

# Instructions for Form NYC-2



## Business Corporation Tax Return for fiscal years beginning in 2025 or for calendar year 2025

### Highlights of Recent Tax Law Changes for Business Corporations

- Part V of Chapter 59 of the Laws of 2025 provides that any taxpayer subject to the Unincorporated Business Tax must report an alternative adjustment action within ninety days after such action occurs, and that any taxpayer subject to the Unincorporated Business Tax, the General Corporation, Bank Tax or the Business Corporation Tax that is a partner in a partnership must report its distributive share of any federal or state change, or alternative adjustment action, to which such partnership was subject within ninety days from the time such change or action occurs. An "alternative adjustment action" means a final federal adjustment as determined pursuant to IRC §6225 or an administrative adjustment request filed by the partnership under IRC §6227, including adjustments with respect to which the partnership made a federal election for alternative payment as described in IRC §6226. These requirements apply to federal and state changes and alternative adjustment actions occurring on or after August 7, 2025; alternative adjustment actions occurring prior to such date must be reported by May 4, 2026.
- Chapter 171 of the Laws of 2025, codified in Ad. Code sections 11-503(r), 11-604(24), 11-643.10 and 11-654(23), provides for a credit under the Unincorporated Business Tax, the General Corporation, Bank Tax and the Business Corporation Tax to businesses relocating their operations from outside New York State to an eligible premises within New York City. For more information see Chapter 61 of Title 19 of the RCNY and the DOF website.
- Section 7 of Chapter 555 of the Laws of 2022 amended section 11-653 of the of the Administrative Code of the City of New York (the "Ad. Code"), adopting economic nexus provisions for New York City, which have been updated by Finance Memorandum 24-2. For taxable years beginning on or after January 1, 2024, a corporation will be subject to the Business Corporation Tax if it derives \$1,128,000 or more of receipts from activity in New York City. A corporation that does not have \$1,128,000 of receipts, but derives at least \$11,000 of receipts from activity in the City and is part of a unitary group of corporations that meets the ownership test under Ad. Code section 11-654.3, will be subject to the tax if the aggregate receipts of all members of such unitary group that derive at least \$11,000 of receipts from activity in the City, is \$1,128,000. Additionally, a corporation that is a credit card issuer that does not meet any of the thresholds set out in section 11-653(1)(c), but that has at least 10 customers, or locations, or customers and locations, as described in section 11-653(1)(c), and is part of a unitary group of corporations that meets the ownership test under section 11-654.3, will be subject to the tax if the aggregate number of customers, or locations, or customers and locations of all members of such unitary group that have at least 10 customers, or locations, or customers and locations, meets any of the threshold requirements set out in section 11-653(1)(c).
- Ad. Code Sections 11-144, 11-503(q), 11-604(23) and 11-654(23) provide for a refundable credit under the Unincorporated Business Tax, the General Corporation Tax and the Business Corporation to taxpayers providing new or expanded child care services for their employees with respect to infants and toddlers in a permitted child care program. For more information, see Chapter 59 of Title 19 of the RCNY and the DOF website (<https://www.nyc.gov/site/finance/group-childcare-credit.page>).
- Chapter 671 of the Law of 2023 added Ad. Code sections 11-506 (c)(13), 11-602(8)(a)(17) and 11-652(8)(a)(18) allowing the deduction against the Unincorporated Business Tax, the General Corporation Tax and the Business Corporation Tax, respectively, of an amount equal to the federal deduction disallowed by IRC section 280E, for business expenses incurred by taxpayers authorized by the New York Cannabis Law to engage in the sale, distribution, or production of adult-use cannabis products or medical cannabis.
- Local Law 166 of 2023 amended section 11-654(21) of the Ad. Code to renew a biotechnology credit for tax years beginning on or after January 1, 2023, and before January 1, 2026, for certain qualified emerging technology companies for certain costs and expenses incurred.
- For details on the proper reporting of income and expenses addressed in the federal Tax Cuts and Jobs Act of 2017, such as mandatory deemed repatriation income, foreign-derived intangible income (FDII), global intangible low-taxed income (GILTI), please refer to Finance Memorandum 18-9. For information about the IRC section 163(j) limitation on the business interest expense deduction, please refer to Finance Memorandum 18-11.

### GENERAL INFORMATION

Subchapter 3-A of Chapter 6 of Title 11 of the Administrative Code of the City of New York (the "Ad. Code") applies to tax years starting on or after January 1, 2015. This subchapter applies to corporations that were previously subject to the General Corporation Tax ("GCT"), Subchapter 2 of Chapter 6 of Title 11 of the Code,

and the Banking Corporation Tax, Subchapter 3 of Title 11 of the Code, except that it does not apply to any corporation that is an S corporation, or qualified subchapter S subsidiary, under subchapter S of the Internal Revenue Code of 1986, as amended (collectively, "S Corporations"). S Corporations are subject to tax under the GCT and Banking Corporation Tax. Corporations subject to Subchapter 3-A, Business Corporation Tax, must file

this form unless they are required or permitted to file as members of a combined group (Form NYC-2A).

### S CORPORATIONS

If subject to GCT, an S-Corp must file a GCT return (generally Form NYC-4S, Form NYC-4S-EZ or Form NYC-3L). If subject to Bank Tax, an S-Corp must file a Banking Corporation Tax return (generally Form NYC-1). Under certain lim-

ited circumstances, an S corporation may be permitted or required to file a combined return (Form NYC-3A for GCT or Form NYC-1A for Bank Tax, whichever is applicable). *See, e.g., Finance Memorandum 99-3 for information regarding the treatment of qualified subchapter S subsidiaries.* For additional requirements see the instructions to those forms. An S Corporation may not file this return.

### CORPORATION DEFINED

Any entity that is an association taxable as a corporation for federal income tax purposes pursuant to IRC §7701(a)(3) is treated as a corporation for City tax purposes including an unincorporated entity that elects to be taxable as a corporation. Unincorporated entities that are taxable under the Business Corporation Tax 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 for additional information.*

### Corporations required to file Form NYC-2.

Corporations, other than S corporations, doing business, employing capital, owning or leasing property, maintaining an office, or deriving receipts from activity, in the City are required to file Form NYC-2. A corporation is considered to be deriving receipts in the City if it has receipts within New York City of \$1,128,000 or more in a tax year. “Receipts” means the receipts that are subject to the allocation rules under Ad. Code section 11-654.2, and the term “receipts within the City” means the receipts included in the numerator of the receipts fraction determined under Ad. Code section 11-654.2. Also, receipts from processing credit card transactions for merchants include merchant discount fees received by the corporation.

Pursuant to section 21 of Chapter 201 of the Laws of 2009, for tax years beginning on or after January 1, 2011, the Banking Corporation Tax was amended to provide criteria by which banking corporations, engaged in the business of credit card

transactions and not otherwise doing business in New York City, would be subject to tax if they met certain criteria, regarding credit card customers or merchant customer contracts in the City. Some of these criteria were carried over and incorporated into the Business Corporation Tax. Pursuant to these criteria, a corporation is doing business in the city if (1) it has issued credit cards (bank, credit travel and entertainment) to one thousand or more customers who have a mailing address in the city as of the last day of its taxable year and (2) it has merchant customer contracts with merchants and the total number of locations covered by those contracts equals one thousand or more locations in the city to whom the corporation remitted payment for credit card transactions during the taxable year, or (3) the sum of the number of customers described in (1) plus the number of locations covered by its contracts described in (2) equal one thousand or more.

### Corporate Partners

- If a partnership is doing business, employing capital, owning or leasing property, or maintaining an office, or deriving receipts from activity, in New York City, then a corporation that is a general partner in that partnership is subject to tax and must file Form NYC-2.
  - If a partnership is doing business, employing capital, owning or leasing property maintaining an office, or deriving receipts from activity, in New York City, then a corporation that is a limited partner of that partnership may be subject to tax pursuant to the regulations promulgated by the Commissioner of Finance.
- The following are NOT required to file a Business Corporation Tax Return (Form NYC-2):**
- a) A dormant corporation that 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 Department of Finance
- c) Corporations subject to taxation under Chapter 11, Title 11 (Utility Corporations) of the NYC Administrative Code are not required to file Business Corporation Tax returns. However, corporations that are subject to tax under Chapter 11 as vendors of utility services are subject to the Business Corporation Tax in accordance with section 11-653.4 of the Code and must file a return.
- WIRELESS TELECOMMUNICATIONS SERVICE PROVIDERS.** Entities who receive eighty percent or more of their gross receipts from charges for the provision of mobile telecommunications services to customers will be taxed as if they were regulated utilities for purposes of the New York City Utility Tax, General Corporation Tax and Business Corporation Tax. Thus, such entities will be subject to only the New York City Utility Tax. The amount of gross income subject to tax has been redefined to conform to the Federal Mobile Telecommunications Sourcing Act of 2000. In addition, partners in any such entity will not be subject to General Corporation Tax or Business Corporation Tax on their distributive share of the income of any such entity.
- 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 11 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 interests in a REMIC remain taxable on such interests 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 the corporation is owned by a municipal corporation of New York
- k) Corporations principally engaged in the operation of marine vessels whose activities in the City are limited exclusively to the use of property in interstate or foreign commerce
- l) Foreign corporations that are exempt under the provisions of Public Law 86- 272.
- m) Alien Corporations—An alien corporation (a corporation organized under the laws of a country, or any political subdivision thereof, other than the United States, or organized under the laws of a possession, territory or commonwealth of the United States) is not deemed to be doing business, employing capital, owning or leasing property, maintaining an office, or deriving receipts from activity, in the city if the activities in the city are limited to:
  - investing or trading in stocks and securities for its own account within the meaning of IRC §864(b)(2)(A)(ii);
  - 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. See Ad. Code §11-653(2-a).

An alien corporation that under any provision of the IRC is not treated as a domestic corporation as defined under IRC section 7701 and has no effectively connected income for the tax year is not subject to tax pursuant to clause three of the opening paragraph of Ad. Code §11-652(8).

- n) An entity that would otherwise meet the definition of a corporation but that was subject to the Unincorporated Business Tax ("UBT") for its taxable year beginning in 1995 and that made an election not to be characterized as a corporation under the General Corporation Tax, will also not be a corporation under the Business Corporation Tax (Subchapter 3-A) unless and until it revokes its election.

