
**THE CITY OF NEW YORK
DEPARTMENT OF FINANCE
OFFICE OF TAX POLICY**

**STATISTICAL PROFILES OF
NEW YORK CITY
BUSINESS INCOME TAXES**

**BANKING CORPORATION TAX
GENERAL CORPORATION TAX
UNINCORPORATED BUSINESS TAX**

TAX YEAR 2008

MICHAEL R. BLOOMBERG, MAYOR

DAVID M. FRANKEL, COMMISSIONER

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**REPORT PREPARED BY THE
OFFICE OF TAX POLICY
OCTOBER 2011**

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Highlights

This report presents statistical information for tax year 2008 for the three New York City business income taxes: the Banking Corporation Tax (BCT), the General Corporation Tax (GCT), and the Unincorporated Business Tax (UBT).

The BCT, GCT, and UBT generated \$5.016 billion in tax year 2008 liability, a decrease of 7 percent from tax year 2007. The number of taxpayers increased slightly from 2007, to 310,986. The data show the following characteristics in 2008:

- The financial sector accounted for 41 percent of all tax liability, followed by the services sector, which generated 29 percent.
- More than half of NYC business income taxpayers reported liability of \$300 or less. Eighty-four percent of total liability was attributable to less than 3 percent of taxpayers.

Banking Corporation Tax

In 2008, the Banking Corporation Tax generated \$734 million from 487 taxpayers, a decrease in tax liability of 5 percent from tax year 2007. The data show the following characteristics of the BCT population in 2008:

- Foreign banks and clearing house banks generated 50 percent and 25 percent, respectively, of total BCT liability.
- The top 10 percent of taxpayers in terms of liability generated \$627 million, or 85 percent of total liability.
- Eighty percent of BCT liability was incurred under the entire net income base, and 47 percent of taxpayers paid on this base.

General Corporation Tax

The General Corporation Tax generated \$2.419 billion in tax year 2008 liability, a decrease of 15 percent from tax year 2007. The number of taxpayers remained about the same as in 2007, at 276,040. The data show the following characteristics of the GCT population in 2008:

- Firms in the services sector incurred 27 percent of total liability, followed by finance and insurance firms, which generated 21 percent. Firms in the real estate, trade, and information sectors generated 14 percent, 13 percent, and 9 percent of total liability, respectively.
- The top 10 percent of taxpayers in terms of liability generated \$2.211 billion, or 91 percent of total liability. The top 1 percent of taxpayers accounted for \$1.692 billion, or 70 percent of total liability.

- Sixty-one percent of GCT taxpayers owed only the \$300 minimum tax. The remaining taxpayers incurred liability under one of the following tax bases: entire net income, income plus compensation, and capital. Eighty-eight percent of total GCT liability was incurred under the entire net income base.
- Approximately 135,000 GCT taxpayers were recognized as S corporations for New York State tax purposes. S corporations accounted for \$1.069 billion, or 44 percent, of GCT liability in 2008.

Unincorporated Business Tax

The Unincorporated Business Tax produced \$1.864 billion in 2008 tax liability, a 6 percent increase from the previous year. Partnerships generated \$1.684 billion, an increase of 6 percent from 2007. Proprietorships generated \$180 million in liability, an increase of 4 percent from 2007. There were 11,595 partnership taxpayers and 22,864 proprietorship taxpayers, an increase of 2 percent for partnerships and less than one percent for proprietorships compared to 2007.

Other characteristics of the UBT population are as follows:

- Among UBT partnerships, legal, finance & insurance, and professional services firms generated \$1.397 billion in tax liability, or 83 percent of total partnership liability. Among proprietorships, services-sector firms accounted for 64 percent of total liability, while legal-sector firms generated 11 percent.
- The top 10 percent of partnership taxpayers, or 1,159 firms, accounted for 87 percent of total partnership liability, and the top 1 percent accounted for 52 percent. The proprietorship liability distribution was far less skewed, with the top 10 percent generating 52 percent of proprietorship liability, while the top 1 percent generated 22 percent of liability.
- Under the UBT, limited liability companies (LLCs) are generally treated as partnerships for tax purposes. In 2008, firms identified as LLCs or as limited liability partnerships (LLPs) accounted for 89 percent of UBT partnership liability and 84 percent of partnership taxpayers.

