculated on lines 30.1 through 30.5 are used to compute the line 30 totals and do not get transferred to any other form or worksheet; the line 30 totals need to be entered on Form CT-3 as follows:

Amount from Worksheet B	Amount is entered on
Line 30b (Total NYS)	Form CT-3, Part 6, line 30 NYS (column A)
Line 30a (Total EW)	Form CT-3, Part 6, line 30 EW (column B)

Worksheet C – Marked to market (MTM) net gains for line 28

Part 1 – MTM net gains under §§210-A.5(a)(1) and 210-A.5(a)(2)(J) *(see instructions)*

Line **10**	MTM net gains from loans secured by real property				
	10a	EW			
	10b	NYS		J(ii)	J(iii)
Line **12**	MTM net gains from loans **not** secured by real property				
	12a	EW			
	12b	NYS	8%	J(ii)	J(iii)
Line **14**					
Line **16**	MTM net gains from federal, NYS, and NYS political subdivisions debt				
	16a	EW			
	16b	NYS	8%	J(ii)	J(iii)
Line **18**	MTM net gains from other states and their political subdivisions debt				
	18a	EW			
	18b	NYS	8%	J(ii)	J(iii)
Line **20**	MTM net gains from government agency debt or asset-backed securities sold through an exchange				
	20a	EW			
	20b	NYS	8%	J(ii)	J(iii)
Line **21**	MTM net gains from all other asset-backed securities				
	21a	EW			
	21b	NYS	8%	J(ii)	J(iii)
Line **23**	MTM net gains from corporate bonds sold through broker/dealer or licensed exchange				
	23a	EW			
	23b	NYS	8%	J(ii)	J(iii)
Line **24**	MTM net gains from other corporate bonds				
	24a	EW			
	24b	NYS	8%	J(ii)	J(iii)
Line **27**	MTM net gains from physical commodities				
	27a	EW			
	27b	NYS	8%	J(ii)	J(iii)
Line **30**	MTM net gains from all "other" financial instruments of one type				
	30a	EW			
	30b	NYS	8%	J(ii)	J(iii)
Line **30**	MTM net gains from all "other" financial instruments of a second type				
	30a	EW			
	30b	NYS	8%	J(ii)	J(iii)
Line **30**	MTM net gains from all "other" financial instruments of a third type				
	30a	EW			
	30b	NYS	8%	J(ii)	J(iii)
Line **30-Stk**	MTM net gains from stock that is business capital				
	30a Stk	EW			
	30b Stk	NYS	8%		
Line **30-Pship**	MTM net gains from partnership interests				
	30a Pship	EW			
	30b Pship	NYS	8%		

Worksheet C continued on next page

Worksheet C *(continued)*			
J(ii) Totals *(see instructions)*			
J(ii) Total EW			
J(ii) Total NYS			
Line **28**	Total MTM net gains under §210-A.5(a)(2)(J)		
	28a	EW	
	28b	NYS	
Part 2 – NYS aggregate MTM factor, based on net gains from actual sales, plus J(ii) MTM net gains *(see instr.)*			
A	NYS		
B	EW		
C	NYS aggregate MTM factor		

Worksheet C – Marked to market (MTM) net gains – Form CT-3, Part 6, line 28

General information

Note: You must first complete Worksheets A and B, and lines 9 through 27, 29, and 30 of Form CT-3, Part 6; then, follow the steps below, in order, to complete Worksheet C.

This worksheet computes the amounts for Form CT-3, Part 6, line 28. See the Form CT-3, Part 6, line 28 instructions and also the specific instructions below. For purposes of Worksheet C, §210-A.5(a)(2)(J)(ii) is referred to as J(ii), and §210-A.5(a)(2)(J)(iii) as J(iii). J(ii) sources MTM net gains based on the sourcing of net gains from **actual** sales of financial instruments of the **same** type. J(iii) is used when there are **no** actual sales of a type, or the actual sales of a type resulted in a net **loss** for that type.

Part 1 of the worksheet computes MTM net gains for those financial instruments that are **described on** Form CT-3, Part 6, lines 10, 12, 16, 18, 20, 21, 23, 24, 27, and 30, **and that have been MTM**. Row b is broken out into subcolumns for lines 10, 12, 16, 18, 20, 21, 23, 24, 27, and all lines 30. For each such line, only **one** of the subcolumns will apply for that line, depending on the sourcing rule that applies for that line; the subcolumns that do **not** apply should be left **blank**.

