



Instructions for Form CT-601.1

Claim for ZEA Wage Tax Credit

CT-601.1-I

General information

A *zone equivalent area* (ZEA) is an area within New York State that has been designated as a ZEA pursuant to Article 18-B of the General Municipal Law, based on the following:

- a poverty rate of at least 20%; and
- an unemployment rate at least 1.25 times the statewide unemployment rate.

To be eligible to claim the ZEA wage tax credit, a taxpayer must be certified under Article 18-B of the General Municipal Law. A copy of the *Certificate of Eligibility* issued by Empire State Development (ESD) must be attached to Form CT-601.1 each year the credit or carryforward of the credit is claimed. For information on certification, call ESD at (518) 292-5240.

For tax years beginning on or after January 1, 2001, the ZEA wage tax credit is allowed for up to five consecutive tax years, beginning in the first tax year in which all three eligibility requirements are met. Taxpayers who first claimed a credit in tax years prior to 2001 were previously allowed to claim the ZEA wage tax credit for only two consecutive tax years. However, a taxpayer who first claimed the ZEA credit in 1999 or later may take the credit in 2003 if qualified. For more information, see *Schedule A — Eligibility Requirements* below.

Note: A taxpayer that is certified in more than one ZEA must meet the requirements in schedule A for each qualifying zone and compute the credit for each ZEA on a separate Form CT-601.1.

Corporations (other than New York S corporations)

Complete Schedule A. If you answer *No* to any of the three questions, you are not eligible for the ZEA wage tax credit in this tax year. Do not continue unless you have carryforward ZEA wage tax credits from previous tax years or a wage tax credit passed through to you from a partnership. If you are claiming only carryforward credits, complete Schedule C. If you are claiming only a credit passed through to you from a partnership, see *Corporate partners* below.

If you answer *Yes* to all three questions, you are eligible to claim the ZEA wage tax credit. Complete Schedules B, C, and, if applicable, Schedule D. Banking corporations taxable under Article 32 of the Tax Law and insurance corporations taxable under Article 33 of the Tax Law are not eligible to complete Schedule D. Enter the amount of your allowable credit in the credit section of your franchise tax return.

Attach this form to your franchise tax return.

Corporate partners

If you are a corporate partner whose only ZEA wage tax credit is from a partnership, do not complete Schedule A or B, Parts I or II. Enter on Schedule B, Part III, line 13, your pro rata share of the ZEA wage tax credit passed through to you from the partnership. (If you have only carryforward credits from previous years, complete only Schedule C.) Complete Schedule C and, if applicable, Schedule D. Banking corporations taxable under Article 32 of the Tax Law and insurance corporations taxable under Article 33 of the Tax Law are not eligible to complete Schedule D. Enter the amount of your allowable credit in the credit section of your franchise tax return.

Enter the name and employer identification number of the partnership that passed the credit through to you on Schedule B, Part VI.

New York S corporations

New York S corporations that are ZEA certified businesses will calculate the amount of the ZEA wage tax credit for their

shareholders. The S corporation may not use the ZEA wage tax credit against its own tax liability; it is passed through to the shareholders to use against their personal income tax liabilities on their New York State tax return. New York S corporations complete Form CT-601.1 as follows:

1. Complete Schedule A. If you answer *No* to any of the three questions, the S corporation is not eligible to calculate the ZEA wage tax credit for this tax year.
If you answer *Yes* to all three questions, you are eligible to calculate the ZEA wage tax credit.
2. Complete Schedule B to compute the amount of the wage tax credit allowed. Transfer the amount from Schedule B, line 14, to Form CT-34-SH, *New York S Corporation Shareholders' Information Schedule*, which is filed with your New York S corporation return. Attach a copy of Form CT-601.1 to the New York S corporation tax return.
3. Provide all shareholders with the amount of their pro rata share of the wage tax credit calculated. The shareholders will complete their own Form IT-601.1, *Claim for ZEA Wage Tax Credit* (for personal income taxpayers) to claim the credit on their New York State tax returns.

Combined filers

A taxpayer filing a combined return as a member of a combined group is allowed to claim a ZEA wage tax credit. The ZEA wage tax credit is computed on a separate basis in Schedules A and B and is applied against the combined tax (see *Schedule C — Computation of the ZEA wage tax credit allowed for the current tax year*).