BUSINESS INCOME TAXES

Table 1
**2008 BUSINESS INCOME TAXES
TAXPAYERS BY INDUSTRY**

Total Taxpayers: 310,986

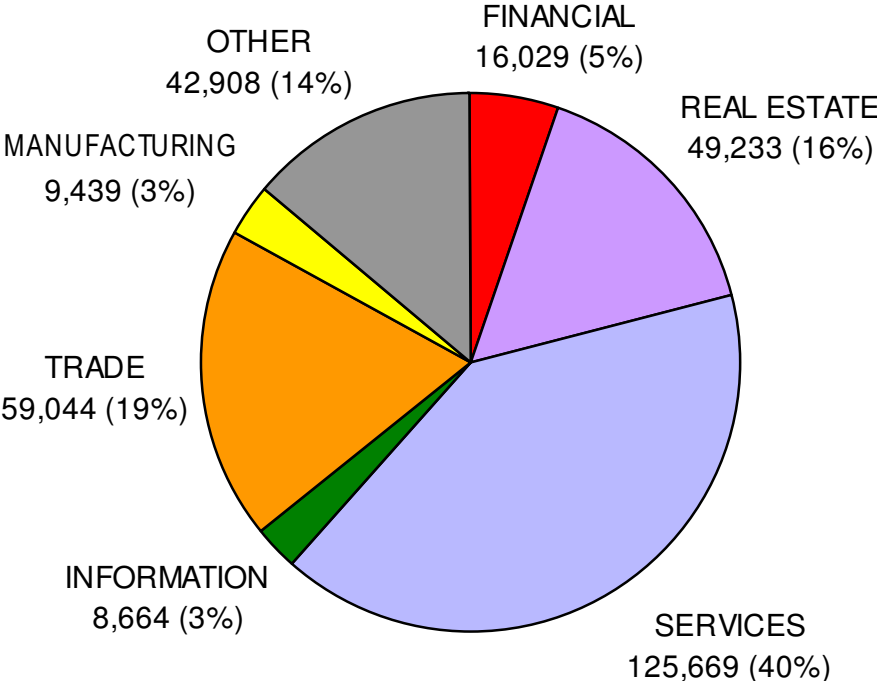
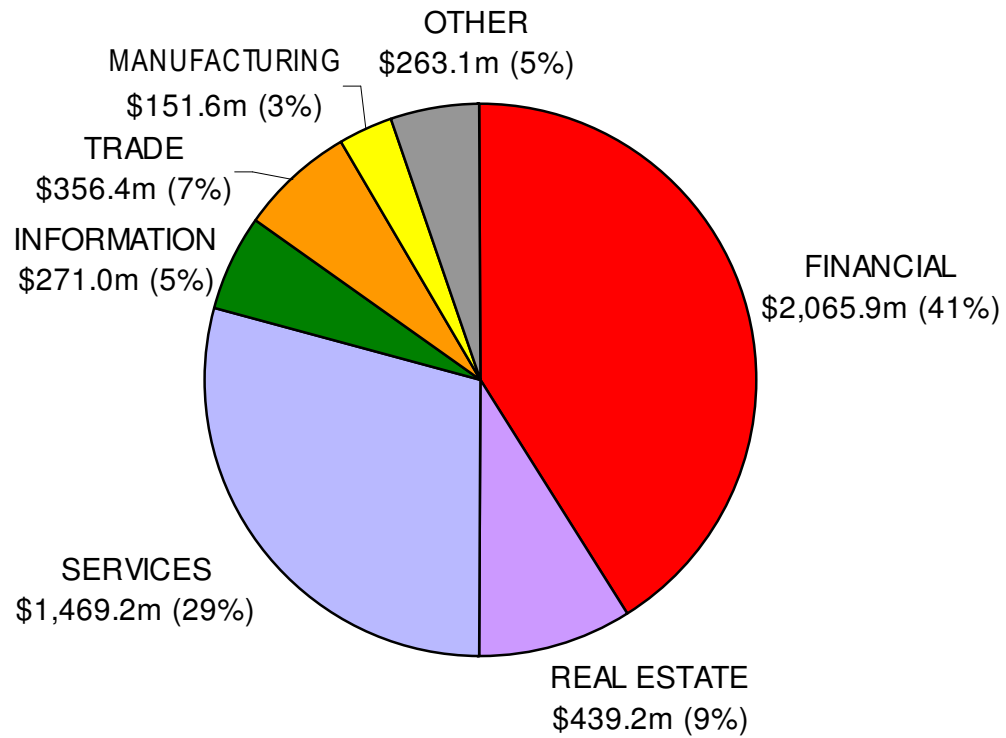


