



# Instructions for Form CT-185

## Cooperative Agricultural Corporation Franchise Tax Return

Tax Law — Article 9, Section 185

# CT-185-I

### Changes for 2004

In 2004, the Tax Law was amended to provide an additional tax credit for taxpayers subject to tax under Tax Law Article 9, section 185.

For tax years beginning on or after January 1, 2004, the qualified empire zone enterprise (QEZE) credit for real property taxes is available for certified empire zone businesses that pay eligible real property taxes and meet an annual employment test. For more information on the QEZE credit for real property taxes, see TSB-M-03(4)C, *Qualified Empire Zone Enterprise (QEZE) Tax Credits*, and Form CT-604, *Claim for QEZE Credit for Real Property Taxes and QEZE Tax Reduction Credit*.

### 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 a cooperative agricultural 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 State, based on the gross assets employed in New York State (see Schedule D).

#### 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 one mill (.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 one mill and the dividend rate, as computed in Schedule C, is possible.

#### Foreign corporations — maintenance fee

Foreign corporations authorized to do business in New York State must pay an annual maintenance fee of \$300. The taxes due under Article 9 may be applied against this fee. If the total tax payable with your return for December 31, 2004, 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 — license fee

Foreign corporations must also file Form CT-240, *Foreign Corporation License Fee Return*, whether or not they are authorized to do business in New York State. Form CT-240 must be filed with the corporation's first franchise tax return, or if the capital stock employed in New York State has increased since the last license fee return was filed.

#### 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 22038, Albany NY 12201-2038**.

**Private delivery services** — If you choose, you may use a private delivery service, instead of the U.S. Postal Service, to file your return and pay tax. However, if, at a later date, you need to establish the date you filed your return or paid your tax, you cannot use the date recorded by a private delivery service **unless** you used a delivery service that has been designated by the U.S. Secretary of the Treasury or the Commissioner of Taxation and Finance. (Currently designated delivery services are listed in Publication 55, *Designated Private Delivery Services*. See *Need help?* on the back of these instructions for

information on ordering forms and publications.) If you have used a designated private delivery service and need to establish the date you filed your return, contact that private delivery service for instructions on how to obtain written proof of the date your return was given to the delivery service for delivery. If you use **any** private delivery service, whether it is a designated service or not, address your return to: State Processing Center, 431C Broadway, Albany NY 12204-4836.

#### 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 Internal Revenue Service (IRS) to file a federal return does not extend the due date for filing Form CT-185.

#### Change of business information

You must report any changes in your business name, identification number, mailing address, business address, telephone number, or owner/officer information on Form DTF-95, *Business Tax Account Update*. If only your business address has changed, you may use Form DTF-96, *Report of Address Change for Business Tax Accounts*. You can get these forms from our Web site, by fax, or by phone. See *Need help?* on the back page for the phone number and Web address.

#### Amended return

If you are filing an amended return, please mark an **X** in the *Amended return* box.

#### Final return

Since the tax under section 185 is paid in advance, if you have terminated business since March 15, 2004, you do not have to file this return; otherwise your return is due on March 15, 2005.

**NAICS business code number** — Enter the six-digit NAICS business activity code number from your federal return.

**Whole dollar amounts** — You may elect to show amounts in whole dollars rather than dollars and cents. Round any amount from 50 cents through 99 cents to the next higher dollar. Round any amount less than 50 cents to the next lower dollar.

**Negative amounts** — Show any negative amounts with a minus (-) sign.

**Percentages** — When computing allocation percentages, convert decimals into percentages by moving the decimal point two spaces to the right. Carry percentages out to four decimal places. Example:  $5,000/7,500 = 0.6666666 = 66.6667\%$ .

#### Specific instructions

**Line A** — Make your payment in United States funds. We will accept a foreign check or foreign money order only if payable through a United States bank or if marked **Payable in U.S. funds**.

