



Instructions for Form CT-186-P Utility Services Tax Return — Gross Income

Tax Law — Article 9, Section 186-a

Tax Rate

Chapter 410 of the Laws of 1991 increased the tax rate for utilities taxed under Article 9, section 186-a. Effective for periods beginning on or after January 1, 1991, the tax rate is 3.5%.

Other Forms You May Have to File

Chapter 166 of the Laws of 1991 added section 189 to Article 9 which imposes a tax upon gas importers who import, or cause to be imported, gas services into New York State for their own use. For additional information see TSB-M-91(5)C.

Use Form CT-189, *Tax on Importation of Gas Services*, to remit the tax collected from the individual gas importer.

Who Must File Form CT-186-P

The following are required to file Form CT-186-P: Every utility doing business in New York State that is subject to the supervision of the New York State Department of Public Service or Department of Transportation who sells or furnishes gas, electricity, steam, water, or refrigerator service by means of mains, pipes or wires for ultimate consumption or use by the purchaser in this state. Every utility doing business in New York State that is subject to the supervision of the New York State Department of Public Service, who sells or furnishes telephone or telegraph services, in whole or in part, through the use of mains, pipes or wires within New York State whether or not the telephone or telegraph sales or services are for ultimate consumption or use by the purchaser. Utilities include persons, corporations, companies, associations, joint stock associations, copartnerships, estates, assignees of rents, persons acting in a fiduciary capacity, and persons, their assignees, lessees, trustees or receivers, appointed by any court, that are subject to the supervision of the New York State Department of Public Service. Utilities include, but are not limited to, street surface, rapid transit, subway and elevated railroads, gas, electric, steam, water, telephone, telegraph, bridge, express, transfer, freight terminal companies and nonoperating railroads that lease their property to others. **Motor carriers or brokers are not required to file this return.**

A utility subject to section 186-a which has gross income of less than \$500 for the tax year ending December 31 is exempt from the payment of the tax under this section but must still file a return.

Exemption from Tax

The following are exempt from taxation under section 186-a:

New York State, including its political and civil subdivisions; municipalities of New York State; public districts, not-for-profit corporations and associations organized and operated exclusively for religious, charitable or educational purposes; a corporation leasing from a city in New York State a water works system to supply water at cost to relieve water pollution in a river within that city; and limited dividend housing corporations organized under the Private Housing Finance Law.

When and Where to File

You must report gross income on a calendar year basis to New York State, even if you maintain your records and report to the IRS using a fiscal accounting period.

File your annual return on or before March 15, 1995.

Mail return to: NYS Corporation Tax, Processing Unit,
P O Box 1909, Albany NY 12201-1909.

Extension of Time for Filing Tax Return

If you cannot meet the filing deadline, you may request an extension of time by filing Form CT-5.9 on or before March 15, 1995. An extension of time granted by the IRS to file a federal tax return does not extend the due date for filing Form CT-186-P.

Metropolitan Transportation Business Tax (MTA Surcharge)

Any corporation taxable under Article 9, section 186-a that does business in the Metropolitan commuter Transportation District (MCTD) must file Form CT-186-P/M and pay a metropolitan transportation business tax surcharge on business done in the Metropolitan Transportation Authority region (MTA surcharge). The MCTD includes the counties of New York, Bronx, Queens, Kings, Richmond, Dutchess, Nassau, Orange, Putnam, Rockland, Suffolk and Westchester.

Corporations not doing business in the MCTD must disclaim liability for the MTA surcharge by answering *No* to the question on page 1 of Form CT-186-P and are not required to file Form CT-186-P/M.

Foreign Corporations - Maintenance Fee and License Fee

A corporation organized outside New York State (foreign corporation) that is authorized to do business in New York State must pay an annual maintenance fee of \$300. Failure to pay an annual maintenance fee of \$300 or its equivalent in New York State corporation taxes will result in annulment of the authorization. Payments of tax counted as payments toward the \$300 maintenance fee are: franchise tax; gross income tax on Form CT-186-P; gross operating income tax on Form CT-186-A; state tax surcharge and MTA surcharge. The payment of tax on Form CT-240, *Report of Licensor Foo*, does not count as payment toward the \$300 annual maintenance fee. If the total tax paid on New York State corporation tax returns for 1994 is \$300 or more, you have satisfied the requirement to pay the \$300 annual maintenance fee. If the total tax paid on New York State corporation tax returns for 1994 is less than \$300, enter on the appropriate corporation tax return the amount needed to satisfy the requirement to pay the \$300 annual maintenance fee.

