



# Instructions for Form CT-186-P

# CT-186-P-1

## Utility Services Tax Return – Gross Income

### Tax Law – Article 9, Section 186-a

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

#### Up-to-date information affecting your tax return

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

#### Changes for 2009

**More collection options for New York State** — If you owe unpaid debt to New York State, we are now able to collect your debt by taking money from, or offsetting, payments owed you by the federal government or by another state. Reciprocal offset agreements also allow the federal government, as well as other states, to collect delinquent non-tax debt by offsetting payments owed you by New York State.

**Credit or refund form is obsolete** — Effective January 1, 2009, and applicable to all open tax periods, Form CT-8, *Claim for Credit or Refund of Corporation Tax Paid*, can no longer be used. For further information, see Important Notice, N-09-2, *Form CT-8, Claim for Credit or Refund of Corporation Tax Paid, and Form CT-9, Claim for Tentative Refund Based Upon Carryback of Net Operating Loss, Are Obsolete*.

**Increase in the mandatory first installment (MFI) of estimated tax** — The Tax Law was amended to provide an increase in the MFI for taxpayers, other than life insurance corporations filing Form CT-33, *Life Insurance Corporation Franchise Tax Return*, or CT-33-A, *Life Insurance Corporation Combined Franchise Tax Return*, and continuing section 186 taxpayers filing Form CT-186, *Utility Corporation Franchise Tax Return*, whose preceding year's tax, exclusive of the metropolitan transportation business tax (MTA surcharge), exceeded \$100,000. For tax years beginning on or after January 1, 2010, those taxpayers are required to pay a first installment equal to 40% of the preceding year's tax. Additionally, taxpayers who are required to pay their MFI at the 40% rate and are subject to the MTA surcharge are also required to calculate their estimated tax for the MTA surcharge at 40% of the preceding year's MTA surcharge. The remaining three estimated tax payments are to be adjusted so that the total payments do not exceed 100% of the estimated tax due. The MFI of estimated tax and estimated MTA surcharge remains at 25% of the preceding year's tax and tax surcharge, respectively, for those taxpayers whose preceding year's tax exceeded \$1,000, but was less than or equal to \$100,000.

**Fee for payments returned by banks** — A new law allows the Tax Department to charge a \$50 fee when a check, money order, or electronic payment is returned by a bank for nonpayment. However, if an electronic payment is returned as a result of an error by the bank or the department, the department won't charge the fee. If your payment is returned, we will send a separate bill for \$50 for each return or other tax document associated with the returned payment.

#### General information

**Who must file Form CT-186-P** — Every utility doing business in New York State that is subject to the supervision of the New York State Department of Public Service that transports, transmits, or distributes gas or electricity, by means of mains, pipes, or wires for ultimate consumption or use by the purchaser in this state must file this form. *Utilities* include persons, corporations, companies, associations, joint stock associations, partnerships, estates, assignees of rents, persons acting in a fiduciary capacity, and persons, their assignees, lessees, trustees, or receivers, appointed

by any court, that are subject to the supervision of the New York State Department of Public Service. Utilities that do not have any receipts from the transportation, transmission, or distribution of gas or electricity are not required to file this return.

The following taxpayers are required to file Form CT-186-P:

- A. All municipalities, political and civil subdivisions, and public districts that transport, transmit, or distribute gas or electricity must file. Do not include as taxpayers those described under *Exemption from tax*, item 2.
- B. All municipalities engaged in the transportation, transmission, or distribution of electricity must file. Do not include as taxpayers those described under *Exemption from tax*, item 3.

A utility subject to section 186-a that has gross income of less than \$500 for the tax year ending December 31 is exempt from the payment of the tax under this section, but must still file a return. For additional information, see the instructions for lines 3 and 4.

**Voluntary Disclosure and Compliance Program** — A Voluntary Disclosure and Compliance Program has been established. The program provides relief from certain penalties and criminal prosecution to eligible taxpayers who come forward and reveal previously undisclosed liabilities.