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

**Line 7** — Enter any special additional mortgage recording tax credit, alternative fuels credit, employment of persons with disabilities credit, green buildings credit, long-term care insurance credit, QEZE credit for real property taxes, or other credit from your credit claim forms. Check the claim forms for any limitations. Attach the forms to your Form CT-185.

**Line 11** — If you do not pay the franchise tax on or before the original due date (**without** regard to any extension of time for filing), you must pay interest on the amount of underpayment from the original due date to the date paid.

**Line 12** — Compute additional charges for late filing on the amount of tax minus any payment made on or before the due date (**with** regard to any extension of time for filing).

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- A. If you do not file a return when due, or if the request 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 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 ½% per month up to 25% (section 1085(a)(2)).
- D. The total of the additional charges in items A and C may not exceed 5% 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, payment, or both (section 1085).

**Note:** You may compute your penalty and interest by accessing our Web site at [www.nystax.gov](http://www.nystax.gov) and clicking on *Electronic Services*, or you may call 1 800 972-1233, and we will compute the penalty and interest for you.

**Line 16a — Collection of debts from your refund** — We will keep all or part of your refund if you owe a past-due, legally enforceable debt to the IRS or to a New York State agency. This includes any state department, board, bureau, division, commission, committee, public authority, public benefit corporation, council, office, or other entity performing a governmental or proprietary function for the state or a social services district. We will refund any amount over your debt.

If you have any questions about whether you owe a past-due, legally enforceable debt to the IRS or to a state agency, contact the IRS or that particular state agency.

For New York State tax liabilities **only**, call 1 800 835-3554 (outside the U.S. and outside Canada, call (518) 485-6800) or write to NYS Tax Department, Tax Compliance Division, W A Harriman Campus, Albany NY 12227.

**Line 16b** — Enter the amount of QEZE real property tax credit to be refunded from Form CT-604.

### Schedule B — 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.

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

### Schedule C

**Column B** — Compute the value of each class of par value stock 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.

Compute the value of each class of stock without nominal or par value 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 D — Allocation percentage/issuer's allocation percentages

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.

The Tax Law requires 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 D 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 30.

**Line 24** — 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 holdings on the basis of the percentage of employment by the issuer of the stock.

**Line 25** — Bonds, loans, and other securities are considered located where held.

### Schedule E

Complete this schedule only if any dividend rate from Schedule C, column D, is 6% or more.

**Line 31** — Enter the value of common stock from Schedule C, column B. If the common stock dividend rate in Schedule C, column D, is less than 6%, enter **0** on lines 31, 32, and 33.

**Line 34** — Enter the value of preferred stock from Schedule C, column B. If the preferred stock dividend rate in Schedule C, column D, is less than 6%, enter **0** on lines 34, 35, and 36.

**Line 37** — Enter the value of no-par-value stock from Schedule C, column B. If the no-par-value dividend rate in Schedule C, column D, is less than 6%, enter **0** on lines 37, 38, and 39.

**Lines 40 through 44** — If you paid dividends of 6% or more on all classes of issued capital stock, do not complete lines 40 through 44.

**Line 40** — 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
Dividend rate (\$3,300 ÷ \$50,000)	6.6%
6.6 x .00025 (tax rate)	.00165
Tax (\$50,000 x .00165)	82.50
Remaining value of issued capital stock (common stock plus retained earnings \$90,000 x .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
Dividend rate (\$3,000 ÷ \$10,000)	30%
30 x .00025 (tax rate)	.0075
Tax (\$10,000 x .0075)	75
Remaining value of issued capital stock (preferred stock only, \$50,000 x .001)	50
Total tax	\$125

### Need help?

 **Internet access:** [www.nystax.gov](http://www.nystax.gov)  
(for information, forms, and publications)

 **Fax-on-demand forms:** 1 800 748-3676

 **Business Tax Information Center:** 1 800 972-1233  
From areas outside the U.S. and outside Canada: (518) 485-6800

**Hearing and speech impaired** (telecommunications device for the deaf (TDD) callers only): 1 800 634-2110