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**NEW YORK CITY DEPARTMENT OF FINANCE ENCOURAGES
BUSINESS TAXPAYERS TO FILE A SIX-MONTH EXTENSION**

Application Forms and E-filing Available on DOF Website

In April 2015, New York State enacted a major corporate tax reform package proposed by New York City that streamlined and modernized the City's very outdated tax system, providing tax benefits to more than 45,000 small businesses and adopting many of the changes made to New York State's corporate tax laws enacted in 2014.

"The corporate tax reform package, which has changed the tax filing requirements for all federal C-corporations, including those that are banks, has been an enormous undertaking (the City's major business tax laws had not been updated since the 1980s) and we are collaborating with the New York State Department of Taxation & Finance to ensure that businesses receive the proper guidance and forms in filing their 2015 taxes," says Commissioner of Finance Jacques Jiha.

The City's forms must align with – and therefore follow – the State's in areas where New York State/City laws are the same. In other areas, the City's forms have required additional modifications to incorporate City-only provisions. And some of the more complicated forms (for large corporate taxpayers) are still being worked on by both New York State and New York City. Businesses organized as C-corporations will be required to use the new NYC-2 or NYC-2A tax forms, which are still being finalized.

Given the continued preparation of forms and the preparation of additional New York State and New York City guidance on the new law, affected corporate taxpayers can file an extension before the March 15, 2016 filing deadline. "We expect NYC-2, which will be used by most taxpayers, to be available for e-filing in March; but we don't want to ask businesses to wait until the last minute, so we are encouraging all corporate tax filers to file extensions," added Jiha. The extension gives filers an additional six months to file their annual returns for Tax Year 2015. "We will be reviewing taxpayer filing situations to ensure that no taxpayer is unfairly penalized for any underpayment of taxes owed," he said.

The NYC-EXT application form is available online and can be accessed with this link:

http://www1.nyc.gov/assets/finance/downloads/pdf/15pdf/business_tax_forms/nyc-ext_2015.pdf

E-filing also available through a link on the Department of Finance website:

<http://www1.nyc.gov/site/finance/pay-now/pay-by-eft.page>.

The new business tax law modernizes and streamlines the City's corporate tax system and provides benefits to NYC businesses, particularly 45,000 small businesses, with the following provisions:

- Reducing the tax rate from 8.85% for 6.5% for non-manufacturers with NYC income less than \$1 million
- Reducing the tax rate from 8.85% to 4.425% for manufacturers with NYC net income of less than \$10 million
- Excluding the first \$10,000 of tax from the capital tax base, which eliminates the tax base for more than 90% of current capital base payers

The new law also:

- Merges the City's Banking Corporation Tax into the City's General Corporation tax so that large financial services companies (C-corporations) engaged in similar activities are subject to the same tax rules.
- Adopts a new method for computing net income that eliminates preferential treatment for certain categories of income. Most income will be treated as business income.
- Adopts a new method for determining how corporations attribute net income to NYC (known as market sourcing). This treatment attributes taxable income based on where a firm's markets are located, rather than the location of business operations.
- Adopts unitary combined reporting rules: economically-related business entities that are commonly owned are required to file a one taxpayer in order to prevent the shifting of income and expenses among related entities in a manner that reduces taxes inappropriately.
- Preserves the alternative tax base on capital (and increases the base's cap to \$10 million) in order to protect the City fiscally. The capital base helps stabilize revenues in years of low profits for large corporations.
- Imposes a 9% tax rate (rather than 8.85%) on large financial services companies (> \$100 billion in assets) to help fund the legislation.

There is more information on New York City's Corporate Tax Reform online:

<http://www1.nyc.gov/site/finance/taxes/corporate-tax-reform.page>