

Instructions for Form NYC-4S



FINANCE
NEW YORK

General Corporation Tax Return For fiscal years beginning in 2001 or for calendar year **2001**

Highlights of Recent Tax Law Changes for Corporations

- The definition of "corporation" for purposes of the New York City General Corporation Tax has been amended to include an association and a publicly traded partnership taxable as a corporation for federal income tax purposes. Admin. Code §11-602(1).
- For years beginning after 6/30/96 and before 7/1/98, only 75 percent of salaries and compensation of officers, other than officers who are also greater than 5% stockholders, is required to be added back in calculating the alternative income plus compensation tax base. For taxable years beginning after 6/30/98 and before 7/1/99, only 50 percent of that compensation must be added back and, for taxable years beginning after 6/30/99, none of that compensation is added back. For taxable years beginning after 6/30/98, the statutory exclusion has been increased from \$30,000 to \$40,000. Admin. Code §11-604.1(H).
- For taxable years beginning on or after January 1, 1998, an alien corporation is not subject to the GCT if its activities in the City are limited solely to investing or trading in stocks and securities for its own account within the meaning of IRC §864(b)(2)(A)(ii) or investing or trading in commodities for its own account within the meaning of IRC §864(b)(2)(B)(ii) or any combination of these activities. NYC Admin. Code §11-603.2-a.
- As a result of a recent court decision, taxpayers are allowed to use ACRS or MACRS depreciation for property placed in service outside New York in years beginning after 1984 and before 1994 under certain circumstances. For more information see Finance Memorandum 99-4 "Depreciation for Property Placed in Service Outside New York after 1984 and before 1994" included with these materials.

GENERAL INFORMATION

S CORPORATIONS

An S Corporation is subject to the General Corporation Tax and must file either Form NYC-4S or NYC-3L, whichever is applicable. See Finance Memorandum 99-3 included with these forms for information regarding the treatment of qualified subchapter S subsidiaries.

The income, gains, losses, deductions and capital of a qualified subchapter S subsidiary may not be included in the report of the parent S Corporation. A QSSS must file a separate report if it is subject to tax.

CORPORATION DEFINED

For taxable years beginning in 1996 and thereafter, unincorporated associations and publicly-traded partnerships taxable as corporations for federal income tax purposes under IRC §7701(a)(3) and §7704 are subject to the General Corporation Tax and not the Unincorporated Business Tax. Unincorporated entities electing to be treated as associations taxable as corporations for federal income tax purposes pursuant to the federal "check-the-box" rules under IRC §7701(a)(3) are treated as corporations for City tax purposes and are not subject to the Unincorporated Business Tax. Eligible entities having a single owner disregarded as a separate entity under the "check-the-box" rules and treated as either a sole proprietorship or a branch for federal tax purposes will be similarly treated for City tax purposes. See Finance Memorandum 99-1 included with these forms for additional information. **Unincorporated entities that were subject to the Unincorporated Business Tax for tax years beginning in 1995 and that are taxable as corporations for federal income tax purposes that elected to continue to be subject to the Unincorporated Business Tax for years after 1995 are not subject to the GCT. Note: this election could only have been**

made on the Unincorporated Business Tax return filed for tax years beginning in 1996.

CORPORATIONS WHICH MAY FILE FORM NYC-4S

Corporations (as defined in Section 11-602.1 of the New York City Administrative Code) doing business, employing capital, or owning or leasing property in a corporate or organized capacity, or maintaining an office in New York City must file a General Corporation Tax return. Corporations not required to file Form NYC-3L may file Form NYC-4S.

