



Instructions for Form CT-186

Utility Corporation Franchise Tax Return

For continuing section 186 taxpayers only
(certain independent power producers)

Tax Law – Article 9, Section 186

CT-186-I

New for 2024

For a detailed list of what's new, including a summary of tax law changes, visit our website at www.tax.ny.gov (search: 2024).

Form CT-1, Supplement to Corporation Tax Instructions

This form is for general instructions that apply to all corporation tax forms. It includes a variety of topics about how to fill out your form (for example, entry formats and third-party designee), filing and payment information (such as when Form CT-200-V is required), collection options that we may take, tax shelter information, and your rights under the Tax Law. Form CT-1 also has our contact information if you need help, and our privacy notification.

For details, visit our website at www.tax.ny.gov (search: CT-1).

Note: All citations are to New York State Tax Law sections unless specifically noted otherwise.

General information

A corporation is a *continuing section 186 taxpayer*, if it was:

- subject to Tax Law § 186 on December 31, 1999, and elected to remain subject to § 186;
- primarily engaged in the business of co-generation for a tax year ending on December 31, 1999; **and**
- subject to Tax Law § 186, but **not** § 186-a, for the tax year ending on December 31, 1999; **and**
- a party to a total output contract as of January 1, 2000.

A continuing section 186 taxpayer may make an irrevocable election to be taxed as an Article 9-A taxpayer instead. To make this irrevocable election, you must file Form CT-3, *General Business Corporation Franchise Tax Return*, or Form CT-3-S, *New York S Corporation Franchise Tax Return*.

For additional information, see Laws of 2000, Chapter 63.

Who must file

To report income for a continuing section 186 corporation and pay any balance due, you must file Form CT-186, *Utility Corporation Franchise Tax Return*. You **must** report income for the calendar year even if you maintain your records and report to the Internal Revenue Service (IRS) using a fiscal accounting period.

To calculate the tax on gross earnings received from the employment of capital, plus the tax on dividends paid, for the tax year January 1 to December 31, see *Line instructions*.

When and where to file

You **must** file this return on or before March 15, following the close of the 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
PO BOX 15181
ALBANY NY 12212-5181

Private delivery services

If not using U.S. Mail, see Publication 55, *Designated Private Delivery Services*.

Extension of time for filing tax return

You may request an extension of time by filing Form CT-5.6, *Request for Three-Month Extension to File Form CT-186*, on or before the original due date. Most corporation taxpayers are **required** to file their extensions electronically.

Note: 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.

Final return

Note: If you are **only** changing the type of return that you file (for example, from Form CT-186 to Form CT-3 or Form CT-3-S), **do not** mark the *Final return* box.

If you are filing a final tax return for one of the following reasons, mark an **X** in the *Final return* box on page 1 of the return, under the form number:

- voluntary dissolution of a New York State corporation (New York Business Corporation Law § 1003)
- surrender of authority by a foreign corporation (New York Business Corporation Law § 1310)
- merger or consolidation (New York Business Corporation Law §§ 904, 905, and 907)
- disposition of assets of a New York State corporation (New York Business Corporation Law § 909(d))
- termination of existence of a foreign corporation (New York Business Corporation Law § 1311)
- liquidation under Internal Revenue Code (IRC) §§ 332, 334, and 337

In the case of a merger or consolidation, only the **nonsurviving corporation** should use the *Final return* box.

If your business is terminated with the Department of State **and** the return covers the tax period from the last return filed to the date of the termination, you must treat the return as a final return.

Amended return

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

To request a refund, you **must** file an amended New York State return 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 § 1087.

Other forms you may have to file

Independently procured insurance tax

Form CT-33-D, Tax on Premiums Paid or Payable To an Unauthorized Insurer For Taxable Insurance Contracts with an Effective Date on or after July 21, 2011: 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, *Tax on Premiums Paid or Payable To an Unauthorized Insurer For Taxable Insurance Contracts with an Effective Date on or after July 21, 2011*. For more information, see Tax Law, Article 33-A.

Voluntary dissolution of a domestic corporation

A *domestic corporation* (incorporated in New York State) is generally liable for corporate franchise taxes for each fiscal or calendar year, or part thereof, during which it is incorporated, regardless of whether it carries on any activity.

Example: *A person who intends to go into business organizes a new corporation under the New York Business Corporation Law for the purpose of operating the new business as a corporation. However, the business is never started, and the corporation never conducts any business. Under these circumstances, the corporation would usually be liable for franchise taxes for each tax year until it is formally dissolved with the Department of State.*

For information on voluntary dissolution, visit our website at www.tax.ny.gov (search: *dissolution*).