Table 2
**2008 BUSINESS INCOME TAXES
LIABILITY BY INDUSTRY**

Total Liability: \$5,016.3m



**BUSINESS INCOME TAXES
TAX YEAR 2008**

**Table 3
DISTRIBUTION BY INDUSTRY
(\$ THOUSANDS)**

INDUSTRY	Number	% of Total	Liability	% of Total
FINANCIAL	16,029	5.2 %	\$2,065,871	41.2 %
REAL ESTATE	49,233	15.8	439,243	8.8
SERVICES	125,669	40.4	1,469,182	29.3
INFORMATION	8,664	2.8	270,966	5.4
TRADE	59,044	19.0	356,366	7.1
MANUFACTURING	9,439	3.0	151,598	3.0
OTHER	42,908	13.8	263,078	5.2
TOTAL	310,986	100.0 %	\$5,016,303	100.0 %

**BUSINESS INCOME TAXES
TAX YEAR 2008**

**Table 4
DISTRIBUTION BY LIABILITY RANGE
(\$ THOUSANDS)**

LIABILITY PER RETURN (Actual \$)	Number	% of Total	Total Liability	% of Total
\$300 OR LESS	170,001	54.7 %	\$50,461	1.0 %
\$300 - \$1,000	35,055	11.3	20,964	0.4
\$1,000 - \$5,000	55,198	17.7	142,525	2.8
\$5,000 - \$10,000	20,824	6.7	146,576	2.9
\$10,000 - \$50,000	21,878	7.0	459,409	9.2
\$50,000 - \$500,000	6,851	2.2	968,666	19.3
\$500,000 - \$1,000,000	554	0.2	384,917	7.7
MORE THAN \$1,000,000	625	0.2	2,842,786	56.7
TOTAL	310,986	100.0 %	\$5,016,303	100.0 %

