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

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Corporation Tax
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1979 Legislation
Regulated Investment Companies

Chapter 500 of the Laws of 1979 has amended Article 9-A of the Tax Law by adding a new subdivision 7 to section 209.

Section 209.7 provides that a "regulated investment company", as defined in section 851, and taxable under section 852 of the Internal Revenue Code, shall pay the tax imposed on entire net income by section 210.1(a)(1) of Article 9-A, or the minimum tax imposed by section 210.1(a)(4) of Article 9-A, whichever is greater, and shall not be subject to any tax under Article 32 of the Tax Law.

Subdivision 7 of section 209, defines entire net income for regulated investment companies to be the "investment company taxable income" as defined by section 852(b)(2), as modified by section 855, of the Internal Revenue Code plus the capital gains taxable under section 852(b)(3) of the Internal Revenue Code. This total amount must then be adjusted by the modifications required by section 208.9, except for the deduction allowed for 50% of non-subsidiary dividends (section 208.9(a)(2)) and the deduction allowed for a net operating loss (section 208.9(f)). Modifications required for "optional depreciation" and "research and development" expenditures (section 210.3(d) and (e) of the Tax Law), when applicable, must also be made to this amount.

The second sentence of Section 3-2.2(b) of the Regulations with respect to the Franchise Tax on Business Corporations imposed by Article 9A of the Tax Law, should be cross-referenced to this bulletin until the regulation can be updated.

This act took effect on July 5, 1979 and shall apply to taxable years beginning on or after January 1, 1980.