Schedule A — Eligibility requirements

The ZEA wage tax credit is allowed for up to five consecutive tax years, beginning in the first tax year in which **all three** of the following eligibility requirements are met:

- empire zone (EZ) wages are paid; **and**
- the average number of full-time employees (including full-time equivalents) in New York State for the current tax year (line 2) exceeds the average number of full-time employees (including full-time equivalents) in New York State during the four years immediately preceding the first tax year for which the ZEA wage tax credit is claimed (line 3); **and**
- the average number of full-time employees (including full-time equivalents) in the ZEA for the current year (line 4) exceeds the average number of full-time employees (including full-time equivalents) in the ZEA or area comprising the ZEA during the four years immediately preceding the first tax year for which the ZEA wage tax credit is claimed (line 5).

Subsequent certifications under Article 18-B in the same ZEA or a different ZEA or EZ do not extend or create a new five-year period for claiming the ZEA wage tax credit.

The average number of employees on line 3 and line 5, once computed, remains the same for each of the five tax years for which the credit is claimed.

Part I — Payment of empire zone (EZ) wages for the current tax year

Line 1— Check the *Yes* box if EZ wages were paid by the taxpayer during the current tax year for full-time employment in a job created in the ZEA since the ZEA was designated.

Check the *No* box if EZ wages were not paid during the current tax year. The taxpayer will **not** qualify to compute the ZEA wage tax credit in Schedule B for the current tax year. However, the taxpayer may claim any ZEA wage tax credit carryforward from prior years on Schedule C.

EZ wages are wages paid by a certified taxpayer for full-time employment (excluding general executive officers) during the tax year in an area designated or previously designated as a ZEA, if such employment is in a job created in the ZEA during the ten-year period immediately following the date of designation as a ZEA.

Wages paid to individuals employed before a ZEA is designated do not qualify as EZ wages.

If certification under Article 18-B of the General Municipal Law is revoked, any wages paid by the taxpayer on or after the effective date of such revocation will not constitute EZ wages.

Part II — Computation of average number of full-time employees in New York State for the current tax year and four-year base period

Line 2 — Enter the total number of full-time employees (including full-time equivalents but excluding general executive officers) employed on March 31, June 30, September 30, and December 31 of your tax year.

General executive officers are the chairman, president, vice president, secretary, assistant secretary, treasurer, assistant treasurer, comptroller, and any other officer charged with the general affairs of the corporation. A general executive officer is, therefore, an appointed or elected officer of the corporation having company-wide authority with respect to assigned functions or responsibility for an entire division of the company.

Full-time employment means a job consisting of at least 35 hours per week, or two or more jobs that together constitute the equivalent of a job of at least 35 hours per week (full-time equivalent).

Example:

John works 25 hours per week and Mary works 20 hours per week. Together, their jobs constitute the equivalent of one job of at least 35 hours per week. This will equal one job for purposes of the employment count.

Example:

A calendar year taxpayer began business in New York on February 15, 2003. The taxpayer files a tax return for the short tax year, February 15, 2003 through December 31, 2003. The business had no employees until April 15, 2003, when it hired 100 full-time employees. The business had 100 full-time employees on June 30, 2003, 125 full-time employees on September 30, 2003, and 175 full-time employees on December 31, 2003. The taxpayer completes line 2 as follows:

| Current tax year | Mar. 31 | June 30 | Sept. 30 | Dec. 31 | Total | |
|--|---------|---------|----------|---------|-------|-----|
| Number of full-time employees in New York State - 2003 | 0 | 100 | 125 | 175 | 400 | |
| 2. Average number of full-time employees in New York State for current tax year (400 divided by 4) | | | | | 2 | 100 |

A taxpayer who is a fiscal-year filer will use the four dates, March 31, June 30, September 30, and December 31 that appear in their fiscal tax year.

Example:

A corporation filing a tax return for a fiscal period beginning September 1, 2003, and ending August 31, 2004, would use the following dates to compute the number of employees for that fiscal

year: September 30, 2003, December 31, 2003, March 31, 2004, and June 30, 2004.

Line 3 — Enter for each date specified of the four-year period immediately preceding the first tax year in which the ZEA wage tax credit is claimed (that is, the four-year base period) the total number of full-time employees (including full-time equivalents but excluding general executive officers) in New York State. Add the number of full-time employees including full-time equivalents for the four-year base period and divide by the number of such dates occurring during the four-year base period to obtain the average number of full-time employees including full-time equivalents for the four-year base period.

