



Instructions for Form CT-186-P

Utility Services Tax Return – Gross Income

Tax Law – Article 9, Section 186-a

CT-186-P-1

New for 2022

For a detailed list of what's new, including a summary of tax law changes, visit our website at www.tax.ny.gov (search: 2022).

Form CT-1, Supplement to Corporation Tax Instructions

See Form CT-1 for the following topics:

- Business information (how to enter and update)
- Entry formats
 - Dates
 - Negative amounts
 - Percentages
 - Whole dollar amounts
- Are you claiming an overpayment?
- NAICS business code number and NYS principal business activity
- Limitation on tax credit eligibility
- Third-party designee
- Paid preparer identification numbers
- Is your return in processible form?
- Use of reproduced and computerized forms
- Online services
- 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-186-P – Every utility doing business in New York State that is subject to the supervision of the New York State Department of Public Service that transports, transmits, or distributes gas or electricity, by means of mains, pipes, or wires for ultimate consumption or use by the purchaser in this state must file this form. *Utilities* include persons, corporations, companies, associations, joint stock associations, partnerships, estates, assignees of rents, persons acting in a fiduciary capacity, and persons, their assignees, lessees, trustees, or receivers, appointed by any court, that are subject to the supervision of the New York State Department of Public Service. Utilities that do not have any receipts from the transportation, transmission, or distribution of gas or electricity are not required to file this return.

In addition, the following taxpayers are required to file Form CT-186-P:

- A. All municipalities, political and civil subdivisions, and public districts that transport, transmit, or distribute gas or electricity must file. Do not include as taxpayers those described under *Exemption from tax*, item 2.
- B. All municipalities engaged in the transportation, transmission, or distribution of electricity must file. Do not include as taxpayers those described under *Exemption from tax*, item 3.

A utility subject to section 186-a that has gross income of less than \$500 for the tax year ending December 31 is exempt from the payment of the tax under this section, but must still file a return. For additional information, see the instructions for lines 3 and 4.

Excise tax on telecommunication services – If you are a telephone or telegraph company or other provider of telecommunication services, even if those services are not your primary business, **do not** file this form. File Form CT-186-E, *Telecommunications Tax Return and Utility Services Tax Return*, instead to report the tax imposed by Article 9 sections 186-a and 186-e.

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

1. New York State, municipalities, political and civil subdivisions of New York State, or municipal and public districts, 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, if they own and operate facilities used to generate electricity or distribute electricity or gas, and then sell or distribute such electricity or gas solely at retail within their jurisdiction.
3. Municipalities engaged in the retail sale of electricity or the transportation, transmission, or distribution of electricity, when 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, Article 28, section 1116(a)(4), organized and operated exclusively for religious, charitable, or educational purposes, 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.

When and where to file – You must report gross income on a calendar-year basis to New York State, even if you maintain your records and report to the Internal Revenue Service (IRS) using a fiscal accounting period.

This return is due on April 15, following the close of each calendar year. If April 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**
PO BOX 15181
ALBANY NY 12212-5181

Private delivery services – See Publication 55, *Designated Private Delivery Services*.

Extension of time for filing tax return – 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 paying 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-P.

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

Amended return – If you are filing an amended return, mark an **X** in the *Amended return* box on page 1 of the return.

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.

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.

MTA surcharge – Any corporation filing Form CT-186-P that does business in the Metropolitan Commuter Transportation District (MCTD) must file Form CT-186-P/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, Queens, Kings, Richmond, Dutchess, Nassau, Orange, Putnam, Rockland, Suffolk, and Westchester.

Corporations not doing business in the MCTD must disclaim liability for the MTA surcharge by marking an **X** in the *No* box on page 1 of Form CT-186-P. They are not required to file Form CT-186-P/M.

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**.

Computation of tax

Computation of gross receipts from the transportation, transmission, or distribution of gas and electric service

Gross income means receipts received as a result of any sale (conditional or otherwise) made or service rendered for ultimate consumption or use by the purchaser. This includes cash credits and property of any kind 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 expenses.

Line 2 – Allowable exclusions from receipts on line 1:

- Receipts from sales of transportation, transmission, or distribution of gas or electricity by means of conduits, mains, pipes, wires, lines, or similar means to any of the following:
 - A utility (excluding a public authority) supervised by New York State or another jurisdiction when an element of such supervision includes rate regulation; or
 - A municipality that owns and operates facilities that are used to generate or distribute electricity or distribute gas and that distributes and sells this electricity or gas solely at retail, solely within its jurisdiction; or
 - A public authority of New York State when that public authority is primarily engaged in the generation and transmission or distribution of electricity or gas and at least 95% of the assets are so devoted.
- Receipts from sales of transportation, transmission, or distribution of electricity to a municipality when the electricity being transported has been purchased by that municipality, and 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), and when the municipality sells solely at retail, solely within its jurisdiction, the electricity being transported, transmitted, or distributed.
- Receipts from sales of transportation, transmission, or distribution of gas or electricity to not-for-profit corporations and associations organized and operated exclusively for religious, charitable, or educational purposes, described in

Tax Law section 1116(a)(4), when that organization resells the transportation, transmission, or distribution as part of a bundled gas or electric service as landlord to its tenants in buildings owned by that organization.

