



Instructions for Form CT-240

Foreign Corporation License Fee Return

CT-240-I

Important reminder to file a complete return: You must complete all required schedules and forms that make up your return, and include **all pages** of those forms and schedules when you file. Returns that are missing required pages or that have pages with missing entries are considered incomplete and cannot be processed, and may subject taxpayers to penalty and interest.

Up-to-date information affecting your tax return

Visit our Web site for tax law changes or forms corrections that occurred after the forms and instructions were printed (see *Need help?*).

Change for 2009

Fee for payments returned by banks — A new law allows the Tax Department to charge a \$50 fee when a check, money order, or electronic payment is returned by a bank for nonpayment. However, if an electronic payment is returned as a result of an error by the bank or the department, the department won't charge the fee. If your payment is returned, we will send a separate bill for \$50 for each return or other tax document associated with the returned payment.

General instructions

A foreign corporation must pay a license fee for the privilege of exercising its corporate franchise or carrying on its business in New York State. This fee is in addition to the annual franchise tax and is payable only once, unless the capital share structure changed or the amount of capital stock employed in New York State increased since the last license fee return was filed. Some changes in capital share structure are as follows:

- stock split
- issuance of authorized stock
- change of par value stock to no-par value stock
- change of no-par value stock to par value stock

Who must file — All foreign corporations (**except** banking corporations as defined in section 1452(a), paragraphs 1 - 8; insurance corporations; limited liability companies (LLCs); limited liability partnerships (LLPs); and publicly traded partnerships taxed as corporations under the Internal Revenue Code) that do business in New York State must file Form CT-240. This includes foreign corporations that have elected to be New York State S corporations.

A foreign corporation that is subject to the New York State franchise tax under Article 32, section 1452(a)(9), or a foreign bank holding company that is included in a combined return under Article 32, section 1462(f), **is required** to file a license fee return. However, a foreign corporation or bank holding company that would not otherwise be taxable in New York State, except for its inclusion in a combined return under Article 9-A or Article 32 **is not required** to file a license fee return.

All foreign corporations included in a combined return under Article 9-A or Article 32 that would be taxable in New York State if they filed separate returns are required to file the license fee return and compute the license fee on an individual basis.

When and where to file — File Form CT-240 with the first franchise tax return, within 2½ months after the end of the fiscal or calendar year, **and** whenever a change is made in the capital share structure of the corporation or whenever the amount of capital stock employed in New York State has increased since the last

license fee return was filed. When filing Form CT-240 other than with your franchise tax return, mail 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 mail in your form and tax payment. However, if, at a later date, you need to establish the date you filed 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?* for information on obtaining forms and publications.) If you have used a designated private delivery service and need to establish the date you filed your form, contact that private delivery service for instructions on how to obtain written proof of the date your form was given to the delivery service for delivery. If you use **any** private delivery service, whether it is a designated service or not, send the forms covered by these instructions to: State Processing Center, 431C Broadway, Albany NY 12204-4836.

License fee rates — The license fee rate is five cents on each share of no-par value stock and 1/20 of 1% of the value of par value stock. The minimum license fee is \$10.

When the license fee is recomputed, the amount of any license fee previously paid may be taken as a credit against the recomputed license fee. However, no credit for license fees previously paid will be allowed for a foreign corporation that merges or reincorporates in another state. Refunds will not be made to a corporation when a recomputed fee is less than the fee previously paid.

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. Round percentages to four decimal places.

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

Entering dates — Unless you are specifically directed to use a different format, enter dates in the *mm-dd-yy* format (using dashes and not slashes).

Third-party designee

If you want to authorize another person (third-party designee) to discuss this tax return with the New York State Tax Department, mark an **X** in the **Yes** box in the *Third-party designee* area of your return. Also **print** the designee's name, phone number, and any five-digit number the designee chooses as his or her personal identification number (PIN). If you want to authorize the paid preparer who signed your return to discuss the return with the Tax Department, **print** the preparer's name in the space for the designee's name and enter the preparer's phone number in the space for the designee's phone number. You do not have to provide the other information requested. If you do not want to authorize another person, mark an **X** in the **No** box.

If you mark the **Yes** box, you are authorizing the Tax Department to discuss with the designee any questions that may arise during the processing of your return. You are also authorizing the designee to:

- give the Tax Department any information that is missing from your return;
- call the Tax Department for information about the processing of your return or the status of your refund or payment(s); and
- respond to certain Tax Department notices that you shared with the designee about math errors, offsets, and return preparation. The notices will not be sent to the designee.

You are not authorizing the designee to receive your refund check, bind you to anything (including any additional tax liability), or otherwise represent you before the Tax Department. If you want the designee to perform those services for you, you must file Form POA-1, *Power of Attorney*, making that designation with the Tax Department. Copies of statutory tax notices or documents (such as a *Notice of Deficiency*) will only be sent to your designee if you file Form POA-1.

