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**Important Notice**

July 2002

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**Correction to the Instructions for Form CT-32-S (2001),  
*New York Bank S Corporation Franchise Tax Return,*  
for Taxpayers Claiming a Net Operating Loss on a Short Period Return**

There is an error on the instructions for Form CT-32-S (2001), *New York Bank S Corporation Franchise Tax Return*. It affects only taxpayers that file short period returns and incur a net operating loss during the 2001 tax year.

Article 32, section 1453(k-1) of the Tax Law does not provide a net operating loss deduction for a banking corporation for which the New York S election has been made. However, Schedule A, line 1, of the 2001 Form CT-32-S effectively allows the net operating loss deduction by instructing taxpayers to enter entire net income from Form CT-32, Schedule B, line 59a.

Accordingly, in preparing your 2001 Form CT-32-S, *New York Bank S Corporation Franchise Tax Return*, please use the corrected instructions below for computing the amount to be entered on Schedule A, line 1.

**Schedule A - Line 1**

Add lines 59a (entire net income) and line 56 (New York State net operating loss deduction) of Form CT-32, Schedule B and enter the total on Schedule A, line 1 of Form CT-32-S.

We apologize for the error and any inconvenience it may have caused.