Example:

Form CT-186 - total franchise tax and state tax surcharge	\$143.75	
Form CT-186-P - total tax and state tax surcharge	51.50	
Total 1994 tax and state tax surcharge	\$195.25	
Maintenance fee	300.00	
Balance of maintenance fee due		\$104.75
Tax due on Form CT-186-P		51.50
Enter on Form CT-186-P, line 3		\$156.25

Foreign corporations must also file a report of license fee (see Form CT-240, *Foreign Corporation License Fee Report*).

Tax on Gains Derived from Certain Real Property Transfers (Article 31-B, Section 1449-a)

Every corporation with an interest in real property located in New York State must keep a record of the transfer of its stock and report annually every transfer of a controlling interest in its stock and any other information that may be required to enforce this article.

Controlling interest is either 50% or more of the total combined voting power of all classes of stock or 50% or more of the capital, profits or beneficial interest in that voting stock.

Change of Business Information

If there have been any changes in your business name, identification number, mailing address, business address, telephone number or owner/officer information and you have not previously notified us, complete Form DTF-95, *Change of Business Information*. If you don't have a form, call toll free (from New York State only) 1 800 462-8100. From areas outside New York State, call (518) 438-1073 to request one.

Change of Address

If your address has changed, enter your new address on the label and check the box next to the name and address block at the top of your corporation tax return. Do not check this box for any change of business information other than address. You must still attach the preprinted label with the old address to enable us to update your account.

Identifying Information

To ensure that your corporation tax forms are processed as quickly and efficiently as possible, it is important that we have the necessary identifying information from your preprinted label. **Keep a record of the label information for future use.** Please be certain to include your employer identification number and file number on each corporation tax form mailed. This will facilitate processing of your return to the correct account. Without this information, we may not be able to process your return.

If you use a paid preparer or accounting firm, make sure they use the mailing label or label information when completing all forms prepared for you.

Specific Instructions

State Tax Surcharge

Line 2 — The Laws of 1994 amended the state tax surcharge.

The state tax surcharge rates are:

- 12½% for tax years beginning on 1/1/94 and ending on 12/31/94 (including a tax year of less than 12 months); and
- 7½% for tax years beginning on 1/1/95 and ending on 12/31/95 (including a tax year of less than 12 months).

The state tax surcharge does not apply to the metropolitan transportation business tax surcharge (MTA surcharge).

Line 4b — **First installment for the next period** - If the tax and state tax surcharge shown on line 3 is more than \$1,000 and you did not file Form CT-5.9, you must pay a mandatory first installment for the period following that covered by this return. Enter 25% of the total tax and state tax surcharge shown on line 3.

Additional Installments for 1995, Form CT-400

If you expect your franchise tax plus state tax surcharge for 1995 to exceed \$1,000, you must file Form CT-400 on June 15, September 15 and December 15 and pay the additional installments of estimated tax for 1995.

Line 8 — **Interest on late payment** - If you do not pay the tax and state tax surcharge on or before the due date (without regard to an extension of time) you must pay interest on the amount of the underpayment from the due date to the date paid. Exclude from the interest computation any amount shown on line 4a or 4b, first installment of estimated tax for 1995. You may call the Taxpayer Assistance Bureau for the current interest rate or to have the interest computed for you. Call toll free (from New York State only) 1 800 CALL TAX (1 800 225-5829). From areas outside New York State call (518) 438-8581.

Line 9 — Additional charges for late filing and late payment are computed on the amount of tax and state tax surcharge less any payment made on or before the due date. Exclude

from the penalty computation any amount shown on line 4a or 4b, first installment of estimated tax for 1995.

- a. If you do not file a return when due, or if the application for extension is invalid, add to the tax 5% per month up to 25% (section 1085(a)(1)(A)).
- b. If you do not file a return within 60 days of the due date, the addition to tax cannot be less than the smaller of \$100 or 100% of the amount required to be shown as tax (section 1085(a)(1)(B)).
- c. If you do not pay the tax shown on a return, add to the tax, ½% per month up to 25% (section 1085(a)(2)).
- d. The total of the additional charges in a and c may not exceed 5% for any one month, except as provided for in b above (section 1085(a)).

