



Instructions for Form CT-186-A
Utility Services Tax Return — Gross Operating Income
Tax Law — Article 9, Section 186-a

CT-186-A-I

Up-to-date information affecting your 2004 tax return

Visit the Corporation Tax Up-To-Date Information page on our Web site at www.nystax.gov for Tax Law changes or forms corrections that occurred after the forms and instructions were printed.

Changes for 2004

Temporary increase in the mandatory first installment of estimated tax — The Tax Law has been amended to provide a temporary increase in the mandatory first installment for taxpayers whose preceding year's tax, exclusive of the metropolitan transportation business tax (MTA surcharge), exceeds \$100,000. For tax years beginning on or after January 1, 2003, but before January 1, 2006, these taxpayers are required to pay a first installment equal to 30% of the preceding year's tax. Additionally, taxpayers who are required to pay their mandatory first installment at the 30% rate and are subject to the MTA surcharge are also required to calculate their estimated tax for the MTA surcharge at 30% of the preceding year's MTA surcharge. The remaining three estimated tax payments are adjusted so that the total payments do not exceed 100% of the estimated tax due. For tax years beginning on or after January 1, 2006, the mandatory first installment reverts to 25% of the preceding year's tax.

The mandatory first installment of estimated tax and estimated MTA surcharge remains at 25% of the preceding year's tax and MTA surcharge, respectively, for those taxpayers whose preceding year's tax exceeded \$1,000, but was less than or equal to \$100,000. For more information, see TSB-M-02(5)C, Summary of Corporation Tax Legislative Changes Enacted in 2002.

Your refund may be applied to a city of New York tax warrant judgment debt — Due to a recent law change, your refund may be reduced by amounts owed for a city of New York tax warrant judgment debt. For additional information concerning these changes, see Collection of debts from your refund on page 3.

General information

You must report gross operating income on a calendar-year basis even if you maintain your records and report to the Internal Revenue Service (IRS) using a fiscal accounting period.

Tax rate

The tax rate on gross operating income is as follows:

Table with 2 columns: Tax period, Rate. Rows: January 1, 2004, through December 31, 2004 ..... .4% (.004); January 1, 2005, and thereafter ..... 0%

Who must file Form CT-186-A

A utility, person, corporation, company, association, or joint-stock association not subject to the supervision of the New York State Department of Public Service that engages in the sale or furnishing of gas, electricity, steam, water, or refrigeration service through the use of mains, pipes, or wires for ultimate consumption or use by the purchaser in New York State, must file this return whether or not a tax is due. Those who are subject to the supervision of the Department of Public Service must file Form CT-186-P, Utility Services Tax Return — Gross Income.

Excise tax on telecommunication services — If you are a provider of telecommunication services that also sells electricity, steam, gas, water, or refrigeration service, do not file this form; file Form CT-186-E, Telecommunications Tax Return and Utility Services Tax Return, to report the tax imposed by sections 186-a and 186-e.

Examples of taxpayers required to file Form CT-186-A include:

- A. Owners of apartment buildings, office buildings, hotels, and similar establishments within New York State who purchase gas, electricity, steam, water, or refrigeration, and resell or furnish any part or all of the commodity to a guest or tenant at identifiable, flat, or metered rates. See Special rules for landlords on page 4 for additional information.
B. All persons including owners of cogeneration facilities or manufacturing plants who sell gas, electricity, steam, water, or refrigeration to a purchaser through the use of mains, pipes, or wires. See Special rules for landlords on page 4 for additional information.

The following taxpayers must file Form CT-186-A if they sell gas or electricity, or gas or electric service:

- C. Municipalities, political and civil subdivisions, and public districts that sell or furnish gas, electricity, or gas or electric service (including the sale of the transportation, transmission, or distribution of gas or electricity) that do not qualify for the exemption in paragraph 2 under Exemption from tax below.
D. Municipalities engaged in the retail sale of electricity or the transportation, transmission, or distribution of electricity that do not qualify for the exemption in paragraph 3 under Exemption from tax on page 2.

Taxpayers described in C and D above must include receipts from the sale of gas or electricity, or gas or electric service, on line 17, and include receipts from the transportation, transmission, or distribution of gas or electricity by means of conduits, mains, wires, lines, and similar means on line 18. These taxpayers should not include on lines 17 or 18 any receipts from the sale or furnishing of steam, water, or refrigeration, or any receipts from the transportation, transmission, or distribution of steam, water, or refrigeration by means of conduits, mains, wires, lines, and similar means.

If gross operating income does not exceed \$500 for the year, you are exempt from the payment of tax. However, you must still file this annual return.