Surrender of authority by a foreign business corporation

A *foreign corporation* (incorporated outside of New York State) may surrender its authority to conduct business in New York State. However, the foreign corporation is liable for franchise taxes during the period in which it does business, employs capital, owns, or leases property, or maintains an office within New York State. For information on surrender of authority, visit our website at www.tax.ny.gov (search: *surrender*).

Important identifying information

When preparing your corporation tax forms, be sure to accurately complete the corporation's identifying information (employer identification number [EIN] and file number) including your current address. If you use a paid preparer or accounting firm, verify your complete and accurate identifying information on each completed form. Keep a record of your identifying information for future use.

MTA surcharge

Any corporation subject to Tax Law § 186 that does business in the Metropolitan Commuter Transportation District (MCTD) must file Form CT-186- M, *Utility Corporation MTA Surcharge Return*, 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.

Line instructions

Line A

Make your check or money order payable in U.S. 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 6b

Mark an **X** in all appropriate boxes and enter the total amount of tax credits claimed. Attach the form for each credit you're claiming to your return. If you are claiming a credit for which there is no box, mark an **X** in the *Other credits* box, and attach the appropriate forms. Generally, the *Other credits* box is used

only when a credit form for a newly enacted tax credit was not developed in time to appear on the return.

You may use these credits to reduce your tax. However, you cannot reduce your tax below the minimum tax.

If more than one of these credits applies, you may use them in any order you choose.

Line 8b

If you did not file Form CT-5.6 and the amount on line 7 (net franchise tax) is more than \$1,000, you must pay a 25% (0.25) mandatory first installment of estimated tax for the period following the period covered by the return.

Use Form CT-400, *Estimated Tax for Corporations*, to file and pay the additional installments of estimated tax for the next period. If you expect the franchise tax for the next period to exceed \$1,000, you must file additional installments of estimated tax on June 15, September 15, and December 15.

Line 12

To inform the Tax Department that the corporation meets one of the exceptions to reduce or eliminate the underpayment of estimated tax pursuant to Tax Law § 1085(d), use Form CT-222, *Underpayment of Estimated Tax by a Corporation*.

Line 13

If you do not pay the franchise 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 amounts shown on line 8a or 8b from the interest calculation.

Line 14

Calculate additional charges for late filing and late payments on the amount of franchise tax, minus any payment made on or before the due date (with regard to any extension of time for filing). Exclude amounts shown on line 8a or 8b from the penalty calculation.

- A. If you do not file a return when due, or if the application for extension is invalid, add 5% (.05) per month up to 25% (0.25), to the tax (§ 1085(a)(1)(A)).
- B. If you do not file a return within 60 days of the due date, the additional charge from item A above must be the greater 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, add to the tax ½% (.005) per month up to 25% (0.25) (§ 1085(a)(2)).
- D. The total of the additional charges in items A and C cannot exceed 5% (.05) for any one month, except as provided for in item B above (§ 1085(a)).

If you believe you are not subject to these additional charges, attach a statement to your return explaining the delay in filing, payment, or both.

Note: You may calculate your penalty and interest online (visit www.tax.ny.gov and search: *penalty*) or you may call and we will calculate the penalty and interest for you (see *Need help?* in Form CT-1).

Line 20b

If you are claiming a refund of unused tax credits, enter the refund amount and attach all appropriate tax credit forms. Do **not** include the refund amount on line 6b.

Line 20c

If you are applying an amount of unused tax credits as an overpayment to the next tax period, enter that amount and attach all appropriate tax credit forms. Do **not** include the overpayment amount on line 6b.

Schedule A: Calculation of gross earnings tax and allocation percentage

On lines 21 through 24, enter gross earnings attributable to New York State in column A and total gross earnings everywhere in column B.

Gross earnings are all receipts from the employment of capital, without any deductions.

Do not take a deduction relating to a financial resource asset unless you attach to Form CT-186 a certificate issued by the New York State Department of Public Service verifying this deduction.

General City Law Article 2-l provides for certain rebates of charges for energy in revitalization areas of New York City. However, you cannot reduce the amount of the gross receipts subject to tax under Tax Law § 186 based on anything in Article 2-l.

If you are paying the minimum tax, you must also complete schedule A.

Schedule B: Calculation of allocated dividend tax**Line 30**

The *actual amount of paid-in capital* is that part of the equity that was invested in the business enterprise by shareholders.

Line 31

If dividends are paid once a year, include the value of the paid-in capital on the declaration date.

If dividends are declared and paid more than once a year, average the value of paid-in capital on which these dividends were paid as follows:

1. Calculate the value of paid-in capital on each declaration date.
2. Divide by the number of dividend dates.

For more information about calculation of the tax on dividends, see TSB-M-82(8)C, *Tax on Dividends for Section 186 of Article 9*.

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.