If the taxpayer provided full-time employment in New York State for only part of the four years immediately preceding the first year in which the ZEA wage tax credit is claimed, then the four-year base period will be deemed to refer to that smaller set of years.

If the taxpayer did not provide full-time employment in New York State in any of the four years immediately preceding the first year in which the ZEA wage tax credit is claimed, enter "0" on line 3.

Example:

A calendar year taxpayer began business in New York State on July 1, 2000, and had full-time employees in New York State for the dates September 30, 2000, through December 31, 2002. The taxpayer would make no entries for the dates prior to July 1, 2000. Thus, the taxpayer would divide 790 by 10 to obtain 79.

| Number of full-time employees in New York State during four-year base period | Mar. 31 | June 30 | Sept. 30 | Dec. 31 | Total |
|---|---------|---------|----------|---------|-------|
| First year - 2002 | 100 | 100 | 100 | 100 | 400 |
| Second year - 2001 | 50 | 75 | 75 | 100 | 300 |
| Third year - 2000 | | | 40 | 50 | 90 |
| Fourth year - 1999 | | | | | |
| Total number of full-time employees in New York State for four-year base period | | | | | 790 |

| | | |
|--|---|----|
| 3. Average number of full-time employees in New York State for four-year base period | 3 | 79 |
|--|---|----|

The average number of full-time employees in New York State for the current tax year (line 2) must exceed the average number of full-time employees in New York State for the four-year base period (line 3). If line 2 does not exceed line 3, the taxpayer will **not** qualify to compute the ZEA wage tax credit in Schedule B for the current tax year. However, the taxpayer may claim as a ZEA wage tax credit for the current tax year any ZEA wage tax credit carryforward from a preceding tax year in Schedule C.

Part III — Computation of average number of full-time employees in the ZEA for the current tax year and four-year base period

Line 4 — Enter for each date specified of the current tax year the number of full-time employees (including full-time equivalents but excluding general executive officers) in the ZEA. Compute the average number of full-time employees including full-time equivalents for the current tax year in the same manner as line 2.

Line 5 — Enter for each date specified of the four-year period immediately preceding the first tax year in which the ZEA wage tax credit is claimed (that is, the four-year base period) the total number of full-time employees (including full-time equivalents but excluding general executive officers) in the area that currently constitutes the ZEA. Compute the average number of such employees for the four-year base period in the same manner as line 3.

The average number of full-time employees including full-time equivalents in the ZEA for the current tax year (line 4) must exceed the average number of full-time employees including full-time equivalents in the area that currently constitutes the ZEA for the

four-year base period (line 5). If line 4 does not exceed line 5, the taxpayer will **not** qualify to compute the ZEA wage tax credit in Schedule B for the current tax year. However, the taxpayer may claim as a ZEA wage tax credit for the current tax year any ZEA wage tax credit carryforward from a preceding tax year in Schedule C.

Schedule B — Computation of ZEA wage tax credit for the current tax year

If you meet the three eligibility requirements set forth in Schedule A of these instructions, compute the ZEA wage tax credit in Schedule B, Part I for qualified targeted employees and Part II for qualified employees.

Do not include in Schedule B any individual employed within the immediately preceding 60 months by a related person, as related person is defined in Internal Revenue Code (IRC) section 465(b)(3)(c), unless the related person never received a wage tax credit for that employee. For a definition of related person, see *Addendum* on page 5 of these instructions.

A seasonal business (a business that regularly operates for less than an entire tax year, such as a ski resort) that employs individuals full-time for at least three months of continuous duration may include such individuals in the employment number.

Part I — Computation of ZEA wage tax credit for qualified targeted employees

Line 6 — Enter for each date specified of the current tax year the number of qualified targeted employees (excluding general executive officers).

Add the number of qualified targeted employees for the current tax year and divide by the number of such dates (include "0" dates) occurring during the current tax year to obtain the average number of qualified targeted employees for the current tax year (see the example at line 2 instructions). Also complete Schedule B, Part IV.

Who do I include as qualified targeted employees?

A *qualified employee* for purposes of Part I is an employee who:

- is employed full time (see definition of full-time employment under Schedule A, Part II, line 2); and
- is a targeted employee (see definition below); and
- received EZ wages for more than half of the current tax year (see definition below); and
- received an hourly wage that is at least 135% of the minimum wage specified in section 652 of the Labor Law for more than half of the employee's period of employment during the current tax year; and
- is working in a job created in the ZEA since the ZEA was designated.

