



## Department of Taxation and Finance

### Important

Article 32 of the Tax Law was repealed, effective for tax years beginning on or after January 1, 2015, by Part A of Chapter 59 of the Laws of 2014. As a result, this TSB-M is obsolete and cannot be relied upon for tax years on or after that date insofar as the TSB-M addresses matters relating to Article 32.

For additional information concerning the Article 32 repeal, see [Transitional Filing Provisions for Taxpayers Affected By Corporate Tax Reform Legislation](#).

This TSB-M begins on page 2 below.

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

TSB-M-90 (8) C  
Corporation Tax  
July 18, 1990

1990 Legislation  
15% and 10% Tax Surcharge on Banking Corporations

Chapter 190 of the Laws of 1990 amended section 1455-A of Article 32 of the Tax Law regarding the tax surcharge on banking corporations. The amendment changed the taxable years to which the 2 1/2% tax surcharge applies and added provisions for a 15% and 10% tax surcharge on banking corporations.

The 2 1/2% tax surcharge on banking corporations applies to taxable years ending after June 30, 1989, but before July 1, 1990. The 2 1/2% tax surcharge cannot be imposed upon any taxpayer for more than 12 months. For more information on the 2 1/2% tax surcharge, see TSB-M-89(6)C revised.

The 15% tax surcharge on banking corporations applies to taxable years ending after June 30, 1990, but before July 1, 1992. The 15% tax surcharge cannot be imposed upon any taxpayer for more than 24 months.

The 10% tax surcharge applies to taxable years ending after June 30, 1992, but before July 1, 1993. The 10% tax surcharge cannot be imposed upon any taxpayer for more than 12 months.

The tax surcharge is computed on the largest of the following taxes after the deduction of any tax credits:

- allocated taxable entire net income, or
- allocated taxable alternative entire net income, or
- allocated taxable assets, or
- fixed minimum tax.

Once computed, the tax surcharge cannot be reduced by any tax credits.

The tax surcharge does not apply to the Metropolitan Transportation Business Tax Surcharge.

The computation and payment of the tax surcharge is required to be reported on Form CT-32 (or, in the case of a combined filer, on Form CT-32-A) within 8 1/2 months from the close of the taxable year. A six-month extension of time to file the franchise tax return and the tax surcharge may be requested by filing Form CT-5 (CT-5.3 in case of combined filers) within 2 1/2 months from the close of the taxable year. The payment of the franchise tax and tax surcharge on Form CT-5 must either:

- if the preceding year's taxable return was a 12 month return- equal or exceed the amount of franchise tax shown on the preceding year's tax return (computed after tax credits and before any tax surcharge) plus, when applicable, a tax surcharge (computed on the preceding year's franchise tax after the deduction of any tax credits and before any tax surcharge); or
- equal or exceed 90% of the franchise tax as finally determined plus 90% of the tax surcharge as finally determined.

The tax surcharge is included in computing the required 25% mandatory first installment of estimated tax and on declarations of estimated tax on Form CT-400.

The tax surcharge imposed by section 1455-A shall not be allowed as a deduction in the computation of the tax on income imposed by Article 32. If the surcharge is deducted as an expense in the computation of federal taxable income, it must be added back to federal taxable income to arrive at New York State entire net income and alternative entire net income.

If the 15% or 10% tax surcharge required to be reported is for a period less than the period covered by Form CT-32 or CT-32-A:

- (a) compute the 15% or 10% tax surcharge for the period covered by Form CT-32 or CT-32-A, and
- (b) divide the 15% or 10% tax surcharge computed in (a) by the number of months covered by Form CT-32 OR CT-32-A, and
- (c) multiply the result in (b) by the number of months the 15% or 10% tax surcharge is required to be reported.

Example: Computation of the 15% tax surcharge for the taxable year 8/1/89-7/31/90.

A bank filed Form CT-32 for the following taxable years:

8/1/87-7/31/88	no surcharge
8/1/88-7/31/89	12 month surcharge computed at 2 1/2%
8/1/89-7/31/90	12 month surcharge computed at 15%
8/1/90-7/31/91	12 month surcharge computed at 15%
8/1/91-7/31/92	12 month surcharge computed at 10%
8/1/92-7/31/93	no surcharge

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For the taxable year 8/1/88-7/31/89, the bank's franchise tax was \$115,000, determined before any tax surcharge or tax credits. Tax credits totaled \$10,000. The Metropolitan Transportation Business Tax surcharge does not apply. For the taxable year 8/1/89-7/31/90, the bank filed Form CT-5 requesting a six-month extension of time to file Form CT-32. Form CT-5 for 8/1/89-7/31/90 should be filed on 10/15/90 as follows:

Preceding year's franchise tax	\$ 115,000
Less Tax Credits	<u>10,000</u>
Preceding year's franchise tax after credits	\$ 105,000
15% tax surcharge (15% x \$105,000 tax after credits)	<u>15,750</u>
Estimated franchise tax and surcharge for 8/1/89-7/31/90	\$ 120,750
25% mandatory first installment (25% x \$120,750)	<u>30,187.50</u>
Balance due	\$150,937.50

Form CT-400 required to be filed on 1/15/91, 4/15/91 and 7/15/91 should each be submitted with a payment of \$30,187.50. (25% of \$120,750).