



Instructions for Form CT-185

Cooperative Agricultural Corporation

Franchise Tax Return

Tax Law — Article 9, Section 185

CT-185-I

General Information

Who Must File Form CT-185

Form CT-185 must be filed by farmers, fruit growers and similar agricultural corporations organized and operated on a cooperative basis as described in Article 6 of the Cooperative Corporation Law of the State of New York. Receivers, liquidators, referees, trustees, assignees, and other fiduciaries, appointed by any court, who conduct the business of such a corporation must also file this form. Section 185 imposes a franchise tax on the net value of issued capital stock employed in New York State. The net value of issued capital stock may be allocated in and out of New York, based on the gross assets employed in New York (see Schedule E).

Tax Rate

You must pay the highest tax computed by one of the following three methods:

- allocated value of issued capital stock, multiplied by the tax rate of .001; or
- allocated value of issued capital stock, multiplied by a rate based on dividends equal to or in excess of 6%; or
- minimum tax of \$10.

If a corporation has more than one kind of stock, a combination of tax on capital stock using the tax rate of 1 mill and the dividend rate, as computed in Schedule D, is possible.

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

Article 31-B of the Tax Law was repealed effective June 15, 1996. However, any corporation with an interest in real property must keep a record of the transfer of its stock and report every transfer of a controlling interest in its stock that occurred prior to June 15, 1996. The corporation must also provide any other information required to enforce Article 31-B.

Controlling interest of a corporation 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 the voting stock.

Answer both questions on the front page of Form CT-185. If the answer to both questions is **Yes**, attach the following information:

- name, address and identification number of the new controlling stockholder (use the social security number of an individual or the federal employer identification number of a corporation);
- date the transfer was made; and
- location of the real property.

Foreign Corporations - Maintenance Fee and License Fee

Foreign corporations authorized to do business in New York must pay an annual maintenance fee of \$300. This fee may be applied against the taxes due under Article 9. If the total tax payable with your return for December 31, 1996, is \$300 or more, you have satisfied the requirement to pay a maintenance fee. If the total tax payable is less than \$300, add the difference to produce a total tax and fee of \$300. Foreign corporations must also file Form CT-240, *Foreign Corporation License Fee Return*.

When and Where to File

This return is due on March 15 following the close of the calendar tax year. If March 15 falls on a Saturday, Sunday, or legal holiday, the return is due on the next business day. Mail your return to: **NYS CORPORATION TAX, PROCESSING UNIT, PO BOX 1909, ALBANY NY 12201-1909.**

Extension of Time for Filing Tax Return

If you need more time to file your return, file Form CT-5.9, *Request for Three-Month Extension to File*, on or before March 15. An extension of time granted by the IRS to file a federal return does not extend the due date for filing Form CT-185.

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.

Specific Instructions

Whole Dollar Amounts - You may elect to show amounts in whole dollars rather than dollars and cents. Round an amount from 50 cents through 99 cents to the next higher dollar, and round any amount less than 50 cents to the next lower dollar.

Percentages - When computing allocation percentages, convert decimals into percentages by moving the decimal point two spaces to the right. Percentages should be carried out to four decimal places. For example: $5,000/7,500 = .6666666 = 66.6667\%$.

Negative amounts, if any, should be shown in parentheses.

Line 1 - Enter the net value of issued capital stock. The net value of issued capital stock is the largest of the following:

- net value of assets at year end (total assets from Schedule A, column B, line 17, minus total liabilities from Schedule A, column B, line 18; or
- net value at average selling price of stock from Schedule C, Part I, column E; or
- net value at \$5.00 per share from Schedule C, Part II.

Line 2 - Allocation computation - multiply the amount on line 1 by the allocation percentage/issuer's allocation percentage from line 41.

Line 3 - Multiply line 2 by the tax rate (.001).

Line 4 - Enter the tax based on dividend rate from line 56.

Line 6 - Enter the amount from line 3, 4 or 5, whichever is largest. If you are an authorized foreign corporation, see maintenance fee information above.

Line 7 - You may take credit against your franchise tax for certain "special additional mortgage recording tax" you paid. This credit may not reduce your tax below the minimum tax, or if you are an authorized foreign corporation, it may not reduce the tax below the \$300 maintenance fee. Any unused credit may be carried forward. Attach Form CT-43, *Claim for Special Additional Mortgage Recording Tax Credit*.

Line 9 - Enter total of all payments, including any overpayment carried over from a preceding period.

Line 11 - If you do not pay the franchise tax and state tax surcharge on or before the original due date (determined without regard to any extension of time to file), you must pay interest on the amount of underpayment from the original due date to the date paid.

Line 12 - Additional charges for late filing are computed on the amount of tax less any payment made on or before the due date, determined with regard to any extension of time for filing.

A If you do not file a return when due or if the request for extension is invalid, add to the tax 5% (.05) **per month** up to 25% (.25) (section 1085(a)(1)(A)).

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- B** If you do not file a return within 60 days of the due date, the addition to tax in item A above 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 $\frac{1}{2}\%$ (.005) per month up to 25% (.25) (section 1085(a)(2)).
- D** The total of the additional charges in items A and C may not exceed 5% (.05) for any one month, except as provided for in item 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 or payment or both (section 1085).