If you think you are not liable for these additional charges, attach a statement to your return explaining the delay in filing and/or payment (section 1085).

Line 10 — If you underpaid your estimated tax for 1994, use Form CT-222, *Underpayment of Estimated Tax by a Corporation*, to compute the penalty. Attach Form CT-222, check the box and enter the amount of penalty on line 10. If no penalty is due, enter "0" on line 10.

Definition of Gross Income

General Information

Gross income includes receipts from transactions within New York State which are derived from the utility's principal business and profits from transactions within New York State which are not derived from the utility's principal business.

Receipts which are included in gross income include the following:

- receipts from the sale of gas, electricity, steam, water or refrigeration when sold through mains, pipes or wires for ultimate consumption or use within New York State;
- receipts from the sale of telephony or telegraphy sold, in whole or in part, through the use of mains, pipes or wires within New York State whether or not the sales are for ultimate consumption or use by the purchaser;
- receipts from services rendered within New York State which are performed in the conduct of the utility's principal business;
- receipts from sale of merchandise within New York State which are part of the utility's stock in trade;
- other receipts from sales made or services rendered within New York State which are derived from the conduct of the utility's principal business; and
- receipts from interest, dividends and royalties from sources within New York State.

In determining gross income receipts, include cash, credits and property of any kind or nature without any deductions for the cost of property sold, the cost of materials used, labor, services or other costs, interest or discount paid or any other expenses, except those deductions provided for with respect to lines 27 and 37 of Schedule A.

Profits which are included in gross income include the following:

- profits from the sale of securities which are held, managed, or controlled within New York State;
- profits from the sale of real property within New York State;
- profits from the sale of personal property within New York State which are not part of the utility's stock in trade; and
- profits from any transaction (except sales for resale and rentals) within New York State.

Do not deduct gross income received from a financial resource asset unless you attach to Form CT-186-P a certificate issued by the New York State Department of Public Service, verifying this deduction.

Schedule A — Computation of Gross Income

Line Instructions

Part I - Computation of Receipts

Lines 17 through 20 — Taxpayers (other than telephone and telegraph) which sell gas, electricity, steam, water or refrigeration which is delivered through mains, pipes or wires for ultimate consumption or use within New York State are required to complete lines 17-20. Enter for each type of commodity sold for ultimate consumption or use within New York State the receipts from such sales without any deductions.

Line 22 — Telephone and telegraph companies which sell telephony and telegraphy which are delivered, in whole or in part, through the use of mains, pipes or wires, whether or not for ultimate consumption or use by the purchaser within New York State, enter receipts from Schedule B, line 43.

Line 23 — Enter all receipts (without any deductions) from services rendered within New York State which are directly connected with the sale of gas, electricity, steam, water, refrigeration, telephony or telegraphy for ultimate consumption or use within New York State. Effective on July 1, 1989, and thereafter, telephone and telegraph companies enter all receipts (without any deductions) from services rendered within New York State which are directly connected with the sale of telephone or telegraph services whether or not the services are for ultimate consumption or use by the purchaser. Receipts include but are not limited to the following:

- receipts from installation charges;
- receipts from service charges (other than installation) which are performed in the conduct of the utility's principal business; and
- receipts from "rentals" within New York State which in fact constitute service charges (e.g., receipts received from equipment necessary to enable the customer to use the commodity).

Line 24 — Enter receipts (without any deduction) from sales of merchandise (conditional or otherwise) within New York State which are directly connected with the sale of gas, electricity, water, refrigeration, telephone or telegraph for ultimate consumption or use within New York State. Effective on July 1, 1989, and thereafter, telephone and telegraph companies enter receipts (without any deduction) from sales of merchandise (conditional or otherwise) within New York State which are directly connected with the sale of telephone or telegraph services whether or not the sales of merchandise are for ultimate consumption or use by the purchaser. Sales of merchandise include materials and supplies which constitute stock in trade of the utility and are included in merchandise inventory. Receipts include but are not limited to the following:

- receipts from the sale of merchandise to utility's customers;
- receipts from the sale of merchandise to other utilities; and
- receipts from the sale of merchandise to employees (except work supplies - i.e., clothing, shoes, helmets, etc).