**NOTE:** A corporation that has an officer, employee, agent or representative in the City and that is not subject to the Business Corporation Tax is not required to file a Form NYC-2 but must file a Form NYC-245 (Section 11-655 of the NYC Administrative Code).

A corporation shall **not** be deemed to be doing business, employing capital, owning or leasing property, maintaining an office, or deriving receipts from activity, in the city by reason of:

- The maintenance of cash balances with banks or trust companies in the city;
- The ownership of shares of stock or securities kept in the city if kept in a safe deposit box, safe, vault, or other receptacle rented for the purpose, or if pledged as collateral security, or if deposited with one or more banks or trust companies, or with brokers who are members of a recognized security exchange, in safekeeping or custody accounts;
- The taking of any action by any such bank or trust company or broker, which is incidental to the rendering of safekeeping or custodian service to the corporation;
- The maintenance of an office in this city by one or more officers or direc-

tors of the corporation who are not employees of the corporation if the corporation otherwise is not doing business in the city, and does not employ capital or own or lease property in the city;

- The keeping of books or records of a corporation in the city if such books and records are not kept by employees of the corporation and the corporation does not otherwise do business, employ capital, own or lease property, or maintain an office in the city; or
- Any combination of the activities listed above.

#### WHEN AND WHERE TO FILE

The due date for filing is on or before April 15, 2026 or, for fiscal year taxpayers, on or before the 15th day of the 4th month following the close of the fiscal year.

**Special 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.

Mail all returns, except refund returns:

**NYC Department of Finance  
P.O. Box 5564  
Binghamton, NY 13902-5564**

Remittances – Pay online with Form NYC- 200V at [nyc.gov/eservices](http://nyc.gov/eservices), or

Mail payment and Form NYC-200V only to:

**NYC Department of Finance  
P.O. Box 3933  
New York, NY 10008-3933**

Mail returns claiming refunds:

**NYC Department of Finance  
P.O. Box 5563  
Binghamton, NY 13902-5563**

#### 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-EXT and pays the amount properly estimated as its tax. See the instructions for Form NYC-EXT for information regarding what constitutes a proper estimated tax for this purpose. Failure to pay a proper estimated amount will result in a denial of the extension. A taxpayer with a valid six-month automatic extension filed on Form NYC-EXT may request up to two additional three-month extensions by filing Form NYC-EXT.1. A separate Form NYC-EXT.1 must be filed for each additional three-month extension. Forms NYC-EXT and EXT.1 may be submitted electronically via the Department's Website or mailed to the address indicated on those forms.

## FINAL RETURNS

If a corporation ceases to do business in New York City, the due date for filing a final Business Corporation Tax Return is the 15th day after the date of the cessation (Ad. Code Section 11- 655). Corporations may apply for an automatic six-month extension for filing a final return by filing Form NYC-EXT, Application for Automatic 6- Month Extension of Time to File Business Income Tax Return on or before that date. Any tax due must be paid with the final return or the extension, whichever is filed earlier.

## AMENDED RETURNS

If you are filing an amended return for any purpose, mark an X in the Amended return box on page 1 of the return.

If you file an amended federal or state return, you must file an amended New York City return within 90 days (or 120 days if filing an amended combined return thereafter).

You must file using the correct year's return for the tax year being amended. Do not use the most current year's return if the current year is not the year being amended. If you file on the wrong year's return, it may cause the amended return to be rejected, or may cause a delay in receiving any tax benefits being claimed.

The Business Corporation Tax is effective January 1, 2015 and does not apply

to any tax return filed for a tax year commencing prior to January 1, 2015.

## FOR AMENDED RETURNS BASED ON CHANGES TO FEDERAL OR STATE TAXABLE INCOME OR OTHER TAX BASE

For taxable years beginning on or after January 1, 2015, changes in taxable income or other tax base made by the Internal Revenue Service ("IRS") and /or New York State Department of Taxation and Finance ("DTF") will no longer be reported on Form NYC-3360 or Form NYC-3360B. Instead, taxpayers must report these federal or state changes to taxable income or other tax base by filing an amended return. This amended return must include a tax worksheet that identifies each change to the tax base ("Tax Base Change") and shows how each such Tax Base Change affects the taxpayer's calculation of its New York City tax. A template for the tax worksheet is available on the DOF website at [nyc.gov/finance](http://nyc.gov/finance). This amended return must also include a copy of the IRS and/or DTF final determination, waiver, or notice of carryback allowance. Taxpayers that have federal and state Tax Base Changes for the same tax period may report these changes on the same amended return that includes separate tax worksheets for the IRS Tax Base Changes and the DTF Tax Base Changes. Note that for taxable years beginning on or after January 1, 2015, DTF Tax Base Changes may include changes that affect income or capital allocation.

The Amended Return checkbox on the return is to be used for reporting an IRS or DTF Tax Base Changes, with the appropriate box for the agency making the Tax Base Changes also checked. Taxpayers must file an amended return for Tax Base Changes within 90 days (120 days for taxpayers filing a combined report) after (i) a final determination on the part of the IRS or DTF, (ii) the signing of a waiver under IRC §6213(d) or NY Tax Law §1081(f), or (iii) the IRS has allowed a tentative adjustment based on a NOL carryback or a net capital loss carryback.

If the taxpayer believes that any Tax Base Change is erroneous or should not apply to its City tax calculation, it should not in-

corporate that Tax Base Change into its City tax calculation on its amended return. However, the taxpayer must attach: (i) a statement to its report that explains why it believes the adjustment is erroneous or inapplicable; (ii) the explanatory tax worksheet that identifies each Tax Base Change and shows how each would affect its City tax calculation; and (iii) a copy of the IRS and/or DTF final determination, waiver, or notice of carryback allowance.

For more information on federal or state Tax Base Changes, including a more expansive explanation of how taxpayers must report these changes as well as sample tax worksheets to be included within the amended return, see *Finance Memorandum 17-5, "Reporting Federal or State Changes"*, revised and dated October 10, 2018.

## FOR AMENDED RETURNS BASED ON FEDERAL PARTNERSHIP CHANGES

If the taxpayer is a partner in a partnership and such partnership was required to report a federal or state change, or was subject to an alternative adjustment action with respect to the taxable year for which this form is filed ("reviewed year"), the taxpayer must report its distributive share of such federal or state change or alternative adjustment action, as though it was made directly to such taxpayer's federal or state taxable income. An "alternative adjustment action" means a final federal adjustment as determined pursuant to IRC §6225 or an administrative adjustment request filed by the partnership under IRC §6227, including adjustments with respect to which the partnership made a federal election for alternative payment as described in IRC §6226. To report such changes the taxpayer must file an amended return in accordance with the instructions above with regard to reporting federal and state changes and check the Federal/State Partnership Change checkbox. The amended return must include copies of the notice of the final partnership adjustment, or, in the case of an administrative adjustment request, Forms 8082, 8980 (along with a letter of approval from the IRS of the requested modifications), 8985 and 8986, if such forms were filed with the IRS.

**ACCESSING NYC TAX FORMS**

*By Computer* - Download forms from the Finance website at [nyc.gov/finance](http://nyc.gov/finance)

*By Phone* - Order forms by calling **311**. If calling from outside of the five NYC boroughs, please call **212-NEW-YORK (212- 639-9675)**.

**OTHER FORMS YOU MAY BE REQUIRED TO FILE**

**FORM NYC-2.1 - Investment and Other Exempt Income and Investment Capital**, must be filed by a corporation that has investment capital (Ad. Code section 11-651(4)), investment income (Ad. Code section 11-651(5)), or other exempt income (Ad. Code section 11-651(5-a)).

**FORM NYC-2.2 - Subtraction Modification for Qualified Banks and Other Qualified Lenders**, must be filed to utilize the subtraction modification for qualified residential loan portfolios (Ad. Code section 11-652(8)(s)), the subtraction modification for community banks and small thrifts (Ad. Code section 11-652(8)(q)), the subtraction modification for community banks and small thrifts with a captive real estate investment trust (REIT) (Ad. Code section 11-652(8)(r)) or the subtraction modification for qualified affordable housing and low income community loans (Ad. Code section 11-652(8)(t)).

**FORM NYC-2.3 - Prior Net Operating Loss Conversion (PNOLC Subtraction)**, must be filed to calculate and utilize the PNOLC carryforward (Ad. Code section 11-654.1(2)). This form must be filed for every tax year that you carry a balance of a PNOLC subtraction, even if you are unable to utilize the subtraction in a given year.

**FORM NYC-2.4 - Net Operating Loss Deduction (NOLD)**. Must be filed to calculate and utilize the NOLD and carry-forward (Ad. Code section 11-654.1(3)). This form must be filed with the amended return when the carryback of a post corporate tax reform net operating loss (NOL) is claimed. **NOLs from tax years that begin on or after January 1, 2015, cannot be carried back to tax years that began before January 1, 2015.**

**FORM NYC-2.5 - Computation of Receipts Factor**—must be filed by any corporation claiming less than a 100% business allocation percentage to NYC.

**FORM NYC-EXT** - Application For Automatic 6-Month Extension of Time to File Business Income Tax Return. File it on or before the due date of the return.

**FORM NYC-EXT.1** - Application for Additional Extension 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-300** - Mandatory First Installment (MFI) by Business C Corporations. This form is to be submitted with respect to the MFI. The MFI on this form is equal to 25% of the second preceding year's tax. The due date of the form is 2-1/2 months after the close of the previous fiscal year, not the due date of the return or extension for the previous year. For a calendar year taxpayer, the due date is March 15th.

**FORM NYC-222** - Underpayment of Estimated Tax by Corporations will help a corporation determine if it has underpaid an estimated tax installment and, if necessary, 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 disclaims liability for the Business 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-399Z** - Depreciation Adjustments for Certain Post 9/10/01 Property may have to be filed by taxpayers claiming depreciation deductions for certain sport utility vehicles or "qualified property," other than "qualified New York Liberty Zone property," "qualified New York Liberty Zone leasehold improvements" and "qualified resurgence zone property" placed in service after

September 10, 2001, for federal or New York State tax purposes. See Finance Memorandum 25-1, "Application of IRC §280F Limits to Sports Utility Vehicles."