BANKING CORPORATION TAX

Table 5
**2008 BANK TAX
TAXPAYERS BY BANK TYPE**

Total Taxpayers: 487

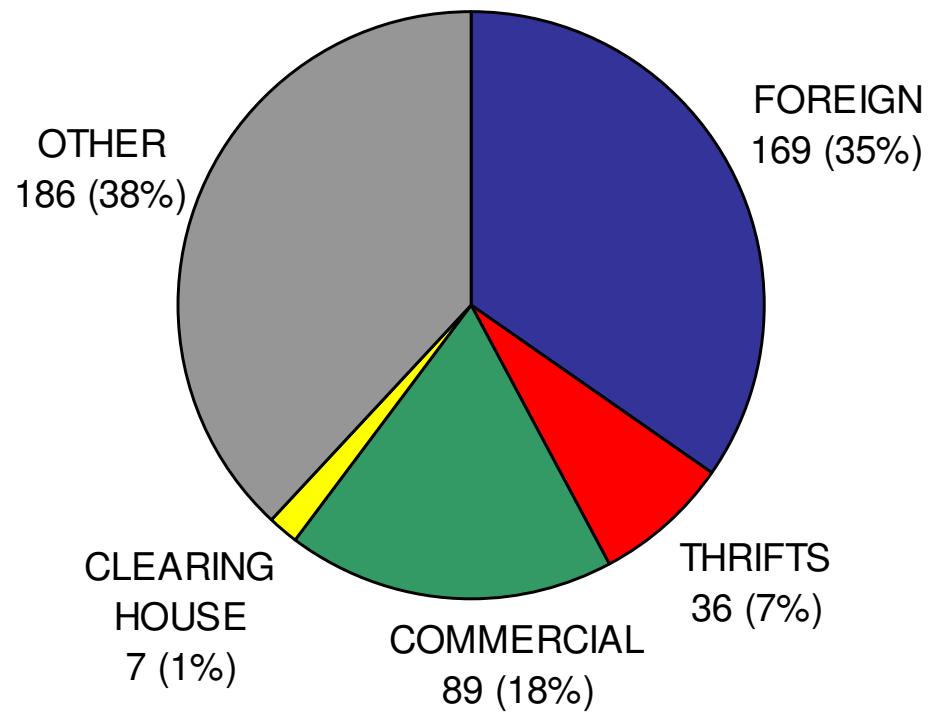
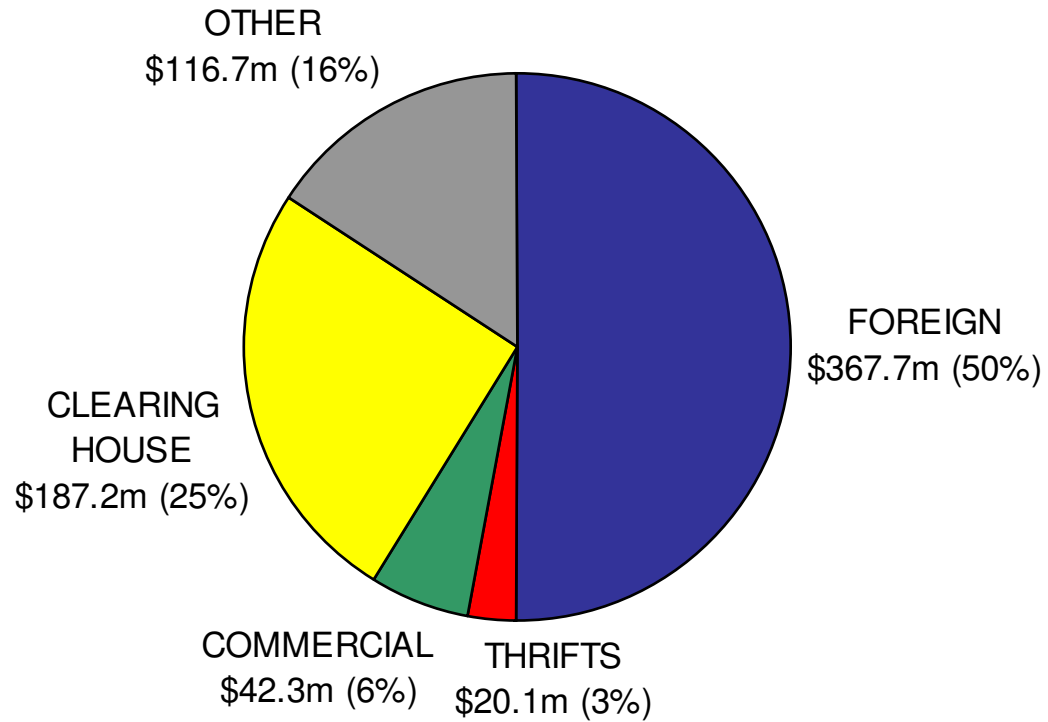


Table 6
**2008 BANK TAX
LIABILITY BY BANK TYPE**

Total Liability: \$734.0m



**BANK TAX
TAX YEAR 2008**

**Table 7
DISTRIBUTION BY BANK TYPE
(\$ THOUSANDS)**

BANK TYPE	Number	% of Total	Liability	% of Total
COMMERCIAL	89	18.3 %	\$42,335	5.8 %
CLEARING HOUSE	7	1.4	187,158	25.5
FOREIGN	169	34.7	367,684	50.1
THRIFTS	36	7.4	20,059	2.7
OTHER	186	38.2	116,733	15.9
TOTAL	487	100.0 %	\$733,968	100.0 %

