**New York State Department of Taxation and Finance**
**Taxpayer Services Division**
**Technical Services Bureau**

TSB-M-82 (19)C
Corporation Tax
July 20, 1982

Subject: Tax on Subsidiary or Investment Capital

The following question has been raised concerning Article 9-A (Franchise Tax on Business Corporations) of the Tax Law.

Question: Is the capital stock of a national banking corporation, which is owned by a corporation taxable under Article 9-A of the Tax Law or owned by a holding company taxable under Article 9-A of the Tax Law, taxable as either subsidiary capital or investment capital when computing the tax of either the corporation or the holding company taxable under Article 9-A of the Tax Law?

Answer: Yes, the investment in the capital stock of a national banking corporation is taxable under Article 9-A of the Tax Law as either subsidiary capital or investment capital. The corporation or bank holding company which owns the capital stock of a national banking corporation must include this investment in either subsidiary capital or investment capital when determining the tax due under Article 9-A. The capital stock of the national banking corporation would be included as investment capital when it does not qualify as subsidiary capital under Section 208.4 of Article 9-A of the Tax Law.

References:

Federal Banking Law, Section 548
New York Tax Law-Article 9-A Section 208.3
New York Tax Law-Article 9-A Section 208.4
New York Tax Law-Article 9-A Section 208.5
New York Tax Law-Article 9-A Section 210.1(a)(2)
New York Tax Law-Article 9-A Section 210.1(b)