**Electronic filing and electronic payment mandate** — Certain tax preparers using tax software to prepare tax documents, and certain taxpayers preparing their own tax documents using tax software, must, for the applicable calendar year and all succeeding calendar years, e-file all documents authorized by the Commissioner to be e-filed. Any tax liability or other amount due required to be paid with a tax document that must be e-filed must also be e-paid.

#### Other forms you may have to file

**Reporting requirements for tax shelters** — The Tax Law requires taxpayers to report information about transactions that present the potential for tax avoidance (tax shelters). There are separate reporting requirements for those who use tax shelters and for those who promote the use of tax shelters. For the most recent information on these reporting requirements visit our Web site.

**Excise tax on telecommunication services** — If you are a telephone or telegraph company or other provider of telecommunication services, even if those services are not your primary business, **do not** file this form. File Form CT-186-E, *Telecommunications Tax Return and Utility Services Tax Return*, instead to report the tax imposed by sections 186-a and 186-e.

**Exemption from tax** — The following are exempt from taxation under section 186-a and **do not** have to file Form CT-186-P:

1. New York State, municipalities, political and civil subdivisions of New York State, or municipal and public districts, when selling or furnishing steam, water, or refrigeration service.
2. Municipalities, political and civil subdivisions, and public districts that sell or furnish gas, electricity, and gas or electric service, including the sale of the transportation, transmission, or distribution of gas or electricity, if they own and operate facilities used to generate electricity or distribute electricity or gas, and then sell or distribute such electricity or gas solely at retail within their jurisdiction.
3. Municipalities engaged in the retail sale of electricity or the transportation, transmission, or distribution of electricity, when all such electricity has been generated solely by and purchased solely from New York State or a public authority of New York State (for example, New York State Power Authority).
4. Not-for-profit corporations and associations described in Tax Law section 1116(a)(4), organized and operated exclusively for religious, charitable, or educational purposes, when the organization resells gas or electricity, or gas or electric

service, as landlord to its tenants in buildings owned by the organization.

5. A corporation leasing from a city in New York State a water works system to supply water at cost to relieve water pollution in a river within that city.
6. Limited dividend housing corporations organized under the Private Housing Finance Law.

**When and where to file** — You must report gross income on a calendar-year basis to New York State, even if you maintain your records and report to the Internal Revenue Service (IRS) using a fiscal accounting period.

This return is due on March 15, following the close of each calendar year. If March 15 falls on a Saturday, Sunday, or legal holiday, the return is due on the next business day.

Mail your return to: **NYS CORPORATION TAX  
PROCESSING UNIT  
PO BOX 22038  
ALBANY NY 12201-2038**

**Private delivery services** — If you choose, you may use a private delivery service, instead of the U.S. Postal Service, to mail in your form and tax payment. However, if, at a later date, you need to establish the date you filed or paid your tax, you cannot use the date recorded by a private delivery service **unless** you used a delivery service that has been designated by the U.S. Secretary of the Treasury or the Commissioner of Taxation and Finance. (Currently designated delivery services are listed in Publication 55, *Designated Private Delivery Services*. See *Need help?* for information on obtaining forms and publications.) If you have used a designated private delivery service and need to establish the date you filed your form, contact that private delivery service for instructions on how to obtain written proof of the date your form was given to the delivery service for delivery. If you use **any** private delivery service, whether it is a designated service or not, send the forms covered by these instructions to: State Processing Center, 431C Broadway, Albany NY 12204-4836.

**Extension of time for filing tax return** — If you cannot meet the filing deadline, you may request an extension of time by filing Form CT-5.9, *Request for Three-Month Extension to File*, on or before the due date of the return for which you are requesting the extension, and paying any amount you estimate to be due. An extension of time granted by the IRS to file a federal tax return does not extend the due date for filing Form CT-186-P.

**Final return** — Mark an **X** in this box if this is the last return you intend to file because you have ceased doing business.

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

An amended New York State return requesting a credit or refund must be filed within three years of the time the original return was filed or within two years of the time the tax was paid, whichever is later; or, if no return was filed, within two years of the time the tax was paid. For additional limitations on credits or refunds, see Tax Law section 1087.