Part 2 of the worksheet is generally only applicable if the 8% fixed percentage method for QFIs is **not** in effect. Provided however, that if the fixed percentage method for QFIs **is** in effect, and you have MTM net gains reportable on line 10 of the worksheet, you **may** have to complete Part 2 of the worksheet, as instructed further below. Part 2 computes the NYS aggregate MTM factor. This factor is used to determine NYS MTM net gains under J(iii) in Part 1, as per the specific line instructions under *Customer-based sourcing* below.

Line instructions for Worksheet C

If the fixed percentage method for QFIs **is** in effect (Form CT-3, Part 6, line 8 box **is** marked), you **must** complete the steps under the *8% fixed percentage method elected* instructions below to complete Worksheet C. Do **not** complete the steps under the *Customer-based sourcing* instructions, unless specifically instructed to do so for a certain line.

If the fixed percentage method for QFIs is **not** in effect (Form CT-3, Part 6, line 8 box is **not** marked), you **must** complete the steps under the *Customer-based sourcing* instructions below to complete Worksheet C. Do **not** complete the steps under the *8% fixed percentage method elected* instructions.

Regardless of whether or not the fixed percentage method for QFIs is in effect, use a **separate** line 30 for MTM net gains from all "other" financial instruments of one **same** certain type. If you need more than three lines 30, use an additional line 30 for each separate type of "other" financial instrument for which you have MTM net gains; include the amounts from these additional lines in the same manner as you would for the three lines 30 provided on the worksheet, as you complete the steps below, as applicable.

8% fixed percentage method elected

When the 8% fixed percentage method for QFIs **is** in effect, follow the instructions for Condition 1 or Condition 2 below, whichever applies. When Condition 1 applies, only Part 1 of Worksheet C needs to be completed, and the **Part 1, J(ii) Totals** section should be left blank. When Condition 2 applies, you may need to complete Part 2 of the worksheet and the **Part 1, J(ii) Totals** section.

Condition 1 – If you do **not** have MTM net gains reportable on line 10 of this worksheet, complete **steps 1** and **2** below (under these *8% fixed percentage method elected* instructions) and do **not** complete any of the steps under the *Customer-based sourcing* instructions.

Condition 2 – If you have MTM net gains reportable on line 10 of this worksheet, you must determine the amounts to enter on line 10 by completing the applicable steps under *Customer-based sourcing* **for line 10 only**. When Condition 2 applies:

- First, **for line 10 only**, complete **steps 1.1** through **4.1.2** under *Customer-based sourcing*, (do **not** complete step 5).
- Next, complete **all of steps 1 and 2 below** (under these *8% fixed percentage method elected* instructions) for all remaining lines (including lines 30-STK and 30-Pship, if applicable).

Step 1 – Part 1, rows a and b

1.1. In **row a** (EW), lines 12, 16, 18, 20, 21, 23, 24, 27, all lines 30, 30-Stk, and 30-Pship, enter **100%** of your MTM net gains for those financial instruments **described** on each such line (and described further in the lines corresponding line instructions in Form CT-3, Part 6), except that if the net amount is less than or equal to zero, enter ***0***.

Note: Use **line 30** for MTM net gains from "other" financial instruments (§210-A.5(a)(2)(H)). If in the tax year you have MTM **any** stock under IRC section 475 or 1256, use **line 30-Stk** for MTM net gains from sales of stock that is business capital (§210-A.5(a)(2)(G)); otherwise leave line 30-Stk blank. If in the tax year you have MTM **any** partnership interest in a widely held or publicly traded partnership under IRC section 475 or 1256, use **line 30-Pship** for MTM net gains from sales of partnership interests in widely held or publicly traded partnerships (§210-A.5(a)(2)(G)); otherwise, leave line 30-Pship blank.

1.2. In **row b** (NYS), **subcolumn 8%**, lines 12, 16, 18, 20, 21, 23, 24, 27, all lines 30, 30-Stk, and 30-Pship, multiply row **a**, for each respective line, by 8% (.08) and enter the result; if the result is equal to zero, enter ***0***. You must leave **row b**, **subcolumn J(ii)** and **row b**, **subcolumn J(iii)** blank for all such lines as they are **not** applicable when the 8% fixed percentage method sourcing **is** in effect for QFIs.

Step 2 – Part 1, line 28, rows a and b

2.1. For worksheet line 28, **row a**, enter the **sum** of the amounts from row a for lines 10, 12, 16, 18, 20, 21, 23, 24, 27, all lines 30, 30-Stk, and 30-Pship.

2.2. For worksheet line 28, **row b**, enter the **sum** of all amounts from all applicable subcolumns in row b for lines 10, 12, 16, 18, 20, 21, 23, 24, 27, all lines 30, 30-Stk, and 30-Pship.

