

1979 Legislation
Subsidiary Trust Companies

Chapter 572 of the Laws of 1979 has amended Subdivision (b) of Section 1452 of Article 32 (Franchise Tax on Banking Corporations) of the Tax Law to subject subsidiary trust companies to the franchise tax on banking corporations imposed by Article 32.

Section 1452(b) now provides that the words "banking business" includes such business as a corporation or association may be created to do under article 3-B of the Banking Law or any business which a corporation or association is authorized by such article to do.

Article 3-B of the Banking Law, enacted in 1977, provided for the creation of subsidiary trust companies which are wholly owned subsidiaries of bank holding companies, and which possess all the powers of a trust company except for the power to accept deposits.

Article 32 of the Tax Law imposes a tax on banking corporations for the privilege of exercising their franchise or doing business in New York State in a corporate or organized capacity. The term "banking corporation" is defined, in part, as a "corporation or association organized under the laws of this state which is authorized to do a banking business, or which is doing a banking business in this state." [Tax Law, § 1452(a)(1)]. Therefore, because of the law change, subsidiary trust companies are subject to the tax imposed by Article 32 of the Tax Law.

This act became effective on July 10, 1979 and shall apply to all taxable year ending on or after December 31, 1978.