



Important Notice

January 2001

Addition to the Instructions for Form CT-3-A, *General Business Corporation Combined Franchise Tax Return*

This instruction change only affects corporations that file Form CT-3-A, *General Business Corporation Combined Franchise Tax Return*, and that have subsidiaries subject to tax under Article 32, Article 33, or Article 9, Section 186 of the Tax Law.

Corporations that take the deduction from the subsidiary capital base on Form CT-3-A-ATT, Schedule B, line 11, for investments in, or indebtedness from, subsidiaries taxable under Article 32, Article 33, or Article 9, Section 186 of the Tax Law must add back the amount deducted on Form CT-3-A-ATT, Schedule B, line 11, when computing their combined investment allocation percentage.

The instructions for the computation of the combined investment allocation percentage (line 41) which appear on page 12 of the instructions, currently read:

“Line 41 – The combined issuer’s allocation percentage represents the amount of capital employed by the combined group within New York State compared to the total combined capital employed everywhere. If each member of the combined group does not supply the information needed to compute the combined issuer’s allocation percentage, the parent may have to pay a \$500 penalty.

To determine the percentage, add line 39 (capital base), and line 249, column E (subsidiary capital base), then divide by the amount on line 32 (total capital). If you have no subsidiary capital, divide the line 39 amount by the line 32 amount.”

The instructions should read:

“Line 41 – The combined issuer’s allocation percentage represents the amount of capital employed by the combined group within New York State compared to the total combined capital employed everywhere. If each member of the combined group does not supply the information needed to compute the combined issuer’s allocation percentage, the parent may have to pay a \$500 penalty.

To determine the percentage, add line 39 (capital base), line 249, column E (subsidiary capital base), **and the total from Schedule B, line 11 (deduction from subsidiary capital for corporations subject to tax under Article 32, Article 33, or Article 9, Section 186) of each filed Form CT-3-A-ATT.** Divide this amount by the amount on line 32 (total capital). If you have no subsidiary capital, divide the line 39 amount by the line 32 amount.”

The corrected version of Form CT-3-A-I may be obtained by accessing the New York State Tax Department Web site at www.tax.state.ny.us or ordering it using our Fax-on-demand forms ordering system at 1 800 462-8100.