**BANK TAX
TAX YEAR 2008**

**Table 8
DISTRIBUTION BY LIABILITY RANGE
(\$ THOUSANDS)**

LIABILITY PER RETURN (Actual \$)	Number	% of Total	Total Liability	% of Total
\$125 OR LESS	73	15.0 %	\$9	0.0 %
\$125 - \$1,000	25	5.1	14	0.0
\$1,000 - \$5,000	35	7.2	105	0.0
\$5,000 - \$10,000	20	4.1	146	0.0
\$10,000 - \$50,000	74	15.2	2,040	0.3
\$50,000 - \$500,000	140	28.7	31,096	4.2
\$500,000 - \$1,000,000	45	9.2	31,251	4.3
MORE THAN \$1,000,000	75	15.4	669,307	91.2
TOTAL	487	100.0 %	\$733,968	100.0 %

**Table 9
TOP TEN PERCENT OF TAXPAYERS
BY BANK TYPE
(\$ THOUSANDS)**

BANK TYPE	Number	Liability
COMMERCIAL / CLEARING HOUSE	10	\$202,961
FOREIGN	25	333,192
OTHER	13	91,034
TOTAL	48	\$627,187

**BANK TAX
TAX YEAR 2008**

**Table 10
DISTRIBUTION BY TAX BASE
(\$ THOUSANDS)**

TAX BASE	Number	% of Total	Liability	% of Total
ENTIRE NET INCOME	228	46.8 %	\$583,945	79.6 %
ALTERNATIVE NET INCOME	7	1.4	3,601	0.5
ASSET	90	18.5	124,770	17.0
CAPITAL STOCK	82	16.8	20,586	2.8
MINIMUM TAX	73	15.0	11	0.0
NOT AVAILABLE	7	1.4	1,056	0.1
TOTAL	487	100.0 %	\$733,968	100.0 %

**Table 11
DISTRIBUTION BY TAX BASE AND BANK TYPE
(\$ THOUSANDS)**

TAX BASE	COMMERCIAL / CLEARINGHOUSE		FOREIGN		OTHER	
	Number	Liability	Number	Liability	Number	Liability
ENTIRE NET INCOME	56	\$118,607	56	\$346,484	116	\$118,854
ALTERNATIVE NET INCOME	*	*	*	*	*	*
ASSET OR CAPITAL STOCK	32	109,392	82	20,586	58	15,378
MINIMUM TAX	*	*	*	*	40	7
NOT AVAILABLE	*	*	*	*	*	*
TOTAL	96	\$229,492	169	\$367,684	222	\$136,792

*Number cannot be provided due to confidentiality restrictions.

**BANK TAX
TAX YEAR 2008**

**Table 12
DISTRIBUTION BY FORM TYPE
(\$ THOUSANDS)**

FORM TYPE	Number	% of Total	Liability	% of Total
NYC-1	358	73.5 %	\$377,290	51.4 %
NYC-1A (COMBINED FORM)	120	24.6	355,622	48.5
NOT AVAILABLE / EXTENSION	9	1.8	1,057	0.1
TOTAL	487	100.0 %	\$733,968	100.0 %

**BANK TAX
TAX YEAR 2008**

**Table 13
DISTRIBUTION BY ALLOCATION STATUS AND BANK TYPE
(\$ THOUSANDS)**

ALLOCATION STATUS AND BANK TYPE	Number	% of Total	Liability	% of Total
MULTI-JURISDICTIONAL	318	65.3 %	\$697,831	95.1 %
Commercial / Clearing House	81	16.6	226,762	30.9
Foreign	116	23.8	347,759	47.4
Other	121	24.8	123,310	16.8
100% N.Y.C.	169	34.7	36,138	4.9
Commercial / Clearing House	16	3.3	2,730	0.4
Foreign	54	11.1	19,972	2.7
Other	99	20.3	13,436	1.8
TOTAL	487	100.0 %	\$733,968	100.0 %

See Appendix A for definition of allocation status.