CORPORATIONS REQUIRED TO FILE FORM NYC-3L

A corporation must file Form NYC-3L if:

- 1) for taxable years beginning after 6/30/96 it carries on business both inside and outside New York City.
- 2) it has subsidiary and/or investment capital;
- 3) it claims an optional deduction for depreciation in accordance with Section 11-604.3(d) or (e) of the NYC Administrative Code;
- 4) it claims an optional deduction for expenditures relating to air pollution control facilities, as provided in Section 11-602.8(g) of the NYC Administrative Code;
- 5) it claims a modification with respect to gain arising on the sale of certain property, as provided in Section 11-602.8(h) of the NYC Administrative Code;
- 6) it is a real estate investment trust qualified under Sections 856 and 857 of the Internal Revenue Code;
- 7) it entered into a "safe harbor" lease transaction under provisions of Section 168(f)(8) of the Internal Revenue Code as it was in effect for agreements entered into prior to January 1, 1984;
- 8) it claims a credit for sales and compensating use taxes paid with respect to

electricity or electric service, as provided in Section 11-604.15 of the NYC Administrative Code, or with respect to sales and use taxes paid with respect to certain services as provided in Section 11-604.17-a of the NYC Admin. Code, or is required to adjust its current General Corporation Tax as a result of credits claimed in prior years. See Instructions to Form NYC-9.5;

- 9) it claims a credit for increased real estate tax payments made to a landlord in connection with the relocation of employment opportunities to New York City, as provided in Section 11-604.13 of the NYC Administrative Code;
- 10) it claims a credit for certain costs or expenses incurred in relocating employment opportunities to New York City, as provided in Section 11-604.14 of the NYC Administrative Code;
- 11) it claims a modification with respect to wages and salaries disallowed as a deduction for federal income tax purposes (work incentive/jobs credit provisions), as provided in Section 11-602.8(a)(7) of the NYC Administrative Code;
- 12) either separately or as a member of a partnership, it is engaged in an insurance business as a member of the New York Insurance Exchange;
- 13) it is a Regulated Investment Company as defined in Section 851 of the Internal Revenue Code;
- 14) it is a Domestic International Sales Corporation (DISC) or a Foreign Sales Corporation;
- 15) it claims a credit for New York City Unincorporated Business Tax paid by a partnership in which it is a partner as provided in Section 11-604.18 of the NYC Administrative Code; or
- 16) it will be included in a combined report, Form NYC-3A.

The following are NOT required to file a General Corporation Tax Return:

- a) A dormant corporation which did not at any time during its taxable year engage in any activity or hold title to real property located in New York City.
- b) A nonstock corporation organized and operated exclusively for nonprofit purposes and not engaged in substantial commercial activities, that has been granted an exemption by the New York City Department of Finance.
- c) Corporations subject to taxation under Part 4 of Subchapter 3 of Chapter 6, Title 11 (Banking Corporations), or under Chapter 11, Title 11 (Utility Corporations) of the NYC Administrative Code, are not required to file General Corporation Tax returns. However, corporations which are subject to tax under Chapter 11 as vendors of utility services are subject to the General Corporation Tax in accordance with Section 11-603.4, of the NYC Administrative Code and must file a return.
- d) A limited profit housing corporation organized and operating pursuant to the provisions of Article Two of the Private Housing Finance Law.
- e) Insurance corporations.
- f) A Housing Development Fund Company (HDFC) organized and operating pursuant to the provisions of Article Eleven of the Private Housing Finance Law.
- g) Organizations organized exclusively for the purpose of holding title to property as described in Sections 501(c)(2) or (25) of the Internal Revenue Code.
- h) An entity treated as a Real Estate Mortgage Investment Conduit (REMIC) for federal income tax purposes. (Holders of interest in a REMIC remain taxable on such interest or on the income thereon.)
- i) Corporations principally engaged in the conduct of a ferry business and operating between any of the boroughs of the City under a lease granted by the City.
- j) A corporation principally engaged in the conduct of an aviation, steamboat, ferry or navigation business, or two or more such businesses, provided that all of the capital stock of such corporation is owned by a municipal corporation of New York.
- k) Bank holding corporations filing on a combined basis in accordance with Section 11-646(f) of the NYC Administrative Code.
- l) Corporations principally engaged in the operation of marine vessels whose activ-

ities in the City are limited exclusively to the use of property in interstate or foreign commerce