Do not include receipts from the sale of merchandise which does not constitute stock in trade and are not included in merchandise inventory (i.e., items of fixed assets such as fixtures, furniture or machines).

Line 25 — Enter any other receipts (without any deduction) from sales made or services rendered within New York State which

are derived from the conduct of the utility's principal business. Receipts include but are not limited to the following:

- receipts from the sale of residuals and by-products which are consumed or used in New York State; and
- receipts from transportation or transmission agreements, such as contract carriage and lease operating agreements, where the utility uses its mains, pipes or wires within New York State to transport or transmit a commodity owned by the purchaser which is not a utility.

Line 27 — Deductions allowed from receipts on lines 17 through 20 and lines 23 through 25 are the following:

- receipts from sales for resale, (however, telephone and telegraph companies **cannot** deduct receipts from sales for resale effective on July 1, 1989, and thereafter);
- cash discounts taken by the customer;
- uncollectible accounts; and
- taxes imposed by New York State or its municipalities or the federal government where the taxpayer is merely a collection agency for the taxing authority (e.g., state and local sales tax, federal excise taxes).

Enter all deductions listed above which are included as receipts on lines 17 through 20 and lines 23 through 25. Attach a statement listing all deductions.

Line 29 — Receipts from interest and dividends allocated to New York State — Enter receipts from interest and dividends from sources within New York State without any deduction for any expense incurred in connection with the receipt. Do not include interest and dividends received from any of the following:

- a corporation, the majority of whose voting stock is owned by the taxpaying utility;
- obligations of the United States, any state, territory or possession of the United States, the District of Columbia;
- obligations of a foreign country; and
- any obligation from any political subdivision or governmental instrumentality of any of the foregoing.

Compute receipts from interest and dividends from sources within New York State which are received from corporate and noncorporate entities. Enter in column A the name of the entity which paid the interest or dividend. Enter in column B the type of security (i.e., stock, bond, interest bearing cash account, etc.). Enter in column C the amount of interest or dividends received. Enter in column D the issuer's allocation percentage of the corporation which issued the security (always enter the issuer's allocation percentage from the year immediately preceding the current tax year). The issuer's allocation percentage is used to compute the amount of interest and dividends allocated to New York State. The issuer's allocation percentage is obtained from the New York State corporation franchise tax return filed by the corporation which issued the stock, bond, interest bearing cash account or other security and represents that corporation's amount of capital, income or premiums employed in New York State as compared to total capital, income or premiums employed everywhere.

In the event the entity which issued the security was not a corporate entity, the amount of interest or dividends allocated to New York State is determined by the percentage of capital employed in New York State by the payor of the stock, bonds, interest bearing cash account, etc. for the year immediately preceding the current tax year. Attach a statement showing the computation of the payor's capital employed in New York State as compared to total capital employed everywhere.

Issuer's allocation percentages for corporate entities can be obtained from tax services publications or by written request (in duplicate) to: NYS Tax Department, Taxpayer Assistance Bureau, W A Harriman Campus, Albany NY 12227. Call toll free (from New York State only) 1 800 CALL TAX (1 800 225-5829). From areas outside New York State, call (518) 438-8581.

Line 30 — Enter receipts from royalties from sources within New York State without any deductions incurred in connection with the receipt. Royalties include all amounts received by the utility for the use of patents or copyrights, whether or not such patents or copyrights were issued to or are owned by the utility. A patent or copyright is used in New York State to the extent that the activities under the patent or copyright are carried on in New York State.

Part II — Computation of Profits

Line 32 — Enter profits (i.e., gross selling price minus basis without any further deductions) from the sale of securities which are held, managed or controlled within New York State.

Securities include shares of stock in any corporation, certificates of stock or interest in any corporation, securities issued by governmental bodies, securities issued by corporations of a like nature as stock and bonds which are sold in the open market or on a recognized exchange, designed as a means of investment, and issued for the purpose of financing corporate enterprises and providing a distribution of rights in, or obligations of, such enterprises.

Include profits from the sale of any tax exempt securities such as those of:

- the United States, any state, territory, possession of the United States;
- the District of Columbia;
- any foreign country; and
- any political subdivision or instrumentality of any of the foregoing.

Include profits from the sale of securities of an affiliated company and profits from the sale of reacquired stock (treasury stock).