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

**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 a transfer of a controlling economic interest in a corporation, partnership or trust that owns or leases real property.

**For credits or refunds based upon carryback of a net operating loss (NOL)**—To claim a credit or refund resulting from the carryback of an NOL to a prior year, file an amended return for the year to which the carryback is being applied within 90 days (120 days if filing an amended combined return) from the date of the document indicating approval of the federal refund or credit, check the NOL Carryback box on page 1 of this form and indicate the year(s) from which the loss is carried back.

You must attach the following to your amended return:

- Federal claim Form 1139, Corporation Application for Tentative Refund, or federal Form 1120X, Amended U.S. Corporation Income Tax Return;
- A copy of the New York City return previously filed with New York City for the loss year;
- Proof of federal refund approval, Statement of Adjustment to your Account.

## OVERVIEW OF BUSINESS CORPORATION TAX

### Tax Bases and Rates

Under the Business Corporation Tax, the business income base is the primary tax base, with the business capital and fixed dollar minimum tax bases as alternatives. *For more on the tax rate applicable to the business income base, see Schedule H and accompanying instructions.*

### Tax on Business Income

The tax on the business income base is computed on Schedule B. The business income base is generally determined using a single receipts factor.

### Tax on Business Capital

The tax on the business capital base is computed on Schedule C. The business capital base is generally determined using a single receipts factor allocation.

### Fixed Dollar Minimum Tax

The fixed dollar minimum tax is determined by the corporation's New York City receipts. To avoid an erroneous assessment or a delay in your refund, you must enter an amount on Form NYC-2, Schedule A, line 3. If you do not have New York City receipts, enter 0 in the box on line 3. Failure to make an entry on this line may result in an assessment of tax, or reduction of your refund or credit.

### FOR TAXPAYERS CLAIMING

#### A NET OPERATING LOSS DEDUCTION

Taxpayers claiming a deduction for a Net Operating Loss must complete form NYC-2.4 (Net Operating Loss Deduction) and include it with their Business Corporation Tax filing. For more information see Form NYC-2.4. Under subchapter 3-A, the restriction for REITs and RICs on using the NOL deduction is no longer applicable and, thus, REITs and RICs are permitted an NOL deduction. **NOLs from tax years that begin on or after January 1, 2015, cannot be carried back to tax years that began before January 1, 2015.**

**Requirement to be Included in a Combined Report under the Business Cor-**

### poration Tax:

Subchapter 3-A adopts a combined reporting regime under which corporations that meet a more than 50% ownership or control test generally must file a combined return if they conduct a unitary business or elect to file on a combined basis. For more information, please refer to the instructions for Form NYC-2A.

### 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 declarations and installment payments of estimated tax. If the tax on this return exceeds \$1,000, submit Form NYC-400 which is available on the Department of Finance's website. 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. Mail the amended declaration, using Form NYC-400, along with your check to:

**NYC Department of Finance  
P.O. Box 3922  
New York, NY 10008-3922**

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.

These payments can also be made online at [nyc.gov/eservices](http://nyc.gov/eservices).

*For more information regarding estimated tax payments and due dates, see Form NYC-400.*

### 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 \$5,000) for any taxable year, a penalty will be imposed in an amount equal to 10% of the amount of the understated tax. The amount of understated tax 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 of the relevant facts affecting the item's tax treatment 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. You can obtain this form by calling 311. If calling from outside of the five NYC boroughs, please call 212-NEW-YORK (212-639-9675). You can also logon to [nyc.gov/finance](http://nyc.gov/finance).

### HOW TO FILL OUT YOUR TAX RETURN

#### Important identifying information

When preparing your corporation tax return, be sure to accurately complete the corporation's identifying information (employer identification number (EIN)) including the current address. Keep a record of the corporation's identifying information for future use.

Check all the boxes on the front of the return that apply.

#### SIGNATURE

This report must be signed by an officer authorized to certify that the statements contained herein are true. If the taxpayer is a publicly-traded partnership or another unincorporated entity taxed as a corporation, this return must be signed by a person duly authorized to act on behalf of the taxpayer.

#### 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.) 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. (These notices will not be sent to the preparer).

**You are not authorizing** the preparer to receive any refund check, bind you to any statement, act or legal position (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**

### **Period Covered**

File the 2025 return for calendar year 2025 and fiscal years that begin in 2025 and end in 2026. For a fiscal or short tax year return, fill in the tax year space at the top of the form. The 2025 Form NYC-2 also can be used if:

- You have a tax year of less than 12 months that begins and ends in 2026, and
- The 2026 Form NYC-2 is not available at the time you are required to file the return.

You must show the 2026 tax year on the 2025 Form NYC-2 and take into account any tax law changes that are effective for tax years beginning after December 31, 2025.

### **September 11, 2001 Related Benefits**

Check the appropriate box on page 1 of this form if, on your federal return: (i) you reported bonus depreciation and/or a first year expense deduction under IRC §179 for "qualified New York Liberty Zone property," "qualified New York Liberty Zone leasehold improvements," or "qualified Resurgence Zone property," regardless of whether you are required to file form NYC-399Z, or (ii) you replaced property involuntarily converted as a result of the attacks on the World Trade Center during the five (5) year extended replacement period. You must attach federal forms 4562, 4684 and 4797 to this return. See instructions for Schedule B, lines 11 and 19 for more information.

### **Filing your final return**

Mark an **X** in the *Final return* box on page 1 of the return if the corporation has ceased doing business, employing capital, or owning or leasing property in New York City. Do not mark an **X** in the *Final return* if you are only changing the type of return that you file.

Do not mark an **X** in the *Final return* box in the case of a merger or consolidation.

Include the full profit from any installment sale made in your final tax year on your final return.

Also include on your final return any remaining profit not yet received from a prior year's installment sale.

### **S Corporation Termination Year**

If an S corporation is terminating its federal S election on a day other than the first day of the tax year, the tax year is divided into two tax periods (an S short year and a C short year). The taxpayer must file a GCT or Bank Tax return for the S Corporation short year and a Form NYC-2 or Form NYC-2A for the C corporation short year. The due date of the S corporation short year return is the same as the C corporation short year, even though they are treated as separate short tax years. *See Finance Memorandum 15-2, 4/17/2015.*

### **Special Condition Codes**

Check the Finance website for applicable special condition codes. If applicable, enter the two character code in the box provided on the form.

## **SCHEDULE A**

### **Computation of Balance Due or Over-payment**

#### **LINE 3 - MINIMUM TAX**

Enter the amount of New York City Receipts from Schedule F, Part 1, Column A, line 1, or Part 2, Column A, line 2a and the Minimum Tax amount from the following table. If 100% of your business income is to be allocated to the City, enter the total amount of your business receipts, which should be the same as the amount that you would have had to enter on line 1 of Part 1, or line 2a of Part 2 of Schedule F if you had been required to complete that line.

#### **TABLE - FIXED DOLLAR**

#### **MINIMUM TAX**

For a corporation with New York City receipts of:

Not more than \$100,000.....	\$ 25
More than \$100,000 but not over \$250,000 .....	\$ 75
More than \$250,000 but not over \$500,000 .....	\$ 175
More than \$500,000 but not over \$1,000,000 .....	\$ 500
More than \$1,000,000 but not over \$5,000,000 .....	\$1,500
More than \$5,000,000 but not over \$25,000,000 .....	\$3,500
More than \$25,000,000 but not over \$50,000,000 .....	\$5,000
More than \$50,000,000 but not over \$100,000,000 .....	\$10,000
More than \$100,000,000	
but not over \$250,000,000 .....	\$20,000
More than \$250,000,000 but not over \$500,000,000 .....	\$50,000
More than \$500,000,000 but not over \$1,000,000,000 .....	\$100,000
Over \$1,000,000,000 .....	\$200,000

#### **Short Periods - Fixed Dollar Minimum Tax**

Compute the New York City receipts for short periods (tax periods of less than 12 months) by dividing the amount of New York City receipts by the number of months in the short period and multiplying the result by 12. Once this annualized amount is calculated (do not replace your NYC receipts on Line 3 with this

annualized amount) use the table above to determine the fixed dollar minimum tax based on the annualized amount. The resulting fixed dollar minimum tax may be reduced for short periods as indicated below. Enter the reduced amount on line 3 (If applicable).

#### Period Reduction

Not more than 6 months .....	50%
More than 6 months but not more than 9 months.....	25%
More than 9 months .....	None

#### LINE 5 - UBT PAID CREDIT

Enter on line 5 the credit against the Business Corporation Tax for Unincorporated Business Tax paid by partnerships from which you receive a distributive share of income, loss or deduction or guaranteed payment that you include in entire net income (ENI) (*Attach a Form NYC-9.7C for each partnership from which you receive a credit.*)

#### LINE 7- REAP CREDIT

Enter on this line the Relocation and Employment Assistance Program (REAP) credit against the Business Corporation Tax. (*Attach Form NYC-9.5.*)

#### LINE 8 - CREDITS FROM FORM NYC-9.6

Enter on this line the real estate tax escalation credit and employment opportunity relocation costs credit and industrial business zone credit (*Refer to instructions on Form NYC-9.6 and attach form.*)

#### LINE 9 – LMREAP CREDIT

Enter on this line the credit against the Business Corporation Tax for the Lower Manhattan Relocation and Employment Assistance Program. (*Attach Form NYC-9.8.*)

#### LINE 10 – BIOTECHNOLOGY CREDIT

Enter on this line the biotechnology credit. (*Attach Form NYC-9.10.*)

#### LINE 11a- BEER PRODUCTION CREDIT

Enter on this line the NYC beer production credit. (*Attach Form NYC-9.12.*)

#### LINE 11b – CHILD CARE CREDIT

Enter on this line the NYC Child Care Credit. Attach Department of Finance approval letter.

#### LINE 11c - RELOCATION ASSISTANCE CREDIT PER EMPLOYEE (RACE) CREDIT

Refer to instructions on Form NYC-9.13 and attach form.