**Employer identification number, file number, and other identifying information** — Enter your employer identification number and file number. If you use a paid preparer or accounting firm, make sure they use your complete and accurate identifying information when completing all forms.

**Business information** — Enter the corporation's business information at the top of the first page. Be sure to enter the corporation's mailing name if different from its legal name.

If you need to update your corporation tax address or phone information, you can do so online. Visit our Web site at [www.nystax.gov](http://www.nystax.gov) and look for the change my address option. Otherwise, enter your new address and/or phone number in the appropriate area of your return and mark an **X** in the box under the address. Do not mark an **X** in this box if your address and/or phone number is new since your last filing but was already updated online, or for any change of business information other

than your address and/or phone number. Once your corporation tax information is updated online, you do not need to indicate a change of address on any corporation tax forms submitted to the Tax Department (or for any forms for tax types you select to be updated in addition to corporation tax).

If you prefer to change this information by form, use Form DTF-96, *Report of Address Change for Business Tax Accounts*. You must report other changes (such as business name or ID number) on Form DTF-95, *Business Tax Account Update*. You can get these forms from our Web site, by fax, or by phone (see *Need help?*).

**Maintenance fee for foreign corporations** — If you are a *foreign corporation* (a corporation organized outside of New York State) authorized to do business in New York State under Business Corporation Law, Article 13 or 15-A, you must pay an annual maintenance fee of \$300. If you do not pay this fee or its equivalent in New York State corporation taxes and MTA surcharges, your authorization to do business in New York State may be annulled. Payments of New York State corporation taxes (including the MTA surcharge) under Articles 9, 9-A, and 32 are counted as payments toward the \$300 annual maintenance fee. However, the license fee reported on Form CT-240, *Foreign Corporation License Fee Return*, is not considered corporation tax and cannot be considered as a payment toward the maintenance fee.

If the total of corporation taxes and MTA surcharges paid on 2009 tax returns is less than \$300, compute the amount necessary to equal the \$300 maintenance fee and add that amount to the tax due on your franchise tax return.

**Foreign corporations – license fee** — Foreign corporations doing business in New York State must also file Form CT-240 whether or not they are authorized to do business in New York State. Form CT-240 must be filed with the corporation's first franchise tax return or if the capital stock employed in New York State has increased since the last license fee return was filed.

**MTA surcharge** — Any corporation taxable under Article 9, section 186-a, that does business in the Metropolitan Commuter Transportation District (MCTD) must file Form CT-186-P/M and pay an MTA surcharge on business done in the Metropolitan Transportation Authority region. The MCTD includes the counties of New York, Bronx, Queens, Kings, Richmond, Dutchess, Nassau, Orange, Putnam, Rockland, Suffolk, and Westchester.

Corporations not doing business in the MCTD must disclaim liability for the MTA surcharge by marking an **X** in the *No* box on page 1 of Form CT-186-P. They are not required to file Form CT-186-P/M.

**Whole dollar amounts** — You may elect to show amounts in whole dollars rather than in dollars and cents. Round any amount from 50 cents through 99 cents to the next higher dollar. Round any amount less than 50 cents to the next lower dollar.

**Negative amounts** — Show any negative amounts with a minus (-) sign.

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

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

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

### Specific instructions

**Line A** — Make your check or money order payable in United States funds. We will accept a foreign check or foreign money order only if payable through a United States bank or if marked **Payable in U.S. funds**.

## Computation of tax

### Computation of gross receipts from the transportation, transmission, or distribution of gas and electric service

*Gross income* means receipts received as a result of any sale (conditional or otherwise) made or service rendered for ultimate consumption or use by the purchaser. This includes cash credits and property of any kind without any deductions for the cost of property sold, the cost of materials used, labor, services, or other costs, interest or discount paid, or any other expenses.