- m) Foreign corporations that are exempt under the provisions of Public Law 86-272. (Refer to 19 RCNY Section 11-04 (b)(11).)
- n) For taxable years beginning on or after January 1, 1998, an alien corporation if its activities in the City are limited solely to investing or trading in stocks and securities for its own account within the meaning of IRC §864(b)(2)(A)(ii) or investing or trading in commodities for its own account within the meaning of IRC §864(b)(2)(B)(ii) or any combination of these activities. NYC Admin. Code §11-603.2-a.

NOTE:

A corporation that has an officer, employee, agent or representative in the City and that is not subject to the General Corporation Tax is not required to file a Form NYC-3L or NYC-4S but must file a Form NYC-245 (Section 11-605 of the NYC Administrative Code).

WHEN AND WHERE TO FILE

The due date for filing is on or before March 15, 2002, or, for fiscal year taxpayers, within 2 1/2 months after the close of the fiscal year.

Returns with remittances:

**NYC Department of Finance
P.O. Box 5040
Kingston, NY 12402-5040**

Returns claiming refunds:

**NYC Department of Finance
P.O. Box 5050
Kingston, NY 12402-5050**

All others:

**NYC Department of Finance
P.O. Box 5060
Kingston, NY 12402-5060**

Certain short-period returns: If this is **NOT** a final return and your Federal return covered a period of less than 12 months as a result of your joining or leaving a Federal consolidated group or as a result of a Federal IRC §338 election, this return generally will be due on the due date for the Federal return and not on the date noted above. **Check the box on the front of the return.**

TAX FORMS

You can have forms delivered to you by fax, computer or phone. Call **Tax Fax at (718) 935-6114** at any time from the phone connected to your fax machine or modem. You can also visit our Internet web site at:

<http://nyc.gov/finance>

You can also call our automated tax form ordering service at any time, which at **(718) 935-6739**.

Forms can also be obtained at:

**NYC Department of Finance
Taxpayer Assistance
25 Elm Place, 4th Floor
Brooklyn, NY 11201-5807**

OTHER FORMS YOU MAY BE REQUIRED TO FILE

FORM NYC-6 - Application for Automatic Extension for General Corporation Tax is an application for a six-month extension of time to file a tax return. File it on or before the due date of the return.

FORM NYC-6.1 - Application for Additional Extension for General Corporation Tax is a request for an additional three months of time to file a return. A corporation with a valid six-month extension is limited to two additional extensions.

FORM NYC-8 - General Corporation Tax Claim for Refund is used to claim a credit or refund of General Corporation Tax.

FORM NYC-222 - Underpayment of Estimated Tax by Corporations will help a corporation determine if it has underpaid an estimated tax installment and, if so, compute the penalty due.

FORM NYC-245 - Activities Report of Corporations must be filed by a corporation that has an officer, employee, agent or representative in the City, but which disclaims liability for the General Corporation Tax.

FORM NYC-399 - Schedule of New York City Depreciation Adjustments is used to compute the allowable New York City depreciation deduction if a federal ACRS or MACRS depreciation deduction is claimed for certain property placed in service after December 31, 1980.

FORM NYC-400 - Declaration of Estimated Tax by General Corporations must be filed by any corporation whose New York City tax liability can reasonably be expected to exceed \$1,000 for the 2002 calendar year or fiscal year beginning in 2002.

FORM NYC-3360 - General Corporation Tax Report of Change in Taxable Income made by the U.S. Internal Revenue Service and/or New York State Department of Taxation and Finance is used for reporting adjustments in taxable income resulting from an audit of your federal corporate tax return and/or State audit of your State corporate tax return.