Customer-based sourcing

Parts 1 and 2 of Worksheet C need to be completed when the 8% fixed percentage method for QFIs is **not** in effect. To complete Worksheet C in this instance, follow Steps 1 through 5 below, in that order.

Note: Lines 30-Stk and 30-Pship should **not** be completed as these lines are not applicable when customer-based sourcing is used (§210-A.5(a)(2)(G)).

If the fixed percentage method for QFIs **is** in effect **and** you have MTM net gains reportable on worksheet line 10, then you must use customer-based sourcing for the MTM net gains **for line 10 only**. In this instance follow the instructions for **Condition 2** under the *8% fixed percentage method elected* instructions, above.

Step 1 – Part 1, row a, and row b, subcolumn J(ii)

1.1. In **row a**, lines 10, 12, 16, 18, 20, 21, 23, 24, 27, and all lines 30, enter **100%** of your **MTM** net gains for those financial instruments **described** on each such line (and described further in the corresponding line instructions in Form CT-3, Part 6), except that if the net amount is less than or equal to zero, enter ***0***.

1.2. **Row b, subcolumn J(ii)** - Subcolumn J(ii), lines 10, 12, 16, 18, 20, 21, 23, 24, 27, and all lines 30, is used to compute **NYS MTM** net gains, for those financial instruments **described** on each such line, under the sourcing rules of J(ii). Follow the steps below to compute the subcolumn J(ii) amounts. Complete substeps 1.2.1 through 1.2.4 for each line (10, 12, 16, 18, 20, 21, 23, 24, 27, and all lines 30):

1.2.1. If the step 1.1 amount is equal to zero, for any line, enter ***0*** in row b, subcolumns J(ii) and J(iii), for **that** line.

1.2.2. For **each** line for which row **a** is **not** equal to zero, determine if you have **actual** everywhere sales that generated a **net gain** during the tax year, for **that** type of financial instrument. You had **actual** everywhere sales that generated a **net gain** during the tax year for a specific type of financial instrument if there is an amount greater than zero reported on **that** type of financial instrument's corresponding line of Form CT-3, Part 6, column **B** (EW). However, for line 30, you had **actual** everywhere sales that generated a **net gain** during the tax year for a type of financial instrument described in §210-A.5(a)(2)(H) if there is an amount greater than zero reported on Worksheet **B**, on line 30.1 (used to report the **same** specific type of financial instruments), row **a**.

1.2.3. For **each** line for which Worksheet C, row **a**, is **not** equal to zero, if you **did** have **actual** everywhere sales that generated a **net gain** for the **same** specific type of financial instrument described on such line (as determined in substep 1.2.2 above), enter in row b, subcolumn J(ii), for such line, the **product** of: the amount in row **a** for such line, and a fraction, the numerator and the denominator of which are determined as follows:

- For all such lines (except line 30): the **numerator** of the fraction for such line (except line 30) is the amount from Form CT-3, Part 6, column A (NYS) of the corresponding line; and the **denominator** of the fraction for such line (except line 30) is the amount from Form CT-3, Part 6, column B (EW) of the corresponding line. However, if the numerator so determined is equal to zero, enter ***0***. For line 30, see the specific line 30 instruction below.
- **Line 30 –** The **numerator** of the fraction for any **specific** line 30 is the amount from Worksheet B, line 30.1 (used to report the **same** specific type of financial instrument), row b (NYS). The **denominator** of the fraction for any **specific** line 30 is the amount from Worksheet B, line 30.1 (used to report the **same** specific type of financial instrument), row a (EW). However, if the numerator so determined is zero, enter ***0***.

1.2.4. For **each** line for which row **a** is **not** equal to zero, if you did **not** have **actual** everywhere sales that generated a **net gain** for the **same** specific type of financial instrument described in **that** line (as determined in substep 1.2.2 above), leave row b, subcolumn J(ii) **blank** for **that** line.

Step 2 – Part 1, J(ii) Total EW, and J(ii) Total NYS

When you have completed Part 1, row a, and row b subcolumn J(ii), for lines 10, 12, 16, 18, 20, 21, 23, 24, 27, and all lines 30, you must next complete the **J(ii) Total** lines for EW and NYS, which are below line 30-Pship. The J(ii) totals are needed to calculate the NYS aggregate MTM factor in Part 2 of this worksheet, when applicable.

2.1. Enter in the **J(ii) Total EW** line, the **sum** of the row **a** amounts for all lines that have an amount entered in row **b**, subcolumn J(ii) even if the amount entered is zero.