Except for a block transaction, losses from sales of securities may not be applied against profits from the sale of securities. A block transaction is a single sale where sales of the same security are made in a block transaction (i.e., a utility carries a block of 10,000 shares of the same securities of a corporation in its portfolio and orders its broker to sell the entire block; the fact that the broker executes the order by disposing of the block in several lots does not change the essential nature of the transaction and make it more than one sale).

Line 33 — Enter profits (i.e., gross selling price minus basis without any further deductions) from the sale of real property within New York State in which the utility owns or has an ownership interest.

Line 34 — Enter profits (i.e., gross selling price minus basis without any further deductions) from the sale of personal property within New York State which does not constitute stock in trade of the utility and is not included in merchandise inventory. Profits include but are not limited to the following:

- profits from the sale of fixed assets such as fixtures, furniture, machinery, equipment, etc.

Do not include profits from the sale of merchandise (i.e., materials and supplies) which constitute stock in trade of the utility and are included in merchandise inventory.

Line 35 — Enter profits (i.e., gross selling price minus basis without any further deductions or in the case of the sale of a service, the gross selling price of the service minus the cost of the service provided) from any transactions within New York State which are not performed in the conduct of the utility's principal business. Do not include profits from sales for resale or profits from rentals. Profits include but are not limited to the following:

- profits from the sale of merchandise (i.e., materials and supplies) which do not constitute stock in trade of the utility and are not included in merchandise inventory;

- profits from labor not performed in the conduct of utility's principal business; and
- profits from transportation or transmission agreements where the utility uses its mains, pipes or wires within New York State to transport or transmit a commodity owned by another utility.

Line 37 — Deductions allowed from profits on lines 32 through 35 are the following:

- brokerage fees, legal fees, advertising fees and other selling expenses incurred due to the sale of securities, real property and personal property;
- cash discounts taken by the customer;
- uncollectible accounts; and
- taxes imposed by New York State or its municipalities or the federal government where the taxpayer is merely a collecting agency for the taxing authority (e.g., state and local sales tax, federal excise taxes).

Enter all deductions listed above which are included as receipts on lines 32 through 35. Attach a statement listing all deductions.

Schedule B — Computation and Allocation of Gross Income by Telephone and Telegraph Companies and Other Transmission Companies

General Information

Telephone, telegraph and transmission companies which sell or furnish telephone or telegraph transmission services in New York State must complete Schedule B to compute gross income.

Gross income includes the following:

- intrastate gross income;
- interstate gross income allocated to New York State; and
- foreign gross income allocated to New York State.

Gross income from interstate and foreign transmission services is allocated to New York State by using either the accounting rule allocation method or the formula rule allocation method. Check the box in Schedule B to show the method used to allocate receipts from interstate and foreign transmission services to New York State.

Allocation — Accounting Rule Allocation Method (i.e., direct accounting)

Use this method to allocate to New York State receipts from the sale or furnishing of interstate and foreign transmission services if you employ a Uniform System of Accounts as prescribed for federal or state regulatory purposes and the amount of gross income from interstate and foreign telephone or telegraph transmission services attributable from New York State customers can be determined.

Allocation — Formula Rule Allocation Method

Use this method to allocate receipts from the sale or furnishing of interstate and foreign transmission service if you do not employ a Uniform System of Accounts as prescribed for federal or state regulatory purposes or if that accounting does not allow for the attribution of receipts to New York customers or if such accounting does not properly reflect the amount of receipts from interstate and foreign transmission services attributable to New York State.

Taxpayers using the formula rule allocation method must complete Schedule B, Part IV, and compute a property factor percentage which is used to determine the amount of gross income from interstate and foreign transmission services attributable to New York State.

Gross Income

Intrastate gross income includes receipts from the sale or furnishing of intrastate telephone or telegraph transmission services within New York State **whether or not for ultimate consumption or use** by the purchaser.

Interstate and foreign gross income includes receipts from the sale or furnishing of interstate and foreign telephone or telegraph transmission services allocated to New York State **whether or not for ultimate use** by the purchaser.

In determining gross income, receipts include cash, credits and property of any kind or nature without any deductions for the cost of property sold, the cost of materials used, labor, services or other costs, interest or discount paid, or any other expense, except for the deductions listed below.