FORM NYC-CR-A - Commercial Rent Tax Annual Return must be filed by every tenant

that rents premises for business purposes in Manhattan south of the center line of 96th Street **and** whose annual or annualized gross rent for any premises is at least \$200,000. (Effective June 1, 2001)

FORM NYC-RPT - Real Property Transfer Tax Return must be filed when the corporation acquires or disposes of an interest in real property, including a leasehold interest; when there is a partial or complete liquidation of the corporation that owns or leases real property; or when there is transfer of a controlling economic interest in a corporation, partnership or trust that owns or leases real property.

ESTIMATED TAX

If the tax for the period following that covered by this return is expected to exceed \$1,000, a declaration of estimated tax and installment payments are required. Form NYC-400 is to be used for this purpose. If the tax on this return exceeds \$1,000, Form NYC-400 will automatically be mailed to you.

If, after filing a declaration, your estimated tax substantially increases or decreases as a result of a change in income, deduction or allocation, you must amend your declaration on or before the next date for an installment payment. The procedure is as follows:

- Complete the amended schedule of the notice of estimated tax due. (This is your quarterly notice for payment of estimated tax.)
- Mail the bottom portion of the notice along with your check to:

**NYC Department of Finance
P.O. Box 5100
Kingston, NY 12402-5100**

If the amendment is made after the 15th day of the 9th month of the taxable year, any increase in tax must be paid with the amendment.

For more information regarding estimated tax payments and due dates, you may call Citytax Dial, New York City's recorded tax information line at: (718) 935-6736. Message #233 will provide you with current information.

AUTOMATIC EXTENSIONS

An automatic extension of six months for filing this return will be allowed if, by the original due date, the taxpayer files with the Department of Finance an application for automatic extension on Form NYC-6 and pays the amount properly estimated as its tax.

A taxpayer with a valid six-month automatic extension filed on Form NYC-6 may request

up to two additional three-month extensions by filing Form NYC-6.1. A separate Form NYC-6.1 must be filed for each additional three-month extension.

PENALTY FOR UNDERSTATING TAX

If there is a substantial understatement of tax (i.e., if the amount of the understatement exceeds the greater of 10% of the tax required to be shown on the return or \$5000) for any taxable year, a penalty will be imposed equal to 10% of the amount of the understated tax. The amount on which you pay the penalty can be reduced by subtracting any item for which (1) there is or was substantial authority for the way in which the item was treated on the return, or (2) there is adequate disclosure on the return or in a statement attached to the return.

CHANGE OF BUSINESS INFORMATION

If there have been any changes in your business name, identification number, billing or mailing address or telephone number, complete Form DOF-1, Change of Business Information.

FINAL RETURNS

If a corporation ceases to do business in New York City, the due date for filing a final General Corporation Tax Return is the 15th day after the date of the cessation (Section 11-605.1 of the NYC Administrative Code). Corporations may apply for an automatic six-month extension for filing a final return by filing Form NYC-6F, Application for Extension to File Final Return. Any tax due must be paid with the final return or the extension.

TAX PREPARERS

Anyone who prepares a return for a fee must sign the return as a paid preparer and enter his or her Social Security Number or PTIN, see Finance Memorandum 00-1 included with these materials. Include the company or corporation name and Employer Identification Number, if applicable.

Preparer Authorization: If you want to allow the Department of Finance to discuss your return with the paid preparer who signed it, you must check the "yes" box in the signature area of the return. This authorization applies only to the individual whose signature appears in the "Preparer's Use Only" section of your return. It does not apply to the firm, if any, shown in that section. By checking the "Yes" box, you are authorizing the Department of Finance to call the preparer to answer any questions that may arise during the processing of your

return. Also, you are authorizing the preparer to:

- Give the Department any information missing from your return,
- Call the Department for information about the processing of your return or the status of your refund or payment(s), and
- Respond to certain **notices that you have shared with the preparer** about math errors, offsets, and return preparation. The notices will not be sent to the preparer.

