



# Instructions for Form CT-185

## Cooperative Agricultural Corporation Franchise Tax Return

Tax Law — Article 9, Section 185

# CT-185-I

### Form CT-1, Supplement to Corporation Tax Instructions

See Form CT-1 for the following topics:

- Changes for the current tax year (general and by Tax Law Article)
- Business information (how to enter and update)
- Entry formats
  - Dates
  - Negative amounts
  - Percentages
  - Whole dollar amounts
- Third-party designee
- Paid preparer identification numbers
- Is your return in processible form?
- Use of reproduced and computerized forms
- Electronic filing and electronic payment mandate
- Web File
- Form CT-200-V
- Collection of debts from your refund or overpayment
- Fee for payments returned by banks
- Reporting requirements for tax shelters
- Tax shelter penalties
- Voluntary Disclosure and Compliance Program
- Your rights under the Tax Law
- Need help?
- Privacy notification

### 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 on this return 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 doing business in New York State 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 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.

#### 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.

#### Amended return

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

An amended New York State return requesting a credit or refund must be filed within three years of the time the original return was filed or within two years of the time the tax was paid, whichever is later; or, if no return was filed, within two years of the time the tax was paid. For additional limitations on credits or refunds, see Tax Law, Article 27, section 1087.

#### Final return

Mark an **X** in this box if it is the last return you intend to file because you have ceased doing business.

#### Line instructions

**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 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*.

**Line 7**

**Temporary deferral of certain tax credits** — For tax years beginning on or after January 1, 2010, and before January 1, 2013, if the total amount of certain credits that you may use to reduce your tax or have refunded to you is greater than \$2 million, the excess over \$2 million must be deferred to, and used or refunded in, tax years beginning on or after January 1, 2013. For more information about the credit deferral, see Form CT-500, *Corporation Tax Credit Deferral*.

If you are subject to the credit deferral, you must complete all credit forms without regard to the deferral. However, the credit amount that is transferred to your tax return to be applied against your tax due or to be refunded to you may be reduced. Follow the instructions for Form CT-500 to determine the amounts to enter on your tax return.

Enter any alternative fuels credit, employment of persons with disabilities credit, special additional mortgage recording tax credit, long-term care insurance credit, fuel cell electric generating equipment credit, empire zone (EZ) wage tax credit, EZ investment tax credit, EZ employment incentive credit, qualified empire zone enterprise (QEZE) credit for real property taxes, brownfield redevelopment tax credit, brownfield credit for real property taxes, environmental remediation insurance credit, green building credit, security officer training tax credit, biofuel production credit, or excelsior credit. Check the claim forms for any limitations. Attach the forms to your Form CT-185.

When claiming more than one credit, you must apply them against your tax in the following order:

1. Noncarryover credits that are not refundable
2. Carryover credits of limited duration
3. Carryover credits of unlimited duration
4. Refundable credits

**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).

- 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% (Article 27 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  $\frac{1}{2}\%$  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, or you may call and we will compute the penalty and interest for you (see *Need help?*).

**Schedule B — Part 1**

**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 1, column E. However, you will be required to complete Schedule B, Part 1, column B, and enter the number of shares of stock issued and outstanding at year end in Schedule B, Part 2.

**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 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.

The Tax Law requires most corporations doing business within New York State to provide the information needed to compute their issuer's allocation percentage. Tax Law section 1085(o) 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 23** — Accounts receivable are considered located where controlled.

**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 apportion 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 employed.

**Schedule E**

Complete this schedule only if any dividend rate from Schedule C, column D, is 6% or more. If you paid a 6% or more dividend on **all** classes of issued capital, complete lines 31 through 39 and line 45. Do not complete lines 40 through 44.

**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** — Complete these lines only if you did not pay dividends of 6% or more on **all** classes of issued capital stock.

**Line 40** — If you did not pay dividends of 6% or more on all classes of stock, 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, by completing lines 40 through 44. Also complete line 45.

The class of capital stock on which the dividend was paid determines the remaining value of all capital stock. If the 6% or greater dividend was paid on preferred stock, the remaining value of all capital stock is common stock plus retained earnings, because retained earnings are normally associated with common stock. Therefore, in this instance, retained earnings would be included on line 40. See *Example 1*.

If the dividend was paid on common stock, the remaining value of all capital stock is preferred stock. Therefore, in this instance, retained earnings would **not** be included on line 40. See *Example 2*.

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 ( $\$3,300 \div \$50,000$ )	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 $\$90,000 \times .001$ )	<u>90.00</u>
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 ( $\$3,000 \div \$10,000$ )	30%
$30 \times .00025$ (tax rate)	.0075
Tax ( $\$10,000 \times .0075$ )	75
Remaining value of issued capital stock (preferred stock only, $\$50,000 \times .001$ )	<u>50</u>
Total tax	\$125

## Signature

The return must be certified by the president, vice president, treasurer, assistant treasurer, chief accounting officer, or other officer authorized by the taxpayer corporation.

The return of an association, publicly traded partnership, or business conducted by a trustee or trustees must be signed by a person authorized to act for the association, publicly traded partnership, or business.

If an outside individual or firm prepared the return, all applicable entries in the paid preparer section must be completed, including identification numbers (see *Paid preparer identification numbers* in Form CT-1). Failure to sign the return will delay the processing of any refunds and may result in penalties.