**Line 2** — Allowable exclusions from receipts on line 1:

- Receipts from sales of transportation, transmission, or distribution of gas or electricity by means of conduits, mains, pipes, wires, lines, or similar means to any of the following:
  - A utility (excluding a public authority) supervised by New York State or another jurisdiction when an element of such supervision includes rate regulation; or
  - A municipality that owns and operates facilities that are used to generate or distribute electricity or distribute gas and that distributes and sells this electricity or gas solely at retail, solely within its jurisdiction; or
  - A public authority of New York State when that public authority is primarily engaged in the generation and transmission or distribution of electricity or gas and at least 95% of the assets are so devoted.
- Receipts from sales of transportation, transmission, or distribution of electricity to a municipality when the electricity being transported has been purchased by that municipality, and has been generated solely by and purchased solely from New York State or a public authority of New York State (for example, New York State Power Authority), and when the municipality sells solely at retail, solely within its jurisdiction, the electricity being transported, transmitted, or distributed.
- Receipts from sales of transportation, transmission, or distribution of gas or electricity to not-for-profit corporations and associations organized and operated exclusively for religious, charitable, or educational purposes, described in Tax Law section 1116(a)(4), when that organization resells the transportation, transmission, or distribution as part of a bundled gas or electric service as landlord to its tenants in buildings owned by that organization.

In addition, 100% of your receipts received from nonresidential customers representing the receipts from the transportation, transmission, or distribution of gas or electricity must be excluded from gross income.

The term *nonresidential customers* means those customers whose use of gas, electricity, or gas or electric service **does not** qualify for the reduced rate of sales and compensating use tax on residential gas, electricity, or gas or electric service, under Tax Law section 1105-A.

### Computation of tax on gross income

**Lines 3 and 4** — The tax rate on gross income for line 4 is 2% (.02). If the receipts on line 3 are less than \$500, you are exempt from the payment of tax under section 186-a. However, you are required to complete and file Form CT-186-P. Enter **0** on line 4.

**Line 5** — Enter the amount of tax credits that you are claiming. Attach Forms CT-243, *Claim for Biofuel Production Credit*, CT-249, *Claim for Long-Term Care Insurance Credit*, and CT-631, *Claim for Security Officer Training Tax Credit*, to your return, if applicable.

**Line 7** — Enter the amount of the power for jobs tax credit that you are claiming. A power for jobs tax credit is available to qualified electric corporations that are local distribution companies during calendar years 1997 through 2010. To claim the power for jobs tax credit, you must attach to Form CT-186-P a certificate from the Department of Public Service verifying the correctness of the calculation of the tax credit shown on this return. The power for jobs tax credit does not apply to the MTA surcharge (Form CT-186-P/M).

**Line 10 — First Installment of estimated tax for the next period** — If you did not file Form CT-5.9, *Request for Three-Month*

*Extension to File*, and the tax amount shown on line 8 is more than \$1,000, you must pay a mandatory first installment of estimated tax for the next tax period. If the amount on line 8 is more than \$1,000 but not more than \$100,000, enter 25% (.25) of the total tax amount shown on line 8. If you did not file Form CT-5.9 and the tax on line 8 exceeds \$100,000, enter 40% (.40) of the amount on line 8.

**Additional installments of estimated tax (Form CT-400)** — If you expect your tax for the next period to exceed \$1,000, you must file Form CT-400 or Form CT-400-MN, *Estimated Tax for Corporations*, and pay the additional installments of estimated tax due on June 15, September 15, and December 15.

**Line 14** — Form CT-222, *Underpayment of Estimated Tax by a Corporation*, 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 Tax Law section 1085(d).

**Line 15** — If you do not pay the tax on or before the original due date (**without** regard to any extension of time for filing) you must pay interest on the amount of the underpayment from the original due date to the date paid. Exclude from the interest computation any amount shown on line 9 or 10. You may visit our Web site or call the Tax Department for the current interest rate or to have the interest computed for you. See *Note*.

**Line 16** — 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). Exclude from the penalty computation any amount shown on line 9 or 10.