Exemption from tax — The following are exempt from taxation under section 186-a and do not have to file Form CT-186-A:

- 1. New York State, municipalities, political and civil subdivisions of New York State, or municipal and public districts, but only when selling or furnishing steam, water, or refrigeration service.
2. Municipalities, political and civil subdivisions, and public districts that sell or furnish gas, electricity, and gas or electric service (including the sale of the transportation, transmission, or distribution of gas or electricity), but only if they own and operate facilities used to generate electricity or to distribute electricity or gas, and sell and distribute such electricity or gas solely at retail and solely within their jurisdiction.

3. Municipalities engaged in the retail sale of electricity or the sale of transportation, transmission, or distribution of electricity, where all such electricity has been generated solely by and purchased solely from New York State or a public authority of New York State (for example, New York State Power Authority).
4. Not-for-profit corporations and associations described in Tax Law section 1116(a)(4), organized and operated exclusively for religious, charitable, or educational purposes, **only** when the organization resells gas or electricity, or gas or electric service, as landlord to its tenants in buildings owned by the organization.
5. 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.
6. Limited dividend housing corporations organized under the Private Housing Finance Law.

### Other surcharges, taxes, and fees that may apply

**MTA surcharge** — All corporations that file Form CT-186-A must answer the question above line A. Any business taxable under Tax Law Article 9, section 186-a that does business in the Metropolitan Commuter Transportation District (MCTD) must file Form CT-186-A/M, *Utility Services MTA Surcharge Return*, and pay an MTA surcharge on business done in the Metropolitan Transportation Authority region. The MCTD includes the counties of New York, Bronx, Kings, Queens, Richmond, Dutchess, Nassau, Orange, Putnam, Rockland, Suffolk, and Westchester. If you are not doing business in the MCTD, you must disclaim liability for the MTA surcharge by marking an **X** in the *No* box; you are not required to file Form CT-186-A/M.

**Foreign corporations – maintenance fee** — A *foreign corporation* (organized outside of New York State) that is authorized to do business in New York State must pay an annual maintenance fee of \$300. Failure to pay the annual maintenance fee or its equivalent in New York State taxes (including the MTA surcharge) will result in annulment of the corporation's authorization to do business in New York State, under Articles 9, 9-A, or 32. Payments of corporation taxes are counted as payments toward the \$300 annual maintenance fee (but not the license fee reported on Form CT-240, *Foreign Corporation License Fee Return*). If the total of your corporation taxes is greater than \$300, you have satisfied the requirement to pay the annual maintenance fee. If the total of your corporation taxes is less than \$300, and you are filing Form CT-183, *Transportation and Transmission Corporation Franchise Tax Return on Capital Stock*, or Form CT-186, *Utility Corporation Franchise Tax Return*, pay the \$300 with that form. Indicate that you paid a total corporation tax and maintenance fee of \$300 with Form CT-183 or CT-186, and make no remittance of tax with the other returns.

**Foreign corporations – license fee** — Foreign corporations must also file Form CT-240, 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** — The annual return is due on March 15, following the close of each calendar 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 page 4 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** — If you cannot meet the filing deadline, you may request an extension of time by filing Form CT-5.9, *Request for Three-Month Extension to File*, on or before the due date of the return for which you are requesting the extension, and pay any amount you estimate to be due. 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-A.

### Specific instructions

**Change of address** — If your address has changed, please enter your new address in the appropriate area and mark an **X** in the box next to the address so that we can update your address for this tax type. Do not mark this box for any change of business information other than for your address.

**Changes in business information** — You must report any changes in your business name, ID number, mailing address, physical address, telephone number, or owner/officer information on Form DTF-95, *Business Tax Account Update*. If only your address has changed, you may use Form DTF-96, *Report of Address Change for Business Tax Accounts*, to correct your address for other tax types. You can get these forms from our Web site, by phone, or by fax. See *Need help?* on page 4 for the Web address and phone number.

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

**Employer identification number, file number, and other identifying information** — Enter your employer identification number and file number. If you use a paid preparer or accounting firm, make sure they use your complete and accurate identifying information when completing all forms.

**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 in 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 to four decimal places.

**Example:**  $5,000/7,500 = 0.6666666 = 66.6667\%$

## Line 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**.

## Computation of tax

**Line 2** — Enter the amount of the long-term care insurance tax credit that you are claiming. Attach Form CT-249, *Claim for Long-Term Care Insurance Tax Credit*, to your return (see TSB-M-00(5)C, *Summary of Corporation Tax Legislative Changes Taking Effect in 2001 and After*).

### Line 4b — First installment of tax for the next period

If the tax amount shown on line 3 is more than \$1,000 but not more than \$100,000 and you did not file Form CT-5.9, you must pay a mandatory first installment of estimated tax for the next tax period. Enter 25% (.25) of the total tax amount shown on line 3.

If the tax amount shown on line 3 is \$100,000 or more and you did not file Form CT-5.9, you must pay a mandatory first installment of estimated tax for the next tax period. Enter 30% (.3) of the total tax amount shown on line 3.