#### LINE 13 - TOTAL PREPAYMENTS

Enter the sum of all estimated tax payments made for this tax period, the payment made with the extension request, if any, and both the carryover credit and the first installment reported on the prior tax period's return. This figure should be obtained from the Composition of Prepayments Schedule on page 2 of Form NYC-2. Use line G of the Prepayment Schedule for original returns; use line H in case of an amended return. See the instructions to the Prepayments Schedule.

#### LINE 16a - 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 311. If calling from outside of the five NYC boroughs, please call 212-NEW-YORK (212-639-9675) or log on to nyc.gov/finance.

#### LINE 16b - LATE PAYMENT OR LATE FILING/ADDITIONAL CHARGES

- 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%.
- If this form is filed more than 60 days late, the above late filing penalty cannot be less than 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).
- 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%.

- 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 16c - PENALTY FOR UNDER-PAYMENT OF ESTIMATED TAX

A penalty is imposed for failure to file a declaration of estimated tax or for failure to pay each installment payment of estimated tax due. (*For complete details, 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 16c.

#### LINE 19b - AMOUNT CREDITED TO ESTIMATED TAX

Note: Any amount reported on line 19b will be credited to the following year's estimated tax. That amount will be deemed to have been paid towards the tax for the following year and no claim for credit or refund of such overpayment shall be allowed for the taxable year for which the overpayment arose. See Ad. Code section 11-677(2) and Statement of Audit Procedure #PP-2008-22, 4/14/08.

#### LINE 20 - TOTAL REMITTANCE DUE

If the amount on line 14 is greater than zero or the amount on line 18 is less than zero, enter on line 20 the sum of line 14 and the amount, if any, by which line 17 exceeds the amount on line 15. If filing and *paying* electronically, enter the amount of your remittance on Line A. If not paying electronically, leave Line A blank. 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. Remittances must be made payable to the order of **NYC Department of Finance**.

#### LINE 21 - NEW YORK CITY RENT

If the corporation is carrying on business both inside and outside New York City, complete Schedule E and enter on line 21 of Schedule A total rent from Schedule E, part 1. If the corporation is only carrying on business in New York City, enter the

total rent deducted on the federal return for premises located in the City. Rent includes consideration paid for the use or occupancy of premises as well as payments made to or on behalf of a landlord for taxes, charges, insurance or other expenses normally payable by the landlord other than for the improvement, repair or maintenance of the tenant's premises.

#### LINE 23

The amount entered on line 23 should be the same amount entered on line 1c of the taxpayer's federal Form 1120 (Gross receipts or sales less returns and allowances).

For interest calculations and account information, call 311. If calling from outside of the five NYC boroughs, please call 212-NEWYORK (212-639-9675).

You can also visit the Finance website at [nyc.gov/finance](http://nyc.gov/finance)

#### REVOCATION OF THE COMMONLY OWNED GROUP ELECTION

Pursuant to Ad. Code section 11-654.3(3), a corporation may elect to treat all corporations that meet the ownership requirements of section 11-654.3(2)(a) ("commonly owned group") as its combined group whether or not such corporations are engaged in a unitary business. Once made, the election is irrevocable for the year in which it was made and the subsequent six taxable years. After such time, the election will automatically renew for another period of 7 tax years, unless revoked by the designated agent of the commonly owned group on an original timely filed (with regard to extensions) return for the first taxable year after the completion of the seven year period for which the election was in effect. Once revoked, the election cannot be made by any member of such commonly owned group for 3 tax years immediately following the revocation. In determining the seven and three year periods described in this paragraph, short taxable years shall not be considered.

If you were the designated agent of a combined group that had made an election pursuant to section 11-645.3(3) and such election had been in effect for 7 tax years immediately preceding the tax year for which this return is filed, you can revoke the election by filling out this

schedule and checking the box on Line 3. You must attach a list including the names and EINs of the corporations that were members of the commonly owned group for which the election is being revoked.

#### PREPAYMENTS SCHEDULE

Enter the payment date and the amount of all prepayments made for this tax period.

#### LINE H (Amended Returns Only) -

This line should reflect the total amount of payments that is applicable to the taxable year covered by this return, including those made with the original return (less any amounts that were carried forward and applied to a subsequent period and any refunds received) and any subsequent payments made prior to the filing of this amended return. Do not include payments being made with this return. Attach a schedule listing the payments, credits and refunds included on this line.

**Example** - Taxpayer listed payments of \$6,000 on the Composition of Prepayments Schedule on the original return. The tax liability as reflected on the original return was \$5,000. The taxpayer requested and received a refund of \$1,000. A year later, the taxpayer files an amended return showing a new tax liability for the same period of \$1,000. Because of the refund, the amount of the prepayment is now \$5,000, which should be entered on this line and on line 13 of Schedule A. Attach a schedule showing all payments (including those made prior to the filing of the original return) and the refund.

#### Special Entities

##### FOREIGN AIRLINES

Foreign airlines that have a foreign air carrier permit pursuant to section 402 of the Federal Aviation Act of 1958 may exclude from ENI all income from international operations effectively connected to the United States, foreign passive income, and income earned from overseas operations, provided the foreign country in which the airline is based has a similar exemption from tax with respect to United States airlines. (Ad. Code § 11-652(8)(c-1)).

Property, receipts and wages, salaries or other personal service compensation directly attributable to the generation of in-

come described above not included in entire net income under Ad. Code Section 11-652(8)(c-1) are excluded when calculating the business allocation percentage. See Ad. Code Section 11-654(3)(a)(11).

When computing the tax on capital, foreign airlines may also exclude from business capital those assets used to generate the exempt income (to the extent the assets were employed in generating that income). Ad. Code Section 11-652(6)(b).

However, if the country in which the foreign airline is based does not provide a similar exemption from tax with respect to United States airlines, the foreign airline is not entitled to the exclusions from income and capital described above.

#### SCHEDULE B

##### *Computation of Tax on Business Income Base*

Business income is ENI minus investment income and other exempt income. ENI is:

- Federal Taxable Income (FTI) for non-alien corporations or alien corporations that are treated as domestic corporations; or
- Income effectively connected with the conduct of a trade or business within the United States, as determined under IRC section 882, for an alien corporation that under any provision of the IRC is not treated as a domestic corporation as defined in IRC 7701; or
- FTI that would have been reported to the IRS in the case of a corporation which is exempt from federal income tax (other than tax on unrelated business income imposed under IRC section 511) but is taxable under Subchapter 3-A;

**plus or minus** certain New York City modifications.

If you have federal capital gains or losses included in your FTI that flow from items that qualify as New York investment capital, you **must** adjust FTI on line 1 by recomputing the amount of your federal net capital gain income. In this recomputation,

you must net your federal capital gains and losses by the **type** of New York capital (business or investment) that generated the federal capital gain or loss, **rather** than netting business and investment capital gains and losses against each other. Business capital loss(es) are **only** allowed to be netted against business capital gain(s) to the extent that there are business capital gain(s) to absorb the business capital loss(es). Likewise, investment capital loss(es) are only allowed to be netted against investment capital gain(s) to the extent that there are investment capital gain(s) to absorb the investment capital loss(es). When completing Form NYC-2 the adjustment made for purposes of line 1 **must** be taken into consideration.

The sum of investment income and other exempt income must **not** exceed ENI.

#### LINE 1

Generally, the amount to enter is your FTI, before NOL and special deductions, as required to be reported to the U.S. Treasury Department. However, see below, for instructions specific to different federal Forms 1120.

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

**FDII and GILTI deductions:** Administrative Code § 11-652(8)(b)(21) requires that any IRC section 250(a)(1)(A) amount deducted (as reduced by IRC section 250(a)(2)) when computing FTI must be added back to FTI. However, as the amount reported on line 1 is **before** the special deductions amount reported on federal Form 1120, no addition modification to FTI for any IRC section 250(a)(1)(A) deduction is required. You are allowed to take the portion of the IRC section 250 deduction computed under IRC section 250(a)(1)(B)(i), as reduced by IRC section 250(a)(2). Include this amount on line 20 of Schedule B.

- If you file Form 1120-REIT, use REIT taxable income (as defined in IRC section 857(b)(2), but **before** the NOL deduction, total deduction for dividends paid, and the IRC section 857(b)(2)(E) deduction), as modified by IRC section 858.

**Note:** If you were required to include in your calculation of REIT taxable income an IRC section 965(a) inclusion amount, such inclusion, as well as the corresponding IRC section 965(c) amount, is already reflected in the REIT taxable income amount. Administrative Code § 11-652(8)(b)(20) requires that any IRC section 965(c) amount deducted when computing REIT taxable income must be added back to REIT taxable income. Add back the IRC section 965(c) deduction amount on Schedule B, Line 14. A federal election can be made under IRC section 965(m)(1)(B). When such election is made, New York City conforms to this election.

- If you file Form 1120-RIC, use the sum of:
  - investment company taxable income (as defined in IRC section 852(b)(2), modified for IRC section 855, but **before** the deduction for dividends paid and the deductions for tax imposed under IRC sections 851(d)(2) and 851(i)) **plus**
  - the amount taxable under IRC section 852(b)(3).
- If you file federal Form 1120-H, use the amount from line 19.
- If you file federal Form 1120-POL, use the amount from line 19.
- If you file federal Form 1120-C, use the amount from line 25c.

**GILTI and FDII deductions:** Administrative Code § 11-652(8)(b)(21) requires that any IRC section 250(a)(1)(A) amount deducted (as reduced by IRC section 250(a)(2)) when computing FTI must be added back to FTI. However, as the amount reported on line 1 is **before** the special deductions amount reported on federal Form 1120-C, no addition modification to FTI for any IRC section 250(a)(1)(A) deduction is required. You are allowed to take the portion of the IRC section 250 deduction computed under IRC section 250(a)(1)(B)(i), as reduced by IRC section 250(a)(2). Include this amount on line 20 of Schedule B.

- If you are a member of a federal affiliated group that files a consolidated return, complete a pro forma 1120 reporting the FTI you would have been required to report on a separate federal tax return, and attach a copy of the federal consolidating workpaper indicating your separate taxable income before any elimination intercorporate transactions included in the federal consolidate return.
- If you file 1120-F, use the amount from Section II, line 29. Mark an X in the "Yes" box on Schedule G, line 17.
- If you are exempt from federal income tax but subject to New York City Business Income Tax, you must determine the amount you would have had to report as FTI, before NOL and special deductions, as if you were not exempt. Attach a separate sheet showing how you determined the amount.
- If you have an amount of excess inclusion as a result of having a residual interest in a real estate mortgage investment conduit (REMIC), you must properly reflect this income in FTI.