You cannot change the PIN. The authorization will automatically end one year and 2½ months after the period-end date listed on the form.

Specific instructions

Computation of license fee

Line A — Make your check or money order payable 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 1 — Enter the total face value of issued par value stock. **Do not include treasury stock.**

Line 4 — Enter the total number of shares of no-par value stock issued. **Do not include treasury stock.**

Line 8 — Enter total license fee paid with prior license fee returns. **Do not include interest or additional charges paid with prior returns.**

Line 10 — If you do not pay the license fee on or before the due date of the return, you must pay interest on the amount of the underpayment from the due date to the date paid. (See *Note*.)

Line 11 — Late filing and late payment penalties

Compute charges for late filing and late payment on the amount of the fee minus any payment made on or before the due date (**with** regard to any extension of time for filing).

- A If you do not file a return when due, add to the fee 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 the fee in item A above cannot be less than the smaller of \$100 or 100% of the amount required to be shown (section 1085(a)(1)(B)).
- C If you do not pay the fee shown on a return, add to the fee ½% per month up to 25% (section 1085(a)(2)).
- D The total of the additional charges in items A and C above 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 or payment (section 1085).

Note: You may compute your penalty and interest by accessing our Web site and clicking on *Online Tax Center*, or you may call and we will compute the penalty and interest for you (see *Need help?*).

Schedule A — Foreign corporations (including S corporations and corporations included in a combined return) taxable under Tax Law, Article 9-A

Add the allocated New York State business capital, allocated New York State investment capital, and the allocated New York

State subsidiary capital, then divide the result by total capital.

Example:	<i>Allocated NYS capital</i>	<i>Capital everywhere</i>
<i>Business capital</i>	\$750,000	\$1,000,000
<i>Investment capital</i>	5,000	50,000
<i>Subsidiary capital</i>	<u>100,000</u>	<u>100,000</u>
	\$855,000	\$1,150,000

License fee allocation percentage: 74.3478% (855,000 ÷ 1,150,000)

Form CT-3-S filers: If you file Form CT-3-S, *New York S Corporation Franchise Tax Return*, calculate your allocated business and investment capital and total capital on Form CT-3, *General Business Corporation Franchise Tax Return*, and your allocated subsidiary capital on Form CT-3-ATT, *Schedules B, C, and D — Attachment to Form CT-3*.

Combined filers: If you file Form CT-3-A, *General Business Corporation Combined Franchise Tax Return*, calculate your allocated business and investment capital and total capital, as if you were filing on a separate basis, on Form CT-3, *General Business Corporation Franchise Tax Return*, and your allocated subsidiary capital on Form CT-3-ATT, *Schedules B, C, and D — Attachment to Form CT-3*.

Schedule B — Foreign corporations taxable under Tax Law, Article 9

Compute your license fee allocation percentage by dividing assets employed in New York State by total assets. Do not include cash or U.S. obligations as part of assets.

Schedule C — Foreign corporations taxable under Tax Law, Article 32

Add together business capital and subsidiary capital allocated to New York State and divide the result by total capital. Foreign corporations taxable under section 1452(a)(9), and foreign bank holding companies included in a combined return under section 1462(f), are required to compute the license fee allocation in the same manner as the issuer's allocation percentage. The computation of the issuer's allocation percentage is described in the instructions for Form CT-32, *Banking Corporation Franchise Tax Return*.

Need help?

	Internet access: www.nystax.gov (for information, forms, and publications)	
	Fax-on-demand forms:	1 800 748-3676
	Corporation Tax Information Center:	(518) 485-6027
	In-state callers without free long distance:	1 888 698-2908
	To order forms and publications:	(518) 457-5431
	In-state callers without free long distance:	1 800 462-8100
	Text Telephone (TTY) Hotline (for persons with hearing and speech disabilities using a TTY):	1 800 634-2110

Privacy notification

The Commissioner of Taxation and Finance may collect and maintain personal information pursuant to the New York State Tax Law, including but not limited to, sections 5-a, 171, 171-a, 287, 308, 429, 475, 505, 697, 1096, 1142, and 1415 of that Law; and may require disclosure of social security numbers pursuant to 42 USC 405(c)(2)(C)(i).

This information will be used to determine and administer tax liabilities and, when authorized by law, for certain tax offset and exchange of tax information programs as well as for any other lawful purpose.

Information concerning quarterly wages paid to employees is provided to certain state agencies for purposes of fraud prevention, support enforcement, evaluation of the effectiveness of certain employment and training programs and other purposes authorized by law.

Failure to provide the required information may subject you to civil or criminal penalties, or both, under the Tax Law.

This information is maintained by the Manager of Document Management, NYS Tax Department, W A Harriman Campus, Albany NY 12227; telephone (518) 457-5181.