

GCT-2008-02
03/20/08

STATEMENT OF AUDIT PROCEDURE

FINAL RETURNS

I. BACKGROUND

Under section 11-605 of the Administrative Code, a corporation that ceases to do business in the City or otherwise ceases to be subject to the City's General Corporation Tax must file its General Corporation Tax Return on the date of that cessation or as otherwise required by the commissioner. The General Corporation Tax Rules (Section 11-88 of Title 19 of the Compilation of the Rules of the City of New York) and the Instructions for all General Corporation Tax returns clearly indicate that corporations that cease to do business in the City or which are otherwise no longer subject to the tax are required to file a final General Corporation Tax return on or before the 15th day following such cessation. The Rules and Instructions go on to state that corporations may request an automatic six-month extension to file a final return by filing Form NYC-6F, an Application for Extension to File Final Return. The extension request must be accompanied by a properly estimated tax payment.

II. SCOPE

This Statement of Audit procedure advises desk and field auditors of the steps a taxpayer is expected to take in order to fully comply with the current requirements of the General Corporation Tax for filing a final return.

III. PROCEDURE

Auditors will check for compliance with the following requirements:

1. A corporation which ceases to do business in the City or which is otherwise no longer subject to the City's General Corporation Tax must file its final City General Corporation Tax return on or before the 15th day following such cessation.

2. An automatic extension of six months for filing a final return will be allowed if, by the original due date for such return, the taxpayer files an application for automatic extension on Form NYC-6F and pays the amount properly estimated as its tax.
3. If a taxpayer fails to file a timely application for automatic extension or fails to pay the amount properly estimated as its tax, the final return shall be considered to have been due on the 15th day following the taxpayer's cessation of business (or having otherwise become no longer subject to the City's General Corporation Tax). Interest and all applicable late filing and late payment penalties shall be calculated from that date to the date of full payment.
4. A taxpayer that has received an automatic six month extension by filing Form NYC-6F may request up to two additional three-month extensions by filing Form NYC-6.1 (Application for Additional Extension). A separate Form NYC-6.1 must be filed for each additional three-month extension requested. The Department of Finance may grant one or both additional three-month extensions if good cause exists.