#### LINES 2 and 3 - DIVIDENDS AND INTEREST AND OTHER INCOME EFFECTIVELY CONNECTED WITH THE CONDUCT OF A TRADE OR BUSINESS IN THE UNITED STATES NOT INCLUDED ON LINE 1 BY ALIEN CORPORATIONS

Alien corporations enter on line 2 dividends and interest on any kind of stock, securities or indebtedness which are effectively connected with the conduct of a trade or business in the U.S. pursuant to Section 864 of the IRC, but which are excluded from federal taxable income; and enter on line 3 any other income not included on line 1 which would be treated as effectively connected with the conduct of a trade or business in the U.S. pursuant to Section 864 of the IRC were it not excluded from gross income pursuant to Section 103(a) of the IRC.

#### LINE 6 - INCOME TAXES

Enter any taxes on or measured by income or profit paid or accrued to the United States, or any of its possessions, which were deducted in computing federal taxable income on line 1.

## LINES 7 AND 8 - STATE AND LOCAL BUSINESS TAXES

On line 7 enter the amount deducted on your federal return for business 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 and the MTA Payroll Tax (New York State Tax Law, Art. 23).

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

On line 8, enter the amount of New York City General Corporation Tax, Banking Corporation Tax and Business Corporation Tax deducted on your federal return.

## LINES 9, 10 AND 11 - NEW YORK CITY ADJUSTMENTS

**Lines 9 & 10** - Taxpayers claiming the employment opportunity relocation costs credit or the industrial business zone credit must enter on line 9 the amount shown on line 5 of Part II of Form NYC-9.6. Taxpayers claiming the real estate tax escalation credit must enter on line 10 the amount shown on line 4 of Part II of Form NYC-9.6.

**Line 11** - The federal bonus depreciation allowed for "qualified property", as defined in the Job Creation and Worker Assistance Act of 2002 is not allowed for Business Corporation Tax purposes except for such deductions allowed with respect to "qualified New York liberty zone property", "qualified New York liberty zone leasehold improvements" and "qualified property" placed in service in the Resurgence Zone (generally the area in the borough of Manhattan south of Houston Street and north of Canal Street). For City tax purposes, depreciation deductions for all other "qualified property" must be calculated as if the property was placed in service prior to September 11, 2001.

## Recent Federal Legislation Effecting Depreciation.

Section 143 of the Protecting Americans

from Tax Hikes Act of 2015, Pub. L. No. 114-113, Div Q (December 18, 2015) ("2015 PATH Act") extended bonus depreciation so that it is available for property acquired and placed in service during 2015-2019; bonus depreciation was extended through 2020 for certain property with a longer production period. Under the 2015 PATH Act, the bonus depreciation is 50% for property placed in service during 2015-2017, 40% for property placed in service during 2018, and 30% for property placed in service during 2019. The first year depreciation for passenger automobiles under §280F(a)(1)(A) is increased by \$8,000 for the 2015 tax year and the 2016 calendar tax year for certain qualified property. However, in the case of a passenger automobile placed in service after December 2016, the first year additional depreciation is phased down to \$6,400 in the case of an automobile placed in service during 2018 and to \$4,800 in the case of automobile placed in service during 2019.

Section 13201(b) of the Tax Cuts and Jobs Act of 2017 ("TCJA") extended the bonus depreciation deduction to cover property placed in service before January 1, 2027 (except for aircraft and log-production period property had to be placed into service before January 1, 2028.) Pursuant to section 13201(a) of the TCJA, for property placed in service after September 27, 2017, the bonus depreciation rate was raised to 100% with the phase-down to begin in 2023. The taxpayer can elect to apply a 50% depreciation rate for property placed in service in the taxpayer's first tax year ending after September 27, 2017. The phase-down of the bonus depreciation enacted under the 2015 PATH is still applicable for property acquired before September 28, 2017. Thus, for property acquired before September 28, 2017 and placed in service in 2018, the bonus depreciation is 40% and 30% for property placed in service in 2019 with no bonus depreciation for property placed in service after 2019.

Under the TCJA, the first year depreciation limit increase of \$8,000 for passenger automobiles under §280(F)(a)(1)(A) is extended to include automobiles placed in service on or before December

31, 2026. Prior to that, in order to qualify for the \$8,000 increase in bonus depreciation, the passenger automobile would have had to be placed into service on or before December 31, 2019. This extension of the placed in service deadline only applies to automobiles acquired on or after September 28, 2017. However, if the passenger automobile was acquired before September 28, 2018, the first year additional depreciation is phased down to \$6,400 in the case of an automobile placed in service during 2018 and to \$4,800 in the case of automobile placed in service during 2019.

Most recently, section 70301 of P.L. No. 119-21, known as the One Big Beautiful Bill Act of 2025 ("OBBA"), made permanent the 100% bonus depreciation deduction (also referred to as 100% expensing) to cover property placed in service after January 19, 2025. The taxpayer can elect to apply a 40% depreciation rate (or a 60% depreciation rate for certain types of property) for property placed in service in the taxpayer's first tax year ending after January 19, 2025. The phase-down of the bonus depreciation enacted under the 2017 TCJA is still applicable for property acquired before January 20, 2025. For further information see IRC section 168(k).

The Administrative Code limits the depreciation for "qualified property" other than "Qualified Resurgence Zone property" and "New York Liberty Zone property" to the deduction that would have been allowed for such property had the property been acquired by the taxpayer on September 10, 2001, and therefore, except for Qualified Resurgence Zone property, as defined in the Administrative Code and "New York Liberty Zone property," the City has decoupled from the federal bonus depreciation provision. Qualified Resurgence Zone property is qualified property described in section 168(k)(2) of the internal revenue code substantially all of the use of which is in the Resurgence Zone (which is generally in the borough of Manhattan south of Houston Street and north of Canal Street), is in the active conduct of a trade or business by the taxpayer in such zone, and the original use of which in the Resurgence Zone commences with

the taxpayer after September 10, 2001. The Administrative Code also requires appropriate adjustments to the amount of any gain or loss included in entire net income or unincorporated business entire net income upon the disposition of any property for which the federal and New York City depreciation deductions differ. For further information, see the instructions to Form NYC-399Z for this calculation. For tax years beginning on or after January 1, 2004, other than for eligible farmers (for purposes of the New York State farmers' school tax credit), the amount allowed as a deduction with respect to a sport utility vehicle that is not a passenger automobile for purposes of section 280F(d)(5) of the Internal Revenue Code is limited to the amount allowed under section 280F of the Internal Revenue Code as if the vehicle were a passenger automobile as defined in that section. For SUVs that are qualified property other than qualified Resurgence Zone property and other than New York Liberty Zone property, the amount allowed as a deduction is calculated as of the date the SUV was actually placed in service and not as of September 10, 2001. Note that for Business Corporation Tax purposes:

- An SUV cannot qualify as either Qualified Resurgence Zone Property or as New York Liberty Zone property. See Administrative Code section 11-652(8)(o).
- An SUV cannot qualify for the additional first year depreciation available under the recent federal legislation described above.

On the disposition of an SUV subject to the limitation, the amount of any gain or loss included in income must be adjusted to reflect the limited deductions allowed for City purposes under this provision. Enter on Schedule B, lines 11 and 19 the appropriate adjustments from form NYC-399Z. *See Finance Memorandum 25-1, "Application of IRC §280F Limits to Sports Utility Vehicles."*

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 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

In place of the federal depreciation deduction, a depreciation deduction using pre-ACRS or MACRS rules (IRC Section 167) is allowed. Enter on line 11 the ACRS adjustment from Form NYC-399, Schedule C, line 8, Column A. Enter on line 19 the ACRS adjustment from Form NYC-399, Schedule C, line 8, Column B. ACRS and MACRS may be available for property placed in service outside New York in years beginning after 1984 and before 1994. *See Finance Memorandum 99-4 "Depreciation for Property Placed in Service Outside New York After 1984 and Before 1994."*

#### **LINE 12 - PAYMENT FOR USE OF INTANGIBLES**

Add back payments for the use of intangibles made to related members as required by Ad. Code section 11-652(8)(n). Ad. Code section 11-652(8)(n) provides that, except where a taxpayer is included in a combined report pursuant to Ad. Code section 11-654.3 with the applicable related member, for the purpose of computing entire net income or other applicable taxable basis, a taxpayer must add back royalty payments directly or indirectly paid, accrued or incurred in connection with one or more direct or indirect transactions with one or more related members during the taxable year to the extent deductible in calculating federal taxable income. There are four statutory exceptions to this requirement. Those four exceptions generally can apply in following situations (for additional conditions that must be met, see the Ad. Code sections indicated below):

If all or part of the royalty payment a related member received was then paid to an unrelated third party during the tax year, that portion of the payment will be

exempt if the transaction giving rise to the original royalty payment to the related member was undertaken for a valid business purpose, and the related member was subject to tax on the royalty payment in this city or another city within the United States or a foreign nation or some combination thereof (Ad. Code section 11-652(8)(n)(2)(ii)(A));

If the taxpayer's related member paid an aggregate effective rate of tax on the royalty payment, to this city or another city within the United States or some combination thereof, that is not less than 80 percent of the rate of tax that applied to the taxpayer under Ad. Code section 11-604 for the tax year (Ad. Code section 11-652(8)(n)(2)(ii)(B));

If the related member is organized under the laws of a foreign country that has a tax treaty with the United States, the related member's income from the transaction was taxed in such country at an effective rate of tax at least equal to that imposed by this city, and the transaction giving rise to the royalty was undertaken for a valid business purpose and reflected an arm's length relationship. (Ad. Code section 11-652(8)(n)(2)(ii)(C)); or

If the taxpayer and the Department of Finance agree to alternative adjustments that more appropriately reflect the taxpayer's income (Ad. Code section 11-652(8)(n)(2)(ii)(D)).

The law as amended also defines the term "related member" by linking it to the definition in Internal Revenue Code section 465(b)(3)(c), but substituting 50 percent for the 10 percent ownership threshold.