Gross income from telephone and telegraph transmission services includes receipts such as the following:

- local service receipts from subscriber's stations, public telephones, service stations, local private lines and other local service receipts;
- toll service receipts from message calls, wide area toll services, toll private line services and other toll service receipts;
- miscellaneous receipts from commissions, directory advertising and sales, rent receipts, general service receipts, license receipts and other miscellaneous receipts; and
- any other transmission receipts.

Limited deductions allowed from receipts included in gross income are:

- Interexchange carriers - Interexchange carriers may deduct the cost of resold carrier access services purchased within New York State from an exchange telephone company. To claim this deduction, complete Schedule B, Part III.
- The cost of telephone or telegraph transmission services resold in New York State on which the tax under section 186-a was previously paid (to eliminate double taxation of receipts under section 186-a). To claim this deduction, complete Schedule B, Part II.
- Cash discounts taken by customers on transmission services. To claim this deduction, complete Schedule B, Part II.
- Uncollectible accounts from the sale of transmission services. To claim this deduction, complete Schedule B, Part II.
- Taxes imposed by New York State or its municipalities or the federal government for which the taxpayer is merely a collecting agency for the taxing authority (e.g., state and local sales tax, federal excise tax). To claim this deduction, complete Schedule B, Part II.
- When acting as a collection agent for a municipality under Article Six of the County Law, any E 911 system surcharge and any administrative fee retained by a telephone company as compensation for collecting any E 911 system surcharge.

Enter all deductions listed above, which are included as receipts on lines 40, 41 or 42. No deduction is allowable unless the deduction is initially included as a part of receipts, except a deduction for bad debts may relate to receipts included as taxable on a prior return.

Line Instructions

Part I — Computation and Allocation of Gross Income

Line 40, column A - Enter all receipts which constitute gross income from intrastate telephone and telegraph transmission services within New York State.

Line 40, column B - Enter deductions from line 44.

Line 40, column F - Enter deductions from line 47.

Line 41, column A - If you use the accounting rule allocation method, enter all receipts which constitute gross income from interstate telephone and telegraph transmission services attributable to New York State as reflected by that method. If you use the formula rule allocation method, enter all receipts that constitute gross income from interstate telephone and telegraph transmission services.

Line 41, column B - Enter deductions from line 45.

Line 41, column D - Enter "100%" if using accounting rule allocation method. Enter the formula rule allocation percentage from line 57, if using formula rule allocation method.

Line 41, column F - Enter deductions from line 48.

Line 42, column A - If you use the accounting rule allocation method, enter all receipts which constitute gross income from foreign telephone and telegraph transmission services attributable to New York State as reflected by that method. If you use the formula rule allocation method, enter all receipts that constitute gross income from all foreign telephone and telegraph transmission services.

Line 42, column B - Enter deductions from line 46.

Line 42, column D - Enter the same percentage as line 41, column D.

Line 42, column F - Enter all deductions from line 49.

Part II — Other Deductions from Gross Income from January 1, 1994, to December 31, 1994

Column A - List in this column a description of each deduction claimed (i.e., cash discount, uncollectible accounts, state or local sales taxes, federal excise tax, double taxation of receipts etc.).

Column B - Enter for each deduction listed in column A the amount being claimed.

Column C - Enter for each deduction listed in column B, the amount of the deduction that is attributable to intrastate, interstate or foreign transmission services.

Part III — Interexchange Telephone Company Deduction for Carrier Access Service from January 1, 1994, to December 31, 1994

This part is to be completed by an interexchange telephone company that purchases carrier access service within New York State from an exchange telephone company, where the interexchange telephone company resells the carrier access service to the consumer. This deduction is **NOT** available for carrier access services that are **NOT** resold to customers.

An interexchange telephone company is one who sells interexchange telephone service (whether intrastate, interstate or foreign) to the public as a common carrier. The interexchange telephone company is one that has obtained a certificate of convenience and necessity issued by the Federal Communications Commission or the New York Public Service Commission.

Column B - Enter the cost of carrier access services attributable to intrastate, interstate and foreign transmission services purchased from exchange telephone companies within New York State (see TSB-M-89(9)(C)) on which the exchange telephone company has paid the section 186-a tax on such carrier access services. The cost of carrier access services purchased on which the 186-a tax has been paid by the exchange telephone company should be identifiable as a separate item on the bill rendered by the telephone company.