You are not authorizing the preparer to receive any refund check, bind you to anything (including any additional tax liability), or otherwise represent you before the Department. The authorization cannot be revoked, however, the authorization will automatically expire no later than the due date (without regard to any extensions) for filing next year's return. **Failure to check the box will be deemed a denial of authority.**

SPECIFIC INSTRUCTIONS

SCHEDULE A

Computation of Tax

LINES 2a AND 2b

TAX ON TOTAL CAPITAL

Enter the amount from Schedule C, line 7 in the left-hand column of line 2a or 2b. Multiply by the applicable percentage and enter the tax in the right-hand column. **If that amount exceeds \$350,000, enter \$350,000.**

For cooperative housing corporations as defined in the Internal Revenue Code, the rate of tax on capital is 4/10 mill instead of 1 1/2 mills. For all other corporations subject to tax, including housing companies organized and operating pursuant to Article Four of the Private Housing Finance Law (other than cooperative housing corporations), the rate of tax on capital is 1 1/2 mills.

LINE 3b

ALTERNATIVE TAX

Every taxpayer must calculate its alternative tax and enter its computation on line 3b. To compute the alternative tax, measured by entire net income plus compensation, you may use the following worksheet and attach the worksheet to the return.

Alternative Tax Worksheet

Net income/loss (Schedule A, line 1)	1) \$ _____
Compensation. See Instr.	2) \$ _____
Total (line 1 plus line 2)	3) \$ _____
Statutory exclusion See Instr.	4) \$ _____
Net amount (line 3 minus line 4)	5) \$ _____
30% of net amount (line 5 x 30%)	6) \$ _____
Tax rate	7) 8.85%
Alternative tax (line 6 x line 7) Transfer amount to page 1, Schedule A, line 3b	8) \$ _____

Worksheet Instructions

LINE 2 - COMPENSATION

Include in the alternative tax computation 100% of all salaries and compensation including commissions, paid to stockholders, whether or not they are also officers, holding more than 5% of the corporation's stock, as deducted on the federal return and reported in Schedule D, line 2. See highlights of recent tax law changes for corporations on page 1 of these instructions. For taxable years beginning after 6/30/99, no portion of officers' compensation is added back unless the officer is also a more than 5% shareholder.

In determining whether a stockholder owns more than 5% of the issued capital stock, include all classes of stock, issued and outstanding, voting and non-voting stock.

LINE 3

A net operating loss carryforward or carryback may not reduce federal taxable income to less than zero. (See instructions for Line 6a on page 5.)

LINE 4

For taxable years beginning on or after 7/1/98, enter \$40,000. (If the return does not cover an entire year, exclusion must be prorated based on the period covered by the return.)

LINE 6b

FIRST INSTALLMENT PAYMENT

Do not use this line if an application for automatic extension (NYC-6) has been filed. The payment of the amount shown at line 6b is required as payment on account of estimated tax for the 2002 calendar year, if a calendar year taxpayer, or for the taxable year beginning in 2002, if a fiscal year taxpayer.

LINE 8

PREPAYMENTS

Enter the sum of all estimated tax payments made for this tax period, the payments made

with the extension request, if any, and both the carryover credit and the first installment recorded on the prior tax period's return. This figure should be obtained from the completed Composition of Prepayments Schedule on page 2 of Form NYC-4S.

LINE 11a

LATE PAYMENT / INTEREST

If the tax is not paid on or before the due date (determined without regard to any extension of time), interest must be paid on the amount of the underpayment from the due date to the date paid. For information as to the applicable rate of interest, call: **(718) 935-6000**.