#### **LINE 14 - OTHER ADDITIONS**

- a) The Ad. Code nullifies the effects of federal "safe harbor leases" upon New York City taxable income (Section 11-652(8)(a)(8) and (9) of the Ad. Code). This applies to agreements entered into prior to January 1, 1984.

Any amount included in the computation of federal taxable income solely as a result of an election made under IRC Section 168(f)(8) as it was in effect for agreements entered into prior to January 1, 1984, must be removed when computing New York City tax-

able income. Any amount excluded in the computation of federal taxable income solely as a result of an election made under IRC Section 168(f)(8) must be included when computing New York City taxable income.

Exempt from these adjustments are leases for qualified mass commuting vehicles and property of a taxpayer, subject to the Business Corporation Tax, principally engaged in the conduct of an aviation, steamboat, ferry or navigation business, or two or more such businesses, which is placed in service before taxable years beginning in 1989. Enter the appropriate additions and deductions on lines 14 and 20, respectively, and attach a rider to show the "safe harbor" adjustments to New York City taxable income.

- b) Any "windfall profit" tax deducted in computing federal income must be added back when computing NYC entire net income.
- c) For tax years beginning on or after August 1, 2002, corporations that are partners in partnerships that receive at least eighty percent of their gross receipts from providing mobile telecommunications services must exclude their distributive share of income, gains, losses and deductions from any such partnership, including their share of separately reported items, from their federal taxable income reported on line 1. Include in this line the distributive share of any deductions or losses included in the amount reported on line 1.
- d) Add back the amount of any federal deduction allowed pursuant to IRC §965(c) to the extent such amount was deducted in computing your FTI reported on line 1.
- e) Add back the amount of any federal deduction allowed pursuant to IRC §250(a)(1)(A) to the extent such amount was deducted in computing your FTI reported on line 1.
- f) For taxable years beginning on or after January 1, 2021, the amount of any gain excluded from federal gross income for the taxable year pursuant to

IRC section 1400Z-2(a)(1)(A) because it is invested in a qualified opportunity zone must be added back. See Ad. Code section 11-652(8)(b)(23).

#### **LINE 16 - PROPERTY ACQUIRED PRIOR TO 1966**

A deduction is allowed with respect to gain from the sale or other disposition of any property acquired prior to January 1, 1966 (except stock in trade, inventory, property held primarily for sale to customers in the ordinary course of trade or business, or accounts or notes receivable acquired in the ordinary course of trade or business). The amount of the deduction with respect to each such property is equal to the difference between:

- a) the amount of the taxpayer's federal taxable income; and
- b) the amount of the taxpayer's federal taxable income (if smaller than the amount described in (a)), computed as if the federal adjusted basis of each such property (on the sale or other disposition of which gain was realized) on the date of the sale or other disposition had been equal to either:
  - 1) its fair market value on January 1, 1966, or the date of its sale or other disposition prior to January 1, 1966, plus or minus all adjustments to basis made with respect to such property for federal income tax purposes for periods on or after January 1, 1966; or
  - 2) the amount realized from its sale or other disposition, whichever is lower.

In no event, however, shall the total amount computed above exceed the taxpayer's net gain for the year from the sale or other disposition of property (other than stock in trade, inventory, property held primarily for sale to customers in the ordinary course of trade or business, or accounts or notes receivable acquired in the ordinary course of trade or business).

Attach a rider showing computation and a copy of federal Form 1120 Schedule D.

#### **LINE 17 - CITY AND STATE REFUNDS**

Enter at line 17 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 or New York City Business 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 18 - FEDERAL JOBS CREDIT**

Enter the portion of wages and salaries paid or incurred for the taxable year for which a deduction is not allowed pursuant to the provisions of Section 280C of the Internal Revenue Code because the federal targeted jobs tax credit was taken. Attach federal Form 5884 or any other applicable federal forms.

#### **LINE 19 - DEPRECIATION ADJUSTMENT**

Enter on line 19 the adjustments from Form NYC-399 and/or Form NYC-399Z, Schedule C, line 8, Column B. See instructions for Schedule B, line 11.

#### **LINE 20 - OTHER SUBTRACTIONS**

- a) Refer to instructions to Schedule B, line 14 for adjustments relating to safe harbor leases.
- b) Taxpayers entitled to a special deduction for construction, reconstruction, erection or improvement of industrial waste treatment facilities or air pollution control facilities initiated on or after January 1, 1966, and having a situs in NYC in accordance with Section 11-652(8)(g) should submit a rider showing the complete computation. Enclose certification of compliance issued pursuant to Section 17-0707 or Section 19-0309 of the Environmental Conservation Law. Entire net income for the current year and all succeeding years must be computed without any deduction for such expenditures or for depreciation of such property.
- c) Deduct foreign dividend gross-up pursuant to Section 78 of the IRC (see federal Form 1120, Schedule C, line 15) to the extent included in line 1. Entire net income does not include any amount treated as dividends pursuant to Section 78 of the IRC.
- d) Regulated investment companies and Real Estate Investment Trusts (REITs) must include the amount of their federal dividends paid deduction on this line.

- e) For tax years beginning on or after August 1, 2002, corporations that are partners in partnerships that receive at least eighty percent of their gross receipts from providing mobile telecommunications services must exclude their distributive share of income, gains, losses and deductions from any such partnership, including their share of separately reported items, from their federal taxable income reported on line 1. Include in this line the distributive share of any such income or gains included in the amount reported on line 1.
- f) To the extent not reflected on line 1, include on this line the amount of deduction allowed under IRC section 250(a)(1)(B)(i), as reduced, when applicable, by IRC section 250(a)(2)(B)(ii), which is generally 50% of the global intangible low-taxed income amount (if any) that is included in your gross income under IRC section 951A.
- g) The amount of any gain included in entire net income pursuant to Ad. Code section 11-652(8)(b)(23) in a previous tax year that is included in federal gross income in the current tax year should be subtracted. See Ad. Code section 11-652(8)(a)(16).
- h) The amount of any federal deduction disallowed by IRC section 280E, for business expenses incurred by taxpayers authorized by the New York Cannabis Law to engage in the sale, distribution, or production of adult-use cannabis products or medical cannabis.

### LINE 23 - SUBTRACTION MODIFICATION FOR QUALIFIED BANKS

Four new ENI modifications have been created under Subchapter 3-A of Chapter 6 of Title 11 of the Administrative Code to encourage local lending.

The first modification is available to small thrifts and qualified community banks for holding a significant amount of New York City small business loans and New York City residential mortgages. The second modification is available to small thrifts and qualified community banks that maintained a REIT on April 1, 2014. The third modification is available to thrifts and qualified community banks that hold a qualified resi-

dential loan portfolio. The fourth modification is available for taxpayers and combined groups that have less than \$150 billion of assets and make or purchase (immediately after origination) loans secured by residential real property in New York City that is used for affordable housing or located in a low income community. There are limitations on which modifications a taxpayer meeting these general criteria are eligible to subtract. Further information can be found in the instructions to Form NYC-2.2.

If you have completed Form NYC-2.2, enter the amount from Form NYC-2.2, schedule A, line 1 on Line 23.

### LINE 24 - ENTIRE NET INCOME

If line 21 is greater than line 15 or line 23 is greater than line 22 so that the amount on this line is a loss, you must continue to complete this form. **DO NOT enter zero or skip any lines.**

### LINE 25 - INVESTMENT AND OTHER EXEMPT INCOME

Under Subchapter 3-A, investment income is not subject to tax. Investment income is income from stocks of non-unitary corporations held for investment for more than one year that satisfy the definition of capital asset under section 1221 of the Internal Revenue Code (IRC) at all times during the year, that would generate capital gain or loss upon disposition and that are clearly identified as held for investment in the same manner required under IRC section 1236(a)(1) (whether or not the taxpayer is a dealer), and for all stock acquired after January 1, 2015, that has never been held for sale to customers after the close of the day on which the stock was acquired. Income that cannot be included in allocable business income under the U.S. Constitution is also investment income. *See Ad. Code §§11-652(4) and (5), the instructions to Form NYC-2.1 and Finance Memorandum 15-3.* If you have this type of income, complete Form NYC-2.1 and enter the amount from Line 1 of Schedule D of that form on this line.

### LINE 27 - EXCESS INTEREST DEDUCTIONS ATTRIBUTABLE TO INVESTMENT INCOME, INVESTMENT CAPITAL AND OTHER EXEMPT INCOME

Enter amount from Form NYC 2.1, Schedule D, line 2. *For more information*

*see the instructions for Form NYC-2.1.*

### LINE 29 - ADDBACK OF INCOME PREVIOUSLY REPORTED AS INVESTMENT INCOME

An addback to business income is required when the presumptive holding period for qualification as investment capital is not met. *See the instructions to Form NYC-2.1 and Ad. Code §§11-652(4)(d) and 11-652(5) for more information.* Enter the amount from NYC-2.1, Schedule F, line 6 on line 29.

### LINE 32b

If the amount on line 32a is not correct, enter the amount on line 32b and explain in a rider.

### LINES 33, 34 AND 35 - PRIOR NET OPERATING LOSS CONVERSION SUBTRACTION AND NET OPERATING LOSS DEDUCTION

**NOTE:** Line 35 is to be used for any net operating loss accumulated for tax years beginning on or after January 1, 2015. You may not carry forward to any period beginning on or after January 1, 2015 any net operating loss (NOL) from any period beginning before that date. Accordingly, no NOL from any period beginning before January 1, 2015 may be deducted on line 35. Instead, all NOLs from periods beginning before January 1, 2015 must be converted into the Prior Net Operating Loss Conversion (PNOLC) Subtraction pool and then deducted on line 33 in accordance with the PNOLC Subtraction rules. *For more on the PNOLC Subtraction rules see the instructions for Form NYC-2.3. For more on the NOL deduction, see instructions for Form NYC-2.4.*

For the PNOLC Subtraction, complete Form NYC-2.3 and enter the amount from Schedule B, line 2 of that form on line 33. Subtract the amount on line 33, if any, from the amount on line 32a or 32b. Enter the result on line 34. For the NOL deduction, complete Form NYC-2.4 and enter the amount from line 6 of that form on line 35.