A *targeted employee* is a New York State resident who received EZ wages during the current tax year and who is **one or more** of the following:

- an eligible individual under the provisions of the Work Opportunity Credit (IRC section 51); or
- an individual eligible for benefits under the provisions of the Job Training Partnership Act (Public Law 97-300, as amended); or
- a recipient of public assistance benefits at any time during the previous two years; or
- an individual whose income is below the most recently established poverty rate promulgated by the U.S. Department of Commerce, Bureau of Census; or
- a member of a family whose family income is below the most recently established poverty rate promulgated by the U.S. Department of Commerce, Bureau of Census.

The Department of Labor (DOL) is required to provide a certificate verifying the targeted status of an individual for use by the employer seeking wage tax credits under the ZEA program. The Tax Department will only recognize Form ES 450, issued by the DOL, and signed by a DOL representative as proof of targeted status under the Wage Tax Credit program.

You must attach Form ES 450 for each employee claimed in Schedule B, Part I.

Any employee who qualified as a targeted employee at the time of initial employment will qualify as a targeted employee for subsequent years as long as he or she continues to receive EZ wages and remains a resident of New York State.

An employee received EZ wages *for more than half of the current tax year* when:

- the employee worked for a business that is certified under Article 18-B of the General Municipal Law; **and**
- for more than half of the current tax year:
 - the employee was employed by the ZEA business; and
 - the employee worked at the ZEA location; and
 - the business was located in the ZEA; and
 - the ZEA designation was in effect.

Example:

On March 1, 2003, a calendar-year taxpayer, located in a previously designated ZEA, applies for certification under Article 18-B of the General Municipal Law. The taxpayer is notified that such certification is effective September 1, 2003. For purposes of the ZEA wage tax credit, the taxpayer is deemed to have been certified as of January 1, 2003, the first day of the taxpayer's tax year in which the taxpayer applied for certification. The taxpayer files a tax return for the tax year January 1, 2003 through December 31, 2003. Assuming the taxpayer met the eligibility requirements on Schedule A, the taxpayer would include in Schedule B, Part I, line 6, and Part II, line 9, any qualified employees who received EZ wages for more than six months of the tax year January 1, 2003 through December 31, 2003. If the taxpayer filed a tax return for the short tax year September 1, 2003 through December 31, 2003, the taxpayer would include in Schedule B, Part I, line 6, and Part II, line 9, any qualified employees who received EZ wages for more than two months of the tax year September 1, 2003 through December 31, 2003.

Part II — Computation of ZEA wage tax credit for qualified employees not included in Schedule B, Part I

Line 9 — Enter for each date specified of the current tax year the number of qualified employees (excluding general executive officers).

A *qualified employee* for purposes of Part II is an employee who:

- is employed full time (see definition of full-time employment under Schedule A, Part II, line 2); and
- was not included in Schedule B, Part I, line 6; and
- received EZ wages for more than half of the current tax year (see definition in Schedule B, Part I, line 6); and
- is working in a job created in the ZEA since the ZEA was designated.

Add the number of qualified employees for the current tax year and divide by the number of such dates (include "0" dates) occurring during the current tax year to obtain the average number of qualified employees for the current tax year (see the example under instructions for line 2). Also complete Schedule B, Part V.

Part III — Computation of ZEA wage tax credit for the current year

Line 13 — Enter the amount of the pro rata share of ZEA wage tax credit passed through to you from a partnership or other pass-through entity and provide the information requested in Schedule B, Part VI.

Line 14 — General business, banking, and insurance corporations: enter the amount from line 14 on line 16.

New York S corporations: transfer the line 14 amount to Form CT-34-SH. A New York S corporation is not required to complete Form CT-601.1, lines 15 through 31. Shareholders of the New York S corporation compute their pro rata share of the ZEA wage tax credit, carryforward, and refund of the ZEA wage tax credit on Form IT-601.1.

All filers: If you computed a ZEA wage tax credit on line 12, you must complete the additional information requested in Schedule B, Parts IV and V.

Schedule C — Computation of the ZEA wage tax credit allowed for the current tax year

A taxpayer may claim any available ZEA wage tax credit carryforward from a preceding tax year in Schedule C even if the taxpayer was not allowed to compute the ZEA wage tax credit in Schedule B, Parts I and II. A ZEA wage tax credit carryforward in Schedule C is available until used.