**Additional installments for the next period, Form CT-400** — If you expect your tax for the next period to exceed \$1,000, you must file Form CT-400, *Estimated Tax for Corporations*, and pay additional installments of estimated tax on June 15, September 15, and December 15.

### Line 8 — Estimated tax penalties

If you underpaid your estimated tax, use Form CT-222, *Underpayment of Estimated Tax by a Corporation*, to compute the penalty. Attach Form CT-222, mark an **X** in the box, and enter the amount of penalty on line 8.

### Line 9 — Interest on late payments

If you do not pay the tax in full on or before the original due date (**without** regard to any extension of time for filing), you must pay interest on the unpaid amount from the original due date until you pay it. Exclude any amount shown on line 4a or 4b.

### Line 10 — Late filing and late payment penalties

Compute additional charges for late filing and late payment on the amount of tax minus any payment made on or before the due date (**with** regard to any extension of time for filing). Exclude any amount shown on line 4a or 4b.

- A. If you do not file a return when due, or if your request for extension is invalid, add to the tax 5% (.05) per month up to 25% (.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 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 when due, 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, 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 16 — 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 Internal Revenue Service (IRS) or to a New York State agency, or if you owe a city of New York tax warrant judgment debt. A *New York State agency* 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, or whether you owe a city of New York tax warrant judgment debt, contact the IRS, the state agency, or the New York City Department of Finance.

For New York State tax liabilities only, call 1 800 835-3554 (from areas 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.

For New York City liabilities only, call (212) 232-3550.

## Computation of gross operating income

Use lines 17 through 22 to compute the tax on gross operating income for the period January 1, 2004, through December 31, 2004, at the tax rate of .4% (.004).

**Line 17** — Enter the total receipts from the sale or furnishing of each commodity made for ultimate consumption or use within New York State. See *Special rules for landlords* on page 4.

In determining gross operating 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 as stated in the instructions for line 20.

## Special rules for landlords

**Sales to landlords** — *Gross operating income also includes* receipts from utility services to a landlord for resale to a tenant for consumption or use by the tenant as incidental to the landlord's renting of premises to the tenant, even though such sales are not for ultimate consumption by the landlord. *Utility services* means the furnishing of gas, electricity, steam, water, or refrigeration, and services directly connected to the furnishing of gas, electricity, steam, water, or refrigeration. Include these receipts with all other utility service receipts on lines 17 and 18.

**Sales by landlords** — If **all** utility services purchased by a landlord for resale to the tenants included the section 186-a tax, then the landlord is not required to complete Form CT-186-A.

If **any** utility services were purchased by a landlord for resale to tenants that **did not include** the section 186-a tax, then complete Form CT-186-A as follows:

- Receipts derived by a landlord from the resale of utility services to a tenant are deemed to be equal to the landlord's cost of the same service (including any associated transportation cost). Include these amounts on lines 17 and 18; do not include the markup billed to the tenants.
- If the tax under section 186-a was included on the purchase of a utility service by the landlord, then the landlord may deduct the cost of the same service (including any associated transportation cost) on line 20. If the tax under section 186-a was not included on the purchase by the landlord, then do not deduct this cost on line 20.

**Line 18** — Enter all receipts from the transportation, transmission, or distribution of gas or electricity, and receipts from services rendered for ultimate use within New York State that are directly connected with the sale or furnishing of the commodity. Receipts also include installation charges, service charges (other than installation) that are connected with the sale or furnishing of the commodity, and rentals within the state that in fact constitute service charges. See *Special rules for landlords* above.

**Line 20** — Deductions allowed from gross operating income are uncollectible accounts and taxes imposed by New York State, its municipalities, or the federal government, for which the taxpayer is merely a collecting agency for the taxing authority. In addition, where a utility has passed on its section 186-a tax to you and you resell that commodity or service, you may deduct your cost of that commodity or service resold by you. Enter all deductions listed above that are included as receipts on lines 17 and 18.

The General City Law, Article 2-I provides for certain rebates of charges for energy in revitalization areas of New York City. However, nothing contained in Article 2-I shall be construed as reducing the amount of the gross receipts subject to tax under Tax Law section 186-a. See *Special rules for landlords* above.

**Composition of prepayments claimed on Line 6** — If you need more space, write **see attached** in this section and attach a separate sheet showing all relevant prepayment information. Transfer the total shown on the sheet to line 28, *Total prepayments*.

## Need help?



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



**Fax-on-demand forms:** Forms are available 24 hours a day, 7 days a week. 1 800 748-3676



**Telephone assistance** is available from 8:00 A.M. to 5:00 P.M. (eastern time), Monday through Friday.  
To order forms and publications: 1 800 462-8100  
Business Tax Information Center: 1 800 972-1233  
From areas outside the U.S. and outside Canada: (518) 485-6800



### Hotline for the hearing and speech impaired:

If you have access to a telecommunications device for the deaf (TDD), contact us at 1 800 634-2110. 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 1 800 972-1233.