### LINE 37 - TAX RATE

Use Schedule H, Determination of Tax Rate, to determine your tax rate. *For more information see the instructions for Schedule H.*

**SCHEDULE C*****Computation of Tax on Capital Base***

The tax on capital base does not apply to certain filers. If you are a:

- REIT as defined in IRC section 856 that is subject to tax under IRC section 857, or
- RIC as defined in IRC section 851 that is subject to tax under IRC section 852,

Enter 0 on Part 3, line 4 of this schedule and on Schedule A, line 2.

**SCHEDULE C, Part 1**  
**COMPUTATION OF TOTAL BUSINESS CAPITAL**

If this report is for a period other than twelve calendar months, do not prorate the amounts in Parts 1 and 2. Amounts are only prorated in Part 3 of this schedule (see special instructions for Schedule C, Part 3).

**Check the box to indicate the basis used to determine the average value in column C. Attach a detailed schedule to show the calculation of the average value listed in column C.**

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

To determine the value of your assets for business and investment capital purposes, you must include real property and marketable securities at fair market value.

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, line 1, enter the value of total assets 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. A more frequent basis (monthly, weekly or daily) may be used. Where 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 value results.

Distortion is more likely to be present in a return covering a short period (a period less than twelve calendar months) where the average value is determined on a quarterly or less frequent basis. Therefore, the taxpayer should use as frequent a basis as possible to provide an accurate average value of capital.

**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**

The liabilities deductible in computing business capital and Investment capital are those liabilities (both long and short term) that are directly or indirectly attributable to each type of capital. Use the same method of averaging as used in determining average value of assets.

**LINES 8 AND 9**

Enter on line 8 the amount from Schedule D, line 4. Subtract the amount on line 8 from the amount on line 7 and enter the difference on line 9 of this Schedule C. If the amount on Schedule D, line 4 is less than zero, enter zero ("0") on line 8 of Schedule C, Part 1, and enter the amount from line 7 on line 9.

**LINE 10**

An addback to business capital is required when the presumptive holding period for qualifications of investment capital is not met (Ad. Code §11-652(4)(d); See Form NYC-2.1).

**For Taxpayers who are Cooperative Housing Corporations: Multiply Line 11 by the business allocation percentage from Schedule F, Part 3 and enter the result on Schedule C, Part 3, line 3a. If the result is less than zero, enter zero. Enter the Boro, block and lot numbers for the taxpayer where indicated on Schedule C, Part 3, line 3b and complete line 3b. DO NOT complete Schedule C, Part 2. All other taxpayers must complete Schedule C, Part 2.**

**SCHEDULE C, PART 2****COMPUTATION OF LIABILITIES ATTRIBUTABLE TO INVESTMENT CAPITAL AND WITHIN BUSINESS CAPITAL**  
*(For more information see Finance Mem. 17-2 dated 03/02/2017)***LINE 1 - TOTAL LIABILITIES**

Enter the total liabilities from line 6 of Schedule C, Part 1, above.

**LINE 2 - LIABILITIES DIRECTLY ATTRIBUTABLE TO INVESTMENT CAPITAL**

Enter the portion of the amount included on form NYC-2.1, Schedule E, Part 4, Column G, line 4 that represents the liabilities directly attributable to investment capital. This would be the amount that would have been entered on Line B of the Column G worksheet in the instructions to Form NYC-2.1.

**LINE 3 - LIABILITIES DIRECTLY ATTRIBUTABLE TO BUSINESS CAPITAL**

Enter the same amount that you entered on Line C of the Column G worksheet (Computation of liabilities indirectly attributable to a particular item of investment capital) on page 4 of the Instructions to Form NYC-2.1.

**LINE 6 - AVERAGE FMV OF INVESTMENT CAPITAL BEFORE SUBTRACTION OF LIABILITIES ATTRIBUTABLE**

Enter the average FMV of investment capital before subtraction of liabilities attributable from Form NYC-2.1, Schedule E, Part 4, column F, line 4.

**LINE 8 - INVESTMENT CAPITAL FACTOR**

Divide line 6 by line 7 and express as a percentage. Round to the nearest ten-thousandth of a percentage point.

**LINE 12 - LIABILITIES DIRECTLY AND INDIRECTLY ATTRIBUTABLE TO BUSINESS CAPITAL**

If the amount of liabilities directly and indirectly attributable to business capital exceeds the fair market value of business capital, STOP HERE. You do not owe any tax on business capital.

**LINE 13 - LIABILITIES DIRECTLY ATTRIBUTABLE TO INSURANCE AND UTILITY CAPITAL**

Enter the amount of liabilities directly

and indirectly attributable to Insurance and Utility Capital.

**LINE 14 - LIABILITIES DIRECTLY ATTRIBUTABLE TO GENERAL BUSINESS CAPITAL**

Enter the liabilities directly attributable to "General Business Capital." General Business Capital is Business Capital other than Insurance Capital and Utility Capital.

**LINE 15 - AVERAGE FMV OF INSURANCE AND UTILITY CAPITAL BEFORE SUBTRACTION OF LIABILITIES ATTRIBUTABLE**

Enter the average fair market value of Insurance and Utility Capital before subtraction of any liabilities.

**LINE 16 - INSURANCE AND UTILITY CAPITAL FACTOR**

Divide line 15 by line 10 and express as a percentage. Round to the nearest ten-thousandth of a percentage point.

**LINE 19 - NET INSURANCE AND UTILITY CAPITAL**

If this line has a positive number after subtracting the amount on line 18 from the amount on line 15, reduce this amount by any negative value from line 22.

**LINE 22 - NET GENERAL BUSINESS CAPITAL**

Subtract the amounts on lines 15 and 21 from the amount on line 10, add the amount on Schedule C, Part 1, line 10 to that amount. If the result is positive, reduce this result by any negative value from line 19.

**SCHEDULE C, PART 3  
COMPUTATION OF CAPITAL BASE**

**Special Instructions If This Report Is For A Period Other Than 12 Calendar Months.**

If the period covered by this report is other than a period of twelve calendar months, first calculate preliminary amounts for lines 1a, 2a and 3a of this Part by filling in Schedule C, Parts 1 and 2 without prorating. Before entering these amounts on lines 1a, 2a and 3a of this Part, multiply each amount by a fraction, the numerator of which is the number of months or major parts thereof included in such period and the denominator of which is twelve.

**LINE 1a AND 1b**

If the amount on Part 2, line 22 is less than zero, enter zero on lines 1a and 1b.

**LINE 2a AND 2b**

If the amount on Part 2, line 20 is greater than zero, enter that amount on line 2a, and multiply that amount by 0.075% and enter the result on line 2b. If the amount on Part 2, line 20 is not greater than zero, enter zero on lines 2a and 2b. In all cases, check the box(s) to indicate if the capital is attributable to a utility corporation or an insurance corporation.

**LINE 3a**

See the paragraph preceding the last paragraph of the instructions to Schedule C, Part 1.

Multiply Schedule C, Part 1, line 11 by the business allocation percentage from Schedule F, Part 3 and enter the result on this line.

**SCHEDULE D**

***Computation of Investment Capital for Current Year***

If you have investment capital (i.e. stock) you must complete Form NYC-2.1 and enter on this Schedule D the amounts indicated from Schedule E and Schedule F from Form NYC-2.1.

**SCHEDULE F**

***Business Allocation***

**NOTE:** Zip codes beginning with the following three-digits are within the five boroughs of New York City:

Manhattan	100, 101, 102
Bronx	104
Brooklyn	112
Queens	111, 113, 114, 116
Staten Island	103

In addition, the five-digit zip codes 11004, 11005 and some addresses with a zip code of 11001, 11040 and 11096 are in the borough of Queens. If the zip code is 11001, 11040 or 11096, consult the address translator located on the City's website at:

<http://a030-goat.nyc.gov/goat/Default.aspx> to determine if the corporation's address is within New York City.

A corporation is entitled to allocate part of its business income and capital outside New York City if it carries on business both inside and outside New York City, or otherwise carries on business in New York City and less than 100% of its receipts are allocated to New York City.

Except for eligible corporations that make the election to allocate using weighted allocation factors, corporations that allocate income and capital both inside and outside of New York City must so allocate based on their receipts factor: i.e. the percentage of all receipts that are from sources inside New York City. See Administrative Code sections 11-654(3)(a)(10)(x) and 11-654.2. These corporations as well as corporations that do not allocate income and capital outside of New York City must complete Schedule F, Part 1.

A corporation that has New York City receipts of \$50,000,000 or less which allocates business income and business capital may make a one-time election to allocate business income and business capital using the same weighted three-factor weighted formula used to allocate income and capital for the 2017 tax year. Such election may only be made during a corporations' first taxable year commencing on or after January 1, 2018, and shall remain in effect until revoked by the corporation. To revoke the election, check the Revocation Box and complete Schedule F, Part 1. Once revoked, the election may not be made again. See Administrative Code sections 11-654(3)(a)(10)(xii) and 11-654(3)(a)(10)(ix). An eligible corporation which makes the weighted factor election must check the appropriate box provided, skip Schedule F, Part 1 and complete Schedule F, Part 2. For more information on the weighted factor election, see below.

For taxable years beginning in or after 2018, electing corporations must use same weights as used in the 2017 taxable year for the three factors as follows: 3.5% for property; 3.5% for wages; and 93% for receipts. Eligible corporations making the weighted factor election must check the appropriate box, skip Schedule F, Part 1 and complete Schedule F, Part 2. The following example illustrates the calculation of the business allocation percentage using weighted factor formula:

**Example** - Assume the percentages on

lines 1g, 2b and 3b are as follows:

- 1g. 25.0002%
- 2b. 65.2206%
- 3b. 35.6104%

The amounts on lines 1h, 2c, 3c, 4 and 5 should be calculated as follows:

- 1h.  $25.0002 \times 3.5 = 87.5007$
  - 2c.  $65.2206 \times 93 = 6065.5158$
  - 3c.  $35.6104 \times 3.5 = 124.6364$
  - 4. Sum of above = 6277.6529
  - 5. divide line 4 by 100
- Express as a percentage: 62.7765%

## AVIATION CORPORATIONS AND CORPORATIONS OPERATING VESSELS

Aviation corporations and corporations operating vessels must complete this Schedule F as well as Form NYC-2.5. The special allocation rules formerly used to allocate the income of these corporations are now used in allocating the receipts of these corporations on Form NYC-2.5. *See the instructions for Form NYC-2.5 for more information.*

## ALTERNATIVE ALLOCATION METHOD

You cannot use an allocation method other than the formula basis set out in Schedule F without the consent of the Department of Finance. In order to request consent to use a different method of allocation, a written request, separate and apart from filing this return, must be submitted. For details on how to make such a request, go to [www.nyc.gov/finance](http://www.nyc.gov/finance). If the consent to use a different allocation method has not been obtained at the time of the filing of the return, you must use the formula basis set out in Schedule F and pay the tax in accordance therewith. If the Department consents to your proposed alternative allocation method and it results in a lower tax liability than the formula basis set out in Schedule F, you may be entitled to claim a refund of the excess amount you have paid by filing an amended return and reporting the change in your tax liability using the alternative allocation method.