Note: A taxpayer that is certified in more than one ZEA must meet the requirements in schedule A for each qualifying zone and compute the credit for each ZEA on a separate Form CT-601.1. The credits must then be combined prior to applying the limitations below.

The ZEA wage tax credit allowed in Schedule C (including any ZEA wage tax credit carryforward) is **limited to** the following:

- 50% of the tax imposed under Article 9-A, General Business Corporations, before the addition of the MTA surcharge or the deduction of any tax credit; **or**
- 50% of the tax imposed under section 1455 of Article 32, Banking Corporations, before the addition of the MTA surcharge or the deduction of any tax credit; **or**
- for **life insurance** corporations, 50% of the lesser of:
 - the tax computed under section 1505(a) of Article 33; **or**
 - the **greater** of the sum of taxes imposed under sections 1501 and 1510, **or** the tax computed under section 1505(b) of Article 33, before the addition of the MTA surcharge or the deduction of any tax credit.
- for **non-life insurance** corporations, 50% of the taxes imposed under sections 1502-a of Article 33 before the addition of the MTA surcharge or the deduction of any tax credit.

In addition, the ZEA wage tax credit allowed in Schedule C (including any ZEA wage tax credit carryforward) **may not be** applied against the following taxes:

- the larger of the tax on minimum taxable income base or fixed dollar minimum tax as computed under Article 9-A; **or**
- the fixed minimum tax of \$250 computed under Article 32; **or**
- the minimum tax of \$250 under Article 33; **or**
- the metropolitan transportation business tax (MTA surcharge) under Articles 9-A, 32 or 33.

Any portion of the ZEA wage tax credit disallowed in Schedule C as a result of the above limitations may be carried forward on subsequent tax returns.

Line 15 — Enter the amount of the ZEA wage tax credit carryforward from the tax year immediately preceding the current tax year (from Schedule C).

Qualified new businesses who received a refund of the wage tax credit in the previous year should use the amount of carryforward after the refund as computed on Schedule D of your prior year's ZEA wage tax credit form.

Line 16 — Enter the ZEA wage tax credit computed for the current tax year as shown on line 14. Enter "0" if you did not compute a ZEA wage tax credit on Schedule B for the current tax year.

Line 18 — Enter the current year's tax after the addition of the tax on subsidiary capital and before the deduction of any tax credit or addition of the MTA surcharge. The ZEA wage tax credit cannot be applied against the MTA surcharge.

Article 9-A taxpayers: enter tax shown on Form CT-3, line 78 or Form CT-3-A, line 77.

Article 32 taxpayers: enter tax shown on Form CT-32, line 5 or Form CT-32-A, Schedule A, line 5.

Article 33 taxpayers: enter tax shown on Form CT-33, line 9a or line 10, whichever is less; or Form CT-33-NL, line 5; or Form CT-33-A, line 10 or line 14, whichever is less.

Line 20 — Article 33 taxpayers: enter tax shown on Form CT-33, line 9a; Form CT-33-NL, line 5; or Form CT-33-A, line 10.

Line 21 — If you are claiming more than one tax credit for this tax year, enter the amount of the tax credit(s) claimed before the ZEA wage tax credit. Refer to your corporation franchise tax return for the order of credit that applies. Article 9-A taxpayers, refer to Form CT-600, *Ordering of Corporation Tax Credits*. Otherwise enter "0" on line 21.

Line 23 — Enter the tax limitation to which the ZEA wage tax credit cannot be applied.

Line 25 — Enter the ZEA wage tax credit limitation for the current tax year, which is the lesser of line 19 or line 24.

Line 26 — Article 9-A taxpayers: transfer the line 26 amount to Form CT-3, line 100a; or Form CT-3-A, line 101a.

Article 32 taxpayers: transfer the line 26 amount to Form CT-32, line 178 or Form CT-32-A, Schedule A, line 211.

Article 33 taxpayers: transfer the line 26 amount to Form CT-33, line 104, Form CT-33-NL, line 49, or Form CT-33-A, line 119.