GENERAL CORPORATION TAX

Table 14
**2008 GENERAL CORPORATION TAX
TAXPAYERS BY INDUSTRY**

Total Taxpayers: 276,040

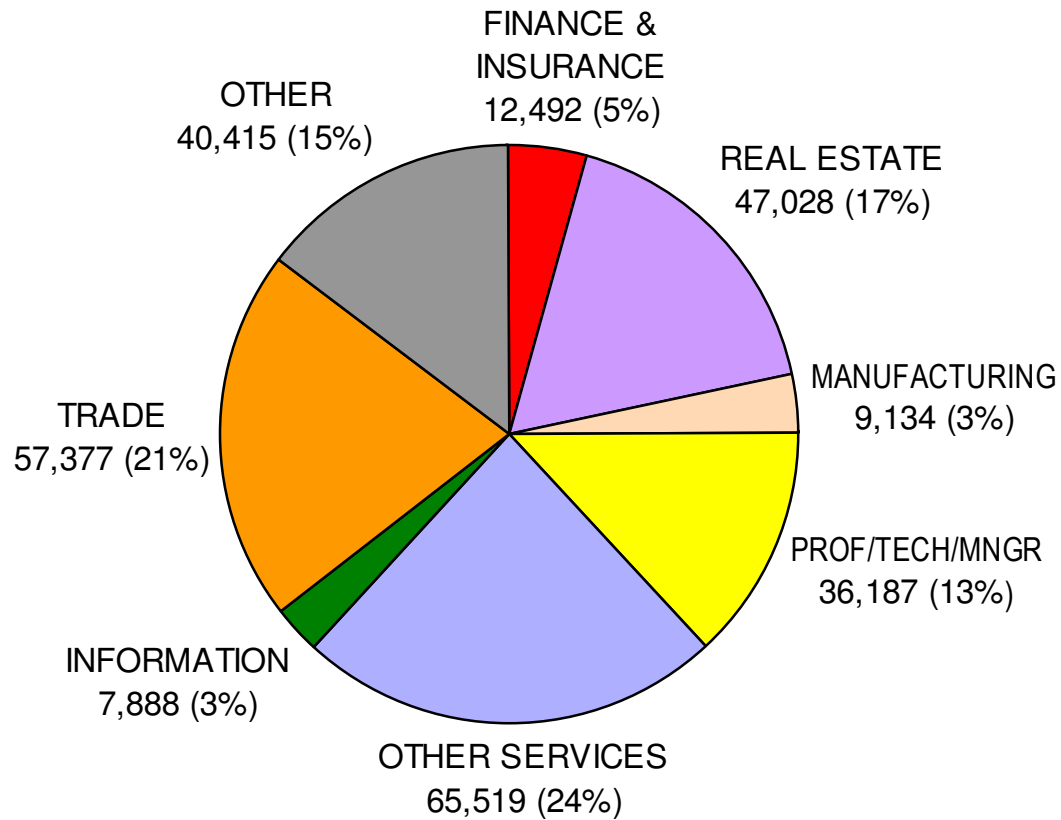
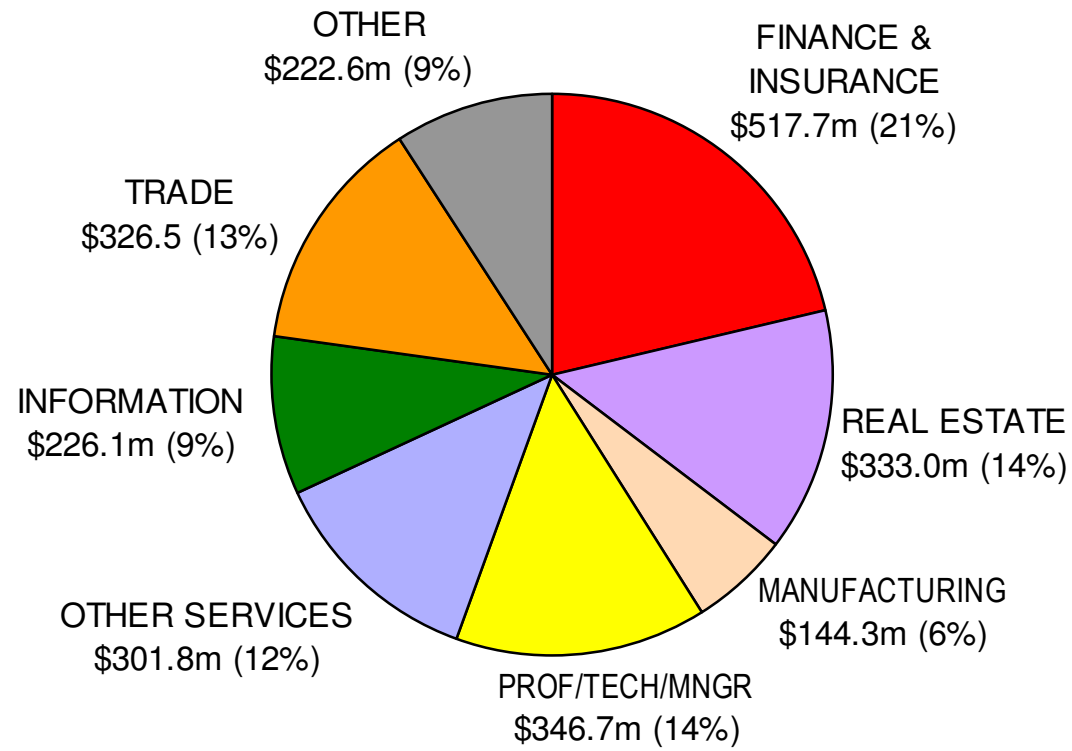