## PART 1

### LINE 1

Enter on line 1, column A, the amount from Form NYC-2.5 line 56, column A. Enter on line 1, column B, the amount

from Form NYC-2.5 line 56, column B.

### PART 2 LINES 1 AND 2 -

#### Property Factor

When computing the property percentage, value real and tangible personal property owned by the corporation at the adjusted basis used for federal income tax purposes. However, you may make a one-time revocable election to value real and tangible personal property owned at fair market value. You must make this election on or before the due date (or extended due date) for filing the taxpayer's first Business Corporation Tax Return. This election will not apply to any taxable year with respect to which the corporation is included in a combined report unless each of the corporations included on the combined report has made the election which remains in effect for such year.

### LINE 1b - REAL ESTATE RENTED

The value of real property rented to the taxpayer is eight times the gross rent payable during the year covered by this return. Gross rent includes any amount payable as rent or in lieu of rent, such as taxes, repairs, etc., and, if there are leasehold improvements made by or on behalf of the taxpayer, the amount of annual amortization of such cost. Do not include the rental of personal property on this line.

### LINE 1d - TANGIBLE PERSONAL PROPERTY OWNED

Enter the average value of the tangible personal property owned. The term "tangible personal property" means corporeal personal property, such as machinery, tools, implements, goods and wares. Do not include cash, shares of stock, bonds, notes, credits, evidences of an interest in property, or evidences of debt.

### LINE 1e - TANGIBLE PERSONAL PROPERTY RENTED

Enter the average value of the tangible personal property you rented. The value of rented tangible personal property is eight times the gross rent payable during the year covered by this return.

#### Receipts Factor

### LINES 2a, 2b AND 2c - RECEIPTS

Enter on line 2a, column A, the amount from Form NYC-2.5 line 56, column A.

Enter on line 2a, column B, the amount from Form NYC-2.5 line 56, column B.

#### Payroll Factor

### LINE 3a - WAGES AND SALARIES

Employees within New York City generally include all employees, except general executive officers, regularly connected with or working out of an office or place of business maintained by the taxpayer within New York City. *For more information, please see 19 RCNY Section 11- 66(a)(4).*

General executive officers include the chairman, president, vice-president, secretary, assistant secretary, treasurer, assistant treasurer, comptroller, and any other officer charged with the general executive affairs of the corporation. An executive officer whose duties are restricted to territory either inside or outside of New York City is not a general executive officer.

### LINE 4

Taxpayers using Schedule F, Part 2 must add the values from lines 1h, 2c and 3c.

### PART 3

**All taxpayers must complete Part 3 for the return to be accepted.**

If not allocating, enter 100%.

If using Schedule F, Part 1, divide Part 1, line 1, column A by column B. Round the result to the nearest ten-thousandth of a percentage point.

If using Schedule F, Part 2, divide Part 2 line 4 by 100 if no factors are missing. If a factor is missing, divide Part 2, line 4 by the total of the weights of the factors present. Note that a factor is not missing merely because its numerator is zero, but is missing if both its numerator and denominator are zero. Round the result to the nearest ten-thousandth of a percentage point.

## SCHEDULE G

### Additional Required Information

All questions must be answered.

### Question 1

Please attach a schedule indicating all of the significant business activities of the corporation both in New York City and everywhere. State the broad fields of business activities as well as the specific products or services (e.g., mining copper,

manufacturing cotton broad woven fabric, wholesale meat, retail men's apparel, export or import chemicals, real estate rental, or real estate operation of motel).

#### Question 2

Enter your Secondary Business Code

#### Question 4

If the corporation is included in a consolidated federal return, give the name and EIN of the common parent corporation filing the consolidated return.

#### Question 7

**Note:** a Form NYC-3360 or Form NYC-3360B, as applicable should be filed if the federal or New York State change involved a tax period beginning before January 1, 2015. For federal or state changes involving tax periods beginning on or after January 1, 2015, please submit an amended return for the tax period involved. *For more information see page 4 of these instructions.*

#### Questions 10, 11a through 11d, 12 and 13

If you answer "yes" to question 10, attach a separate sheet providing street address, borough, block and lot number of such property. If you answer "yes" to questions 11b, 11c or 11d, complete questions 12 and 13.

A controlling interest in the case of a corporation means:

50% or more of the total combined voting power of all classes of stock of such corporation, or

50% or more of the total fair market value of all classes of stock of such corporation.

#### Question 20

A corporation is deriving receipts from activity in New York City if it has receipts within the City of \$1,128,000 or more in the tax year. Answer YES if you are subject to tax solely as a result of deriving receipts in New York City.

### SCHEDULE H

#### Determination of Tax Rate

##### LINE A

Enter on line A the tax rate computed or used below.

##### LINE B

Enter on this line the line number of the

tax rate computed or used on line A.

#### LINES Ca AND Cb

Enter the amount on Schedule B, line 30 on line Ca. If the amount on Schedule B, line 30 does not include all your unallocated business income, including distributive shares from partnerships, add those amounts to the amount on Schedule B, line 30 and enter the resulting amount on line Cb. This line Cb amount is to be used in place of the amount on Schedule B, line 30 when determining the applicable tax rate on lines 1 through 12. Be sure to attach an explanation.

#### Generally Applicable Tax Rate

The generally applicable tax rate for Business Corporations other than Financial Corporations as defined in Ad. Code section 11-654(1)(e)(1)(i) is 8.85 percent. However, special lower tax rates are applicable to small corporations and Qualified New York Manufacturing Corporations as described below. For any tax rate calculated under lines 4 through 6 or lines 10 through 12 of Schedule H, express the finally determined rate as a percentage carried out and rounded to three (3) decimal places – i.e. 7.053%, not 7.1% or 7.05%.

#### Special Lower Tax Rates for Small Corporations

For corporations, other than financial corporations (as defined in Ad. Code section 11-654(1)(e)(1)(i)(A)), a lower tax rate may be applicable to any corporation that meets the income criteria set forth on line 1 or lines 4 through 6 of Schedule H. The special lower tax rate will be determined in accordance with whichever of the above stated lines is applicable.

#### Special Lower Tax Rates for Qualified Manufacturing Corporations

A "manufacturing corporation" is a corporation principally engaged in the manufacturing and sale of tangible personal property. For this purpose, the term "manufacturing" includes the process (including the assembly process) (A) of working raw materials into wares suitable for use or (B) which gives new shapes, new qualities or new combinations to matter which already has gone through some artificial process by the use of machinery, tools, appliances and

other similar equipment. A corporation is "principally engaged" in the manufacturing activities described above, if during the taxable year, more than fifty (50) percent of the gross receipts of the corporation are derived from receipts from the sale of goods produced by such activities.

A "qualified New York manufacturing corporation" is a manufacturing corporation that has property described in Ad. Code section 11-654(1)(k)(5) and either (A) the adjusted basis of that property for New York State tax purposes at the close of the taxable year is at least \$1,000,000 or (B) more than 50% of its real and personal property is located in New York State.

For qualified New York manufacturing corporations, a lower tax rate will be applicable to any such corporation which meets the income criteria set forth on line 7 and lines 10 through 12 of this Schedule H. The special lower tax rate will be determined in accordance with whichever of the above stated lines is applicable.

#### Financial Corporations

Under Subchapter 3-A of Chapter 6 of Title 11 of the Administrative Code a "financial corporation" means a corporation or, if the corporation is included in a combined group, a combined group, that (A) has total assets reflected on its balance sheet at the end of its taxable year in excess of one hundred billion dollars, computed under generally accepted accounting principles and (B)(I) allocates more than fifty percent of the receipts included in the denominator of its receipts fraction, determined under Ad. Code section 11-654.2, pursuant to Ad. Code section 11-654.2(5) for its taxable year, or (II) is itself or is included in a combined group in which more than fifty percent of the total assets reflected on its balance sheet at the end of its taxable year are held by one or more corporations that are classified as (a) registered under state law as a bank holding company or registered under the Federal Bank Holding Company Act of 1956 (12 U.S.C. § 1841, et seq., as amended), or registered as a savings and loan holding company under the Federal National Housing Act (12 U.S.C. 1701, as amended), (b) a national bank organized and existing as a national bank association pursuant to the provisions of the National

Bank Act, 12 U.S.C. 21 et. seq., (c) a savings association or federal savings bank as defined in the Federal Deposit Insurance Act, 12 U.S.C. § 1813(b)(1), (d) a bank, savings association, or thrift institution incorporated or organized under the laws of any state, (e) a corporation organized under the provisions of 12 U.S.C. §§ 611 to 631, (f) an agency or branch or a foreign depository as defined in 12 U.S.C. § 3101, (g) a registered securities or commodities broker or dealer registered as such by the securities and exchange commission or the commodities futures trading commission, which shall include an OTC derivatives dealer as defined under regulations of the securities and exchange commission at title 17, part 240, section 3b-12 of the code of federal regulations (17 CFR 240.3b-12), or (h) any corporation whose voting stock is more than fifty percent owned, directly or indirectly, by any person or business entity described in subitems (a) through (g) of this item, other than an insurance company taxable under article thirty-three of the New York State Tax Law. *See Ad. Code section 11-654(1)(e)(1)(i)*

The rate for financial corporations is 9.00 percent as stated on line 13 of Schedule H.

**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.