LINE 11b

LATE PAYMENT OR LATE FILING/ADDITIONAL CHARGES

- a) A **late filing penalty** is assessed if you fail to file this form when due, unless the failure is due to reasonable cause. For every month or partial month that this form is late, add to the tax (less any payments made on or before the due date) 5%, up to a total of 25%.
- b) If this form is filed more than 60 days late, you will be subject to the **minimum late filing penalty**. This penalty is the lesser of (1) \$100 or (2) 100% of the amount required to be shown on the form (less any payments made by the due date or credits claimed on the return).
- c) A **late payment penalty** is assessed if you fail to pay the tax shown on this form by the prescribed filing date, unless the failure is due to reasonable cause. For every month or partial month that your payment is late, add to the tax (less any payments made) 1/2%, up to a total of 25%.
- d) The total of the additional charges in a and c may not exceed 5% for any one month except as provided for in b.

If you claim not to be liable for these additional charges, attach a statement to your return explaining the delay in filing, payment or both.

LINE 11c

PENALTY FOR UNDERPAYMENT OF ESTIMATED TAX

A penalty is imposed for failure to file a declaration of estimated tax or for failure to pay the entire installment payment of estimated tax due. (For more information refer to Form NYC-222, Underpayment of Estimated Tax by Corporations.)

If you underpaid your estimated tax, use Form NYC-222 to compute the penalty. Attach Form NYC-222. If no penalty is due, enter "0" on line 11c.

LINE 15

TOTAL REMITTANCE DUE NYC DEPARTMENT OF FINANCE

If the amount on line 13 is not greater than zero, enter on line 15 the sum of line 9 and the amount by which line 12 exceeds the amount on line 10, if any. After completing this return, enter the amount of your remittance on line A. This must be the full amount as shown on line 15.

All remittances must be payable in U.S. dollars drawn on a U.S. bank. Checks drawn on foreign banks will be rejected and returned. Remittance must be made payable to the order of:

NYC DEPARTMENT OF FINANCE

LINE 16

RENT DEDUCTED ON FEDERAL RETURN

Enter on this line total rent paid on business premises located inside New York City and deducted on federal return.

SCHEDULE B

Computation of New York City Taxable Income

LINE 1

FEDERAL TAXABLE INCOME

Enter your federal taxable income (before net operating loss and special deductions) as required to be reported on your federal tax return.

If you file federal Form 1120, use the amount from line 28.

If you file federal Form 1120A, use the amount from line 24.

S Corporations must file as ordinary corporations. If you are an S Corporation filing on Form 1120S, you must report on line 1 the amount you would have had to report as taxable income were you not a federal S Corporation. See Finance Memorandum 99-3 included with these forms for information regarding the treatment of qualified subchapter S subsidiaries.

Enter at Schedule B, line 1, income and deductions from federal Form 1120S, Schedule K, lines 1-10 and 11a. In addition, include other items and amounts that are required to be reported separately to shareholders and not numerically included on

federal Schedule K, but attached in a separate schedule.

NOTE:

The charitable contribution deduction from federal Form 1120S, Schedule K, line 7 may not exceed 10% of the sum of lines 1 through 10 (other than line 7) of Schedule K.

LINE 3**STATE AND LOCAL TAXES**

On line 3a enter the amount deducted on your federal return for income taxes paid or accrued to any state, any political subdivision of a state or to the District of Columbia, if they are on or measured by profits or income or include profits or income as a measure of tax, including taxes expressly in lieu of any of the foregoing taxes. Include the New York State Metropolitan Transportation business tax surcharge.

On line 3b, enter the amount of New York City General Corporation Tax and Banking Corporation Tax deducted on your federal return.

Attach a schedule listing each locality and the amount of all taxes deducted on your federal return.

LINES 4 AND 6b**DEPRECIATION**

The federal depreciation deduction computed under the Accelerated Cost Recovery System or Modified Accelerated Cost Recovery System (IRC Section 168) is not allowed for the following types of property:

- property placed in service in New York State in taxable years beginning before January 1, 1985 (except recovery property subject to the provisions of the Internal Revenue Code Section 280-F).
- property of a taxpayer principally engaged in the conduct of an aviation, steamboat, ferry, or navigation business, or two or more such businesses which is placed in service in taxable years beginning after December 31, 1988 and before January 1, 1994.