Note: You may have the interest (line 11) and penalty (line 12) computed for you by calling the Business Tax Information Center at the number listed in the **Need Help?** section.

Schedules A and B

Complete these schedules using the information that appears on the balance sheet of your federal return. Attach a copy of your federal return.

Schedule C - Part I

Column B - Enter for each class of stock the number of shares issued and outstanding at year end. Do not include stock authorized but not issued or stock not outstanding.

Column C - Enter for each class of stock the highest and lowest selling price of the stock during the tax year.

Column D - Enter for each type of stock the average selling price.

Note: If the corporation did not sell any stock during the tax year, enter "0" on Schedule C, Part I, column E. However, you will be required to complete Schedule C, Part I, column B and enter the number of shares of stock issued and outstanding at year end in Schedule C, Part II.

Schedule D

Column B - The value of each class of par value stock is computed by multiplying the par value by the number of shares of such stock issued and outstanding at the end of the year. Do not include any additional paid-in capital, premium, or discount on the issuance of par value stock, or any capital arising from appreciation of assets, amounts not contributed by the stockholder, or retained earnings.

The value of each class of stock without nominal or par value is computed by multiplying the amount paid for the no par value stock, including any additional paid-in capital, premium, or discount on the issuance of the stock, by the number of shares issued and outstanding at the end of the year. Do not include any capital arising from appreciation of assets, amounts not contributed by the stockholder, or retained earnings.

Schedule E - Allocation Percentage/Issuer's Allocation Percentage

Your issuer's allocation percentage is used by corporate shareholders to compute their corporate franchise tax. It represents the amount of your issued capital stock employed within New York State compared to the total amount of issued capital stock employed everywhere. This percentage is also used to compute the amount you enter on line 2.

Recent amendments to the Tax Law require most corporations doing business within New York State to provide the information needed to compute their issuer's allocation percentage. Section 1085(o) of the Tax Law provides for a penalty of \$500 for failure to provide information needed to compute your issuer's allocation percentage.

If you have assets outside New York State, complete Schedule E using the amounts shown on the balance sheet of your federal return. If all of your assets are located in New York State, enter 100% on line 41.

Line 35 - If the assets of any company whose stock is owned by this corporation are employed both within and outside New York State, you may allocate your holding on the basis of the percentage of employment by the issuer of the stock.

Line 36 - Bonds, loans and other securities are considered located where held.

Line 41 - Divide line 40, column A, by line 40, column B. Use this amount to compute your New York base on line 2.

Schedule F

Line 42 - If the common stock dividend rate in Schedule D, column D, is 6% or more, enter the value of common stock from Schedule D, column B. If the common stock dividend rate in Schedule D, column D, is less than 6%, enter "0" on lines 42, 43 and 44.

Line 45 - If the preferred stock dividend rate in Schedule D, column D, is 6% or more, enter the value of preferred stock from Schedule D, column B. If the preferred stock dividend rate in Schedule D, column D, is less than 6%, enter "0" on lines 45, 46 and 47.

Line 48 - If the no par value dividend rate in Schedule D, column D, is 6% or more, enter the value of no par value stock from Schedule D, column B. If the no par value dividend rate in Schedule D, column D, is less than 6%, enter "0" on lines 48, 49 and 50.

If you paid dividends of 6% or more on all classes of issued capital stock, do not complete lines 51 through 55.

Line 51 - If you did not pay dividends of 6% or more on all classes of stock, you must compute a tax on the dividends based on the value of the stock on which dividends of 6% or more were paid **plus** a tax at the "Capital Stock" rate on the remaining value of all capital stock. The remaining value of all capital stock depends on the class of capital stock on which the dividend was paid. If the dividend was paid on preferred stock, the remaining value of all capital stock is retained earnings plus common stock. If the dividend was paid on common stock, the remaining value of capital stock is preferred stock. Retained earnings are normally associated with common stock. The following examples show how the dividend rates and remaining value of capital stock are computed.

Example 1 — Dividend paid on preferred stock

Par value, common stock	\$10,000
Par value, preferred stock	50,000
Retained earnings	80,000
Dividends paid on preferred stock	3,300
Dividends rate ($\$3,300 \div \$50,000$)	6.6%
$6.6 \times .00025$ (tax rate)	.00165
Tax ($\$50,000 \times .00165$)	82.50
Remaining value of issued capital stock (common stock plus retained earnings $\$90,000 \times .001$)	90.00
Total tax	\$172.50

Example 2 — Dividend paid on common stock

Par value, common stock	\$10,000
Par value, preferred stock	50,000
Retained earnings	80,000
Dividends paid on common stock	3,000
Dividends rate ($\$3,000 \div \$10,000$)	30%
$30 \times .00025$ (tax rate)	.0075
Tax ($\$10,000 \times .0075$)	75
Remaining value of issued capital stock (preferred stock only, $\$50,000 \times .001$)	50
Total tax	\$ 125

Need Help?

For information, forms or publications, call the Business Tax Information Center at 1 800 972-1233. The call is toll free from anywhere in the U.S. (including Alaska and Hawaii) and Canada. For information, 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. For forms or publications, you can also call toll free (from New York State only) 1 800 462-8100. From areas outside New York State, call (518) 438-1073.

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

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 1 800 634-2110 toll free from anywhere in the U.S. (including Alaska and Hawaii) and Canada. 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.

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 numbers listed above.

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