

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

TSB-M-90 (3) C  
Corporation Tax  
February 9, 1990

1989 Legislation

Issuers' Allocation Percentage

Chapter 61 of the Laws of 1989 includes amendments to provisions of the Tax Law concerning the computation of issuers' allocation percentages (IAP) used by Article 9-A taxpayers to allocate the value of their investment and subsidiary capital to New York State.

The issuers' allocation percentage is the percentage of an appropriate measure, (see below) which is required to be allocated to New York State on the issuer's or obligor's franchise tax reports for the preceding tax year. All 1989 forms contain a line for the required information and the issuer's allocation percentage. The following chart sets forth the measure for each of the various tax articles and their location on appropriate forms.

<u>Law Section</u>	<u>Type of Corporation</u>	<u>Measure</u>	<u>1989 Form &amp; Line No.</u>
Article 9§ 183	Transportation & transmission corporation	Percentage of issued capital stock allocated within N.Y.S.	CT-183, Schedule A, Line 24
Article 9§ 185	Farmer's and other' like cooperatives	Percentage of issued capital stock allocated within N.Y.S.	CT-185, Schedule E, Line 41
Article 9§ 186	Water works, gas electric, steam heating lighting and power company	Percentage of gross earnings allocated within N.Y.S.	CT-186, Schedule A, Line 27
Article 9A	General business corporation	Percentage of entire capital allocated within N.Y.S	CT-4, ~ 100% CT-3, Line 40A CT-3A Sch. K Line 78

Article 32	A banking corporation defined in section 1452(a) (1-8)	Alternative ENI allocation percentage	CT-32, Sch. A, line 16
Article 32	Alien bank	Loans, financing leases & other business <u>receipts within N.Y.S.</u> Gross income from all sources within and without U.S.	CT-32, Sch. A, line 16
Article 32	Corporation 65% owned by bank and a bank holding company included in a combined return	Entire capital in <u>New York State</u> Entire capital wherever located	CT-32, Schedule A, line 16
Article 33	Insurance Company	Percentage of gross direct premiums within N.Y.S.	CT-33, Sch. A, Line 21; Sch. K, Line 96. CT-33A, Sch. L, Line 24.

If a report for the preceding year is not filed, or if filed does not contain the information which would permit the determination of an appropriate Issuers' Allocation Percentage, the Commissioner may use the issuers' allocation percentage derived from the issuer's or obligor's most recently filed report, or a percentage calculated by the Commissioner to reasonably indicate the degree of economic presence of the issuer or obligor in New York State during the preceding year.

Taxpayers filing returns not containing information necessary to compute their issuers' allocation percentage, where such information is required on the return, or not providing their issuers' allocation percentage, are subject to a penalty of \$500. The penalty can be waived if it is shown that the failure to provide the information or the percentage was due to reasonable cause.