Part IV — Computation of Property Factor

Line 50 — Enter the average value of real property you owned and used in connection with interstate or foreign transmission services. In column 1, enter the average value of property physically located in New York. In column 2, enter the average

value of all property wherever located. Average value is the cost of real property without allowance for depreciation or amortization. It is generally computed on a quarterly basis, but you may use a more frequent basis such as monthly, weekly or daily. The same method of valuation must be used with respect to real property within New York State and everywhere.

Line 51 - Enter the average value of real property rented to you which you used in connection with interstate or foreign transmission services. In column 1, enter the average value of property physically located in New York. In column 2, enter the average value of all property wherever located. The average value of real property rented to a taxpayer is determined by multiplying gross rents payable during the period covered by this return by eight. Gross rents include any amount payable as rent or in lieu of rent, such as interest, insurance, taxes, repairs, etc., and amortization of leasehold improvements that revert to the lessor at the termination of the lease.

Line 52 - Enter the average value of tangible personal property you owned which you used in connection with interstate or foreign transmission services. In column 1, enter the average value of property physically located in New York. In column 2, enter the average value of all property wherever located. Tangible personal property is corporeal personal property, such as machinery, tools, implements, goods, wares and merchandise. It does not include money, deposits in banks, shares of stock, bonds, notes, credits or evidences of an interest in property or debt, or intangible assets. Average value is the cost of tangible personal property without allowance for depreciation or amortization. It is generally computed on a quarterly basis, but you may use a more frequent basis such as monthly, weekly or daily. The same method of valuation must be used with respect to tangible personal property within New York State and everywhere.

Line 53 - Enter the average value of tangible personal property rented to you which you used in connection with interstate or foreign transmission services. In column 1, enter the average value of property physically located in New York. In column 2, enter the average value of all property wherever located. The average value of tangible personal property rented to a taxpayer

is determined by multiplying gross rents payable during the period covered by this return by eight. See line 53 instructions for definition of gross rents.

Line 54 - Enter the average value of intangible assets owned within New York State and everywhere which are used in connection with interstate or foreign transmission services. Intangible assets include, but are not limited to, such items as patents, franchises and copyrights. Average value is the cost of intangible assets without allowance for depreciation or amortization. It is generally computed on a quarterly basis, but you may use a more frequent basis such as monthly, weekly or daily. However, you must use the same method of valuation with respect to intangible assets within New York State and everywhere. Intangible assets are determined to be within or outside of New York State by allocating them to the commercial domicile of the taxpayer.

Line 55 - Enter the average value of extraterrestrial property within New York State and everywhere which is used in connection with interstate or foreign transmission services. Extraterrestrial property refers to property such as communication satellites whether owned, rented or leased. Average value is the cost without allowance for depreciation or amortization or if rented, the gross rental times eight. To determine the average value of extraterrestrial property within New York State multiply the average value of extraterrestrial property everywhere by a percentage determined as follows:

Average value of satellite repeater facilities, earth stations, or other satellite communication facilities within New York State used in connection with interstate or foreign transmission services

divided by

Average value of satellite repeater facilities, earth stations, or other satellite communication facilities everywhere used in connection with interstate or foreign transmission services.

Need Help?

For forms or publications, call toll free (from New York State only) 1 800 462-8100. From areas outside New York State, call (518) 438-1073.

For information, call the Business Tax Information Center toll free (from the continental U.S. only) 1 800 972-1233. You can also call toll free (from New York State only) 1 800 CALL TAX (1 800 225-5829). From areas outside New York State, call (518) 438-8581.

Telephone assistance is available from 8:30 a.m. to 4:25 p.m., Monday through Friday.

Persons with Disabilities - In compliance with the Americans with Disabilities Act, we will ensure that our lobbies, offices, meeting rooms and other facilities are accessible to persons with disabilities. If you have questions about special accommodations for persons with disabilities, please call the information and assistance numbers listed above.

Hotline for the Hearing and Speech Impaired - If you have a hearing or speech impairment and have access to a telecommunications device for the deaf (TDD), you can get answers to your New York State tax questions by calling toll-free (within the continental U.S.) 1 800 634-2110. Hours of operation are from 8:30 a.m. to 4:15 p.m., Monday through Friday. If you do not own a TDD, check with independent living centers or community action programs to find out where machines are available for public use.

If you need to write, address your letter to: NYS Tax Department, Taxpayer Assistance Bureau, W A Harriman Campus, Albany NY 12227.