ACRS and MACRS may not be allowed for property placed in service outside of New York State in taxable years beginning before January 1, 1994 (except property subject to the provisions of Internal Revenue Code Section 280-F). For information regarding depreciation deductions for property placed in service outside New York after 1984 and before 1994, see Finance Memorandum 99-4 "Property Placed in Service Outside New York After 1984 and Before 1994" included with these

materials.

In place of the federal depreciation deduction, a depreciation deduction using pre-ACRS or MACRS rules (IRC Section 167) is allowed. Enter on line 4 the ACRS or MACRS adjustment from Form NYC-399, Schedule C, line 8, Column A. Enter on line 6b the ACRS or MACRS adjustment from Form NYC-399, Schedule C, line 8, Column B.

LINE 6a**NET OPERATING LOSS**

Enter New York City net operating loss carryforward from prior years. A deduction may only be claimed for net operating losses sustained in taxable years during all or part of which the corporation was subject to the General Corporation Tax. New York City allows net operating losses to be used in the same manner as provided by Section 172 of the Internal Revenue Code. However, the amount of any federal loss must be adjusted in accordance with Section 11-602.8(f) of the NYC Administrative Code. Regulated Investment Companies and Real Estate Investment Trusts do not qualify for this deduction.

NOTE:

The deduction of a net operating loss carryforward from prior years may not exceed and is limited to the amount of the current year's federal taxable income. A net operating loss may not be claimed as a deduction if Schedule B, line 1 reflects a loss.

In addition, the deduction shall not exceed the deduction allowed for federal purposes or the deduction which would have been allowed if the taxpayer had not made an election to be (a) an S Corporation under the rules of the Internal Revenue Code or (b) included in a group reporting on a consolidated basis for federal income tax purposes.

Net operating losses incurred in taxable periods ending after December 31, 1975, and on or before June 30, 1989, may generally be carried back to the preceding three taxable years. Beginning with losses sustained during taxable years ending after June 30, 1989, the New York City net operating loss deduction shall be determined as if the taxpayer had elected to relinquish the carryback provision except for the first \$10,000 of each of such losses, which may be carried back to the three preceding years (two years for losses incurred in tax

years beginning after August 5, 1997.) Losses which are not permitted to be carried back may generally be carried forward and used to offset income for the period permitted for Federal tax purposes, generally 15 years subsequent to the loss year (20 years for losses incurred in taxable years beginning after August 5, 1997). In addition, any portion of the \$10,000 NOL permitted to be carried back but not used may be carried forward.

Attach a copy of the schedule supporting the deduction claimed at either line 29(a) on page 1 of your federal Form 1120, or line 25(a) of your federal Form 1120A.

LINE 6c**CITY / STATE REFUNDS**

Enter refunds or credits of the New York City General Corporation Tax, New York State Franchise Tax or New York City or State Banking Corporation Tax for which no tax exclusion or deduction was allowed in determining the taxpayer's taxable (entire) net income in a prior year.

LINE 8**TAXABLE NET INCOME**

If the entry on this line is a loss, a request to carry it back as a net operating loss deduction in any prior year must be made separately on Form NYC-8CB or Form NYC-8. Do not attach or mail a Form NYC-8CB or Form NYC-8 with the tax return. This request must be submitted within three years of the due date of the return for the loss year or within the period prescribed in Section 11-678 of the NYC Administrative Code.

Corporations that have elected to relinquish the three-year carryback of a net operating loss (2 years for losses incurred in taxable years beginning after August 5, 1997) must submit a copy of the federal election.

S Corporations or any other corporation filing General Corporation Tax returns on a basis which is different from returns filed with the Internal Revenue Service may make an election to relinquish the three-year carryback (2 years for losses incurred in taxable years beginning after August 5, 1997) by filing a request, in writing, on or before the due date (or extended due date) of the return for the loss year.

