



Department of Taxation and Finance

Important:

The Franchise Tax on Certain Oil Companies was repealed, effective for tax years beginning on or after the first day of July, 1983, by Chapter 400 of the Laws of 1983. As a result, this TSB-M is obsolete and cannot be relied upon for tax years on or after that date insofar as the TSB-M addresses matters relating to the Franchise Tax on Certain Oil Companies.

For additional information concerning Article 13-A of the Tax Law, which was enacted by Chapter 400 of the Laws of 1983, see [Petroleum business tax](#).

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

TSB-M-82 (2) C
Corporation Tax
January 14, 1982

This memorandum should be cross-referenced to TSB-M-80(10)C, dated November 1, 1980.

1981 Legislation

Changes to Section 182 of the Tax Law

(2% Tax on Certain Oil Companies)

Bill Section 68 of Chapter 1043 of the Laws of 1981 has amended Section 182 of the Tax Law.

The Law change amended the definition of an "Oil Company" for purposes of Section 182.

The new definition removed the exemptions that were allowed for:

1. A corporation which is neither formed for nor engaged in the business of extracting, producing, refining, manufacturing or compounding petroleum but is solely engaged in the business of selling petroleum (whether imported or not) or other products or services and has sold in New York State 60,000,000 gallons or less of petroleum.
2. A corporation which is principally engaged in selling fuel oil (excluding diesel motor fuel) used for residential purposes.

The new definition states that an "Oil Company" means every vertically integrated petroleum corporation or affiliate thereof formed for or engaged in the business of:

1. Importing petroleum or causing petroleum to be imported into New York State for sale in this State,
2. Extracting petroleum,
3. Producing petroleum,
4. Refining petroleum,
5. Manufacturing petroleum,
6. Compounding petroleum,

OR

7. Selling petroleum

A vertically integrated petroleum corporation or affiliate thereof means any domestic or foreign corporation, which either for its own account or with affiliates:

1. Extracts or produces in excess of 100,000 average barrels of crude oil per day,
2. Has a refining capacity in excess of 175,000 average barrels of crude oil per day,

AND

3. Markets or distributes for marketing:
 - A. gasoline
 - B. motor fuel
 - C. fuel oil

AND

- D. similar products derived from the refining or manufacture of crude oil.

Affiliate means a corporation in which more than 50% of the voting stock is owned, directly or indirectly, by the vertically integrated petroleum corporation or affiliate thereof.

This amendment was made retroactive and applies to taxable years ending on or after June 18, 1980.