In addition, 100% of your receipts received from nonresidential customers representing the receipts from the transportation, transmission, or distribution of gas or electricity must be excluded from gross income.

The term *nonresidential customers* means those customers whose use of gas, electricity, or gas or electric service **does not** qualify for the reduced rate of sales and compensating use tax on residential gas, electricity, or gas or electric service, under Tax Law, Article 28, section 1105-A.

Computation of tax on gross income

Lines 3 and 4 – The tax rate on gross income for line 4 is 2% (.02). If the receipts on line 3 are less than \$500, you are exempt from the payment of tax under section 186-a. However, you are required to complete and file Form CT-186-P. Enter **0** on line 4.

Line 7b – Enter the total amount of the listed tax credits that you are claiming. Mark an **X** in the appropriate box(es) and attach Forms CT-48, *Utility COVID-19 Debt Relief Credit*, CT-249, *Claim for Long-Term Care Insurance Credit*, CT-501, *Temporary Deferral Nonrefundable Payout Credit*, and CT-631, *Claim for Security Officer Training Tax Credit*, to your return, as applicable. For other credits not specified, enter the name of the credit being claimed on the *Other credits* line, mark an **X** in the box, and attach the appropriate form(s). Generally, the *Other credits* line will be used only when a credit claim form for a newly enacted tax credit was not developed in time to appear on Form CT-186-P.

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 that are of limited duration
3. Carryover credits that are of unlimited duration
4. Refundable credits

The following credits are carryover credits of unlimited duration: long-term care insurance and temporary deferral nonrefundable payout.

The security officer training tax credit and the utility COVID-19 debt relief credit are refundable.

Lines 8 and 12

If line 8 is **less than** line 12, go to line 18a.

If line 8 is **greater** than or equal to line 12, continue with line 13a.

Line 13b – If on Form CT-300, *Mandatory First Installment (MFI) of Estimated Tax for Corporations*, you **did not** apply an anticipated overpayment amount of franchise tax from this period to your next franchise tax period, enter **0** and complete line 13c. **Note:** For calendar-year filers, that Form CT-300 was due March 15, 2023.

If on Form CT-300, you **did** apply an anticipated overpayment amount of franchise tax from this period to your next franchise tax period, enter the amount from line 5, column A, of the Form CT-300 that represents such anticipated overpayment. **Note:** For calendar-year filers, that Form CT-300 was due March 15, 2023.

Line 14 – Form CT-222, *Underpayment of Estimated Tax by a Corporation*, is filed by a corporation to inform the Tax Department that the corporation meets one of the exceptions to reduce or eliminate the underpayment of estimated tax penalty pursuant to Tax Law, Article 27, section 1085(d).

Line 15 – If you do not pay the 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 the underpayment from the original

due date to the date paid. Exclude from the interest computation any amounts paid timely. You may visit our Web site or call the Tax Department for the current interest rate or to have the interest computed for you. See *Note*.

Line 16 – 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 from the penalty computation any amounts paid timely.

- 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)).
- B. If you do not file a return within 60 days of the due date, the addition to tax in item A 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% (.005) per month up to 25% (.25) (section 1085(a)(2)).
- D. The total of the additional charges in item 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 website, or you may call and we will compute the penalty and interest for you (see *Need help?*).

Line 18b – If on Form CT-300, you **did not** apply an anticipated overpayment amount of franchise tax from this period to your next franchise tax period, enter **0** and complete line 18c. **Note:** For calendar-year filers, that Form CT-300 was due March 15, 2023.

If on Form CT-300, you **did** apply an anticipated overpayment amount of franchise tax from this period to your next franchise tax period, enter the amount from line 5, column A, of the Form CT-300 that represents such anticipated overpayment. **Note:** For calendar-year filers, that Form CT-300 was due March 15, 2023. If line 18b is **less** than line 18a, complete line 18c. If line 18b is **greater** than line 18a, subtract line 18a from line 18b and enter the result on line 13c. Complete lines 14 through 17 to determine your amount due.

Lines 23 and 24 – Unused credit amounts for the security officer training tax credit and the utility COVID-19 debt relief credit may be refunded or credited using lines 23 and 24. No interest is payable on any refund or credit allowed.

Line 25 – Add the following two amounts from the Form CT-300 that was due by March 15, 2022: (1) the amount shown on line A of that Form CT-300 that represents a payment of New York State MFI; and (2) the amount included on line 5, column A, of that Form CT-300 that represents an overpayment of 2021 tax applied to the 2022 MFI.

Line 30 – Do **not** include any amount that was included in the amount reported on line 25 that represents an overpayment of 2021 tax applied to the 2022 MFI.

Composition of prepayments claimed on line 12

If you need more space, write **see attached** in this section and attach a separate sheet showing all relevant prepayment information.

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.