SCHEDULE C

Total Capital

LINES 1 THROUGH 5**AVERAGE VALUE OF TOTAL ASSETS**

To determine the value of your assets for business capital purposes, you must include real property and marketable securities at fair market value. The fair market value of any asset is the price, without any encumbrance, at which a willing seller, not compelled to sell, will sell, and a willing buyer, not compelled to buy, will buy.

The value of all other property must be included at the value shown on the taxpayer's books and records in accordance with generally accepted accounting principles (GAAP).

On Schedule C, lines 1 through 5, enter the values at the beginning of the year in column A and at the end of the year in column B. Enter the average value in column C. Attach a schedule showing the computation of the average value.

On line 2 enter the value of real property and marketable securities included in line 1. Enter on line 4 the fair market value of real property and marketable securities.

Average value is generally computed on a quarterly basis where the taxpayer's usual accounting practice permits. A more frequent basis may be used. If the taxpayer's usual accounting practice does not permit computation of average value on a quarterly or more frequent basis, a semiannual or annual basis may be used if no distortion of average values results.

With respect to real property owned by the taxpayer and located within New York City, the fair market value is presumed to be not less than the estimated market value of the property on the Final Assessment Roll of the City for the period covered by the return or the most recent sales price, whichever is greater.

**LINE 6
TOTAL LIABILITIES**

Title 11, Chapter 6 of the NYC Administrative Code permits the deduction of all liabilities (both long and short term) when computing business capital for purposes of the tax measured by capital. Use the same method of averaging as is used in determining average value of total assets.

SCHEDULE E

Additional Required Information

LINES 2 & 3

If you answer "Yes" to line 2, attach a separate sheet providing the street address, borough, block and lot number of such property and answer question 3b.

A controlling interest in the case of a corporation means:

- 50% or more of the total combined voting power of all classes of stock such corporation; or
- 50% or more of the total fair market value of all classes of stock of such corporation.

LINES 4

If you answer "yes" to line 4, no portion of the income, gain, loss, deduction or capital of a QSSS is permitted to be included in a separate report filed by the S corporation parent. The parent should file Form NYC-3L (See "Corporations required to file Form NYC-3L", item 2, supra.) The QSSS must file a separate general corporation tax report. See Finance Memorandum 99-3 included with these materials.

**COMPOSITION OF
PREPAYMENTS SCHEDULE**

Enter the payment date and the amount of all prepayments made for this tax period. In the last column enter the Transaction ID Number.

Every corporate estimated tax payment to New York City has been stamped with a twelve digit Transaction ID Number (the number can be found on the face of your cancelled check.).

LINE D

Include on this line the amount of any overpayment from the prior year credited toward your tax liability for the current tax year. Do not include this amount on Lines B or C.

TAXPAYER ASSISTANCE

For interest calculations and account information, contact Taxpayer Assistance, Monday through Friday, 8:30am to 5:30 pm.

Call: (718) 935-6000

You can speak to a Taxpayer Assistance Representative between the hours of 9:00 am and 4:30 pm.

You can also visit our Internet website at the following address:

<http://nyc.gov/finance>

PRIVACY ACT NOTIFICATION

The Federal Privacy Act of 1974, as amended, requires agencies requesting Social Security Numbers to inform individuals from whom they seek this information as to whether compliance with the request is voluntary or mandatory, why the request is being made and how the information will be used. The disclosure of Social Security Numbers for taxpayers is mandatory and is required by section 11-102.1 of the Administrative Code of the City of New York. Such numbers disclosed on any report or return are requested for tax administration purposes and will be used to facilitate the processing of tax returns and to establish and maintain a uniform system for identifying taxpayers who are or may be subject to taxes administered and collected by the Department of Finance, and, as may be required by law, or when the taxpayer gives written authorization to the Department of Finance for another department, person, agency or entity to have access (limited or otherwise) to the information contained in his or her return.