- A. If you do not file a return when due, or if the request for extension is invalid, add to the tax 5% (.05) per month up to 25% (.25) (section 1085(a)(1)(A)).
- B. If you do not file a return within 60 days of the due date, the addition to tax in item A cannot be less than the smaller of \$100 or 100% of the amount required to be shown as tax (section 1085(a)(1)(B)).
- C. If you do not pay the tax shown on a return, add to the tax ½% (.005) per month up to 25% (.25) (section 1085(a)(2)).
- D. The total of the additional charges in item A and C may not exceed 5% (.05) for any one month, except as provided for in item B above (section 1085(a)).

If you think you are not liable for these additional charges, attach a statement to your return explaining the delay in filing, payment, or both (section 1085).

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

### Line 18 — Collection of debts from your refund or overpayment

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

A New York State agency includes any state department, board, bureau, division, commission, committee, public authority, public benefit corporation, council, office, or other entity performing a governmental or proprietary function for the state or a social services district. We will refund or apply as an overpayment any amount over your debt.

The Tax Department is authorized to charge the taxpayer, as part of the taxpayer's tax debt, any cost or fee imposed or charged by the United States, or any state, for the payment or remittance of a taxpayer's overpayment to satisfy a New York State tax debt.

If you have any questions about whether you owe a past-due, legally enforceable debt to a state agency, or to another state, or whether you owe a New York City tax warrant judgment debt, contact the state agency, the other state, or the New York City Department of Finance.

For New York State tax liabilities only, call (518) 457-5434 (in-state callers without free long distance call 1 800 835-3554) or write to: NYS Tax Department, Collections and Civil Enforcement Division, W A Harriman Campus, Albany NY 12227.

**Lines 23 and 24** — The security officer training tax credit and the biofuel production credit are refundable. Any unused credit may be refunded or credited using lines 23 and 24. No interest is payable on any refund or credit allowed.

### Composition of prepayments claimed on line 12

If you need more space, write **see attached** in this section and attach a separate sheet showing all relevant prepayment information. Transfer the total to line 32, *Total prepayments*.

### Third-party designee

If you want to authorize another person (third-party designee) to discuss this tax return with the New York State Tax Department, mark an **X** in the *Yes* box in the *Third-party designee* area of your return. Also **print** the designee's name, phone number, and any five-digit number the designee chooses as his or her personal identification number (PIN). If you want to authorize the paid preparer who signed your return to discuss the return with the Tax Department, **print** the preparer's name in the space for the designee's name and enter the preparer's phone number in the space for the designee's phone number. You do not have to provide the other information requested. If you do not want to authorize another person, mark an **X** in the *No* box.

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

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

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

You cannot change the PIN. The authorization will automatically end on the due date (without regard to extensions) for filing your next year's tax return.

### Privacy notification

The Commissioner of Taxation and Finance may collect and maintain personal information pursuant to the New York State Tax Law, including but not limited to, sections 5-a, 171, 171-a, 287, 308, 429, 475, 505, 697, 1096, 1142, and 1415 of that Law; and may require disclosure of social security numbers pursuant to 42 USC 405(c)(2)(C)(i).

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

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

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

This information is maintained by the Manager of Document Management, NYS Tax Department, W A Harriman Campus, Albany NY 12227; telephone (518) 457-5181.

## Need help?



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



**Fax-on-demand forms:** Forms are available 24 hours a day, 7 days a week. 1 800 748-3676



**Telephone assistance** is available from 8:00 A.M. to 5:00 P.M. (eastern time), Monday through Friday.  
**Corporation Tax Information Center:** (518) 485-6027  
In-state callers without free long distance: 1 888 698-2908  
To order forms and publications: (518) 457-5431  
In-state callers without free long distance: 1 800 462-8100



**Text Telephone (TTY) Hotline** (for persons with hearing and speech disabilities using a TTY): If you have access to a TTY, contact us at 1 800 634-2110. If you do not own a TTY, check with independent living centers or community action programs to find out where machines are available for public use.



**Persons with disabilities:** In compliance with the Americans with Disabilities Act, we will ensure that our lobbies, offices, meeting rooms, and other facilities are accessible to persons with disabilities. If you have questions about special accommodations for persons with disabilities, call the information center.