2.2. Enter in the **J(ii) Total NYS** line, the **sum** of the row b, subcolumn J(ii) amounts for all lines that have an amount entered in row b, subcolumn J(ii).

Step 3 – Part 2

Part 2 of the worksheet computes your NYS aggregate MTM factor which you will need in order to complete Part 1, row b, subcolumn J(iii), when applicable.

Never include any amounts sourced under the 8% fixed percentage method election when determining the amounts to include in the sums described in these step 3 instructions.

3.1. **Line A** – Enter the **sum** of: the **J(ii) Total NYS** amount from Part 1 of this worksheet plus the amounts from Form CT-3, Part 6, column A (NYS), lines 9 through 27, 29, and 30.

3.2. **Line B** – Enter the **sum** of: the **J(ii) Total EW** amount from Part 1 of this worksheet plus the amounts from Form CT-3, Part 6, column B (EW), lines 9 through 27, 29, and 30.

3.3. **Line C** – Divide the line A amount by the line B amount and enter the result, rounded to four decimal places.

Step 4 – Part 1, row b, subcolumn J(iii)

4.1. **Row b, subcolumn J(iii)** - Subcolumn J(iii), lines 10, 12, 16, 18, 20, 21, 23, 24, 27, and all lines 30, is used to compute **NYS MTM** net gains, for those financial instruments **described** on each such line, under the sourcing rules of J(iii). Follow the steps below to compute the subcolumn J(iii) amounts. Complete substeps 4.1.1 and 4.1.2 for each line (10, 12, 16, 18, 20, 21, 23, 24, 27, and all lines 30):

4.1.1. For **each** line, if there is an amount greater than or equal to zero entered in row b, subcolumn J(ii), then leave row b, subcolumn J(iii) **blank** for **that** line. **Note**: When you had **actual** everywhere sales that generated a **net gain** for **that type** of financial instrument during the tax year, subcolumn J(ii) should have an amount entered, and subcolumn J(iii) should be left **blank**.

4.1.2. For **each** line, if you did **not** have **actual** everywhere sales that generated a **net gain** for **the specific type** of financial instrument **described** on **that** line (**row b, subcolumn J(ii)** was left blank per substep 1.2.4), enter in row b, subcolumn J(iii), for **that** line, the **product** of: the amount in row a (EW) for **that** line, and the factor in Part 2, line C.

Step 5 – Part 1, line 28, rows a and b

5.1. For line 28, **row a** (EW), enter the **sum** of the amounts from row **a** (EW) for lines 10, 12, 16, 18, 20, 21, 23, 24, 27, and all lines 30.

5.2. For line 28, **row b** (NYS), enter the **sum** of all amounts from row **b** (NYS), subcolumns J(ii) **and** J(iii) for lines 10, 12, 16, 18, 20, 21, 23, 24, 27, and all lines 30.

Where are the amounts calculated on Worksheet C entered?

The amounts entered or calculated on Part 1, lines 10, 12, 16, 18, 20, 21, 23, 24, 27, 30, 30-Stk, and 30-Pship and Part 2, lines A, B, and C are only used to compute the **line 28** MTM totals in Part 1 and do not get transferred to any other form or worksheet; the **line 28 totals** from Part 1 need to be entered on Form CT-3 as follows:

Amount from Worksheet C	Amount is entered on
Line 28b (NYS)	Form CT-3, Part 6, line 28 NYS (column A)
Line 28a (EW)	Form CT-3, Part 6, line 28 EW (column B)

Part 7 – Summary of tax credits claimed

Enter in the appropriate box the amount of each tax credit that is being used to reduce the Part 2, line 2 tax due amount. Attach the corresponding properly completed credit form to the return.

Line 2 – Enter the total amount of any tax credits that you are claiming against your current year's franchise tax here and on Part 2, line 3. For other credits not specified, enter the amount of credits being claimed in the *Other credits* box and include this amount in the total. Generally, the *Other credits* box will be used only when a credit claim form for a newly-enacted tax credit was not developed in time to appear on Form CT-3. Do not include any amount of tax credit requested as a refund on Part 2, line 29, or requested as a tax credit to be credited as an overpayment to next year's return on Part 2, line 30. If you are required to recapture a tax credit that was allowed in a previous reporting period and the result is a negative credit amount on your credit claim form, enter this negative amount using a minus sign (-) in the applicable box.

Line 3 – Enter the amount of those tax credits being claimed on Part 2, line 3, against your current year's franchise tax that are refund **eligible**. Do **not** include any amount of credits actually requested as a refund on Part 2, line 29, or requested as an overpayment credited to next year's tax on Part 2, line 30. Refer to the individual credit forms and Form CT-600-I for refund eligibility.