Line 27 — To determine the unused ZEA wage tax credit, which can be carried forward to future years, subtract line 26 from line 17. Any portion of ZEA wage tax credit (including any wage tax credit from a preceding tax year) that is disallowed in the current tax year as a result of the limitations may be carried forward, except for wage tax credit that is refundable in Schedule D below. If line 26 is equal to or larger than line 17, enter "0."

Schedule D — Computation of refundable ZEA wage tax credit

For tax years beginning on or after January 1, 1994, an Article 9-A taxpayer qualifying as a new business under section 210.12(j) may elect to treat 50% of the ZEA wage tax credit available as a carryforward to following years as an overpayment to be refunded or credited.

New business under Article 9-A, section 210.12(j), means any corporation **except:**

- a corporation in which over 50% of the number of shares of stock entitling their holders to vote for the election of directors or trustees is owned or controlled either directly or indirectly by a taxpayer subject to tax under Article 9-A; Article 9 section 183, 184, 185, or 186; Article 32; or Article 33 of the Tax Law; **or**

— a corporation that is substantially similar in operation and in ownership to a business entity taxable, or previously taxable, under Article 9-A; Article 9 section 183, 184, 185, or 186; Article 32; Article 33; or Article 23 of the Tax Law, or that would have been subject to tax under Article 23, as such article was in effect on January 1, 1980; **or** the income or losses of which are or were includable under Article 22 of the Tax Law, whereby the intent and purposes of section 210.19(e) with respect to refunding of credit to new businesses would be evaded; **or**

— a corporation that has been subject to tax under Article 9-A for more than five tax years (excluding short periods).

A shareholder of an S corporation shall be treated as the owner of a new business if the S corporation qualifies as a new business under Tax Law section 210.12(j) as defined above.

Line 28 — If you qualify as a new business and elect to receive a refund, enter the lesser of line 16 or line 27. Once made, the election may not be revoked. Interest will not be paid on any overpayment of tax refunded on line 30.

Line 30 — Article 9-A taxpayers: include the ZEA refundable wage tax credit on Form CT-3, line 99 or Form CT-3-A, line 100.

Taxpayers not eligible for the refundable wage tax credit: enter "0" on line 30.

Addendum

Related persons include:

- members of a family, but only brothers and sisters, half-brothers and half-sisters, a spouse, ancestors (parents, grandparents, etc.), and lineal descendants (children, grandchildren, etc.);
- two corporations that are members of the same controlled group of corporations determined by applying a 10% ownership test;
- the fiduciaries of two different trusts, or the fiduciary and beneficiary of two different trusts, if the same person is the grantor of both trusts;
- a tax-exempt educational or charitable organization and a person who directly or indirectly controls it (or a member of whose family controls it);
- a corporation and an individual who owns directly or indirectly more than 10% of the value of the outstanding stock of the corporation;
- a trust fiduciary and a corporation of which more than 10% in value of the outstanding stock is owned directly or indirectly by or for the trust or by or for the grantor of the trust;
- the grantor and fiduciary, or the fiduciary and beneficiary, of any trust;
- a corporation and a partnership if the same persons own over 10% in value of the outstanding stock of the corporation and more than 10% of the capital interest or the profits in the partnership;
- two S corporations if the same persons own more than 10% in value of the outstanding stock of each corporation;
- an S corporation and a regular corporation if the same persons own more than 10% in value of the outstanding stock of each corporation;
- a partnership and a person who owns directly or indirectly more than 10% of the capital or profits of the partnership;

- two partnerships if the same persons own more than 10% of the capital or profits of each;
- two persons who are engaged in business under common control; and
- an executor of an estate and a beneficiary of that estate.

To determine the direct or indirect ownership of the outstanding stock of a corporation, apply the following rules:

1. Stock owned directly or indirectly by or for a corporation, partnership, estate, or trust is considered owned proportionately by or for its shareholders, partners, or beneficiaries.
2. Stock owned directly or indirectly by or for an individual's family is considered owned by the individual. The family of an individual includes only brothers and sisters, half-brothers and half-sisters, a spouse, ancestors, and lineal descendants.
3. Any stock in a corporation owned by an individual (other than by applying rule 2) is considered owned directly or indirectly by the individual's partner.

When applying rule 1, 2, or 3, stock considered owned by a person under rule 1 is treated as actually owned by that person. However, if a person constructively owns stock because of rule 2 or 3, he or she does not own the stock for purposes of applying either rule 2 or 3 to make another person the constructive owner of the same stock.

Privacy notification

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

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

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

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

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

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