Table 15
**2008 GENERAL CORPORATION TAX
LIABILITY BY INDUSTRY**

Total Liability: \$2,418.7m



**GENERAL CORPORATION TAX
TAX YEAR 2008**

**Table 16
DISTRIBUTION BY INDUSTRY
(\$ THOUSANDS)**

INDUSTRY	Number	% of Total	Liability	% of Total
FINANCE & INSURANCE	12,492	4.5 %	517,697	21.4 %
Credit Agencies	1,084	0.4	14,993	0.6
Funds & Trusts	3,082	1.1	9,674	0.4
Insurance	2,369	0.9	35,040	1.4
Securities & Commodities	5,953	2.2	457,969	18.9
Other Finance	4	0.0	22	0.0
REAL ESTATE	47,028	17.0	333,008	13.8
MANUFACTURING	9,134	3.3	144,314	6.0
Textiles, Apparel & Leather	2,297	0.8	26,958	1.1
Food & Beverage	947	0.3	17,232	0.7
Printing	1,041	0.4	6,107	0.3
Wood/Paper	362	0.1	2,177	0.1
Other Manufacturing	4,487	1.6	91,840	3.8
PROF / TECH / MANAGERIAL	36,187	13.1	346,721	14.3
Holding Companies	1,887	0.7	41,682	1.7
Managerial	53	0.0	1,107	0.0
Legal	3,612	1.3	26,763	1.1
Other Prof / Tech / Managerial	30,635	11.1	277,170	11.5
OTHER SERVICES	65,519	23.7	301,781	12.5
Accommodations and Food	12,663	4.6	53,082	2.2
Administration/Support	6,776	2.5	67,400	2.8
Arts & Entertainment	8,885	3.2	43,834	1.8
Education	1,587	0.6	7,294	0.3
Health Care	12,941	4.7	82,797	3.4
Personal Services	14,440	5.2	25,174	1.0
Religious	635	0.2	718	0.0
Rental & Leasing	1,556	0.6	11,694	0.5
Repair/Maintenance	4,642	1.7	5,976	0.2
Social Services	832	0.3	1,226	0.1
Waste Management	335	0.1	2,148	0.1
Miscellaneous Other Services	227	0.1	438	0.0
INFORMATION	7,888	2.9	226,087	9.3
Broadcasting/Telecomm	1,324	0.5	49,478	2.0
Information Services/Data	1,905	0.7	61,700	2.6
Movies/Video/Sound	2,842	1.0	53,516	2.2
Publishing	1,817	0.7	61,392	2.5
TRADE	57,377	20.8	326,465	13.5
Durable Wholesale	13,413	4.9	75,069	3.1
Non-Durable Wholesale	11,410	4.1	82,383	3.4
Retail	32,554	11.8	169,013	7.0
OTHER	40,415	14.6	222,633	9.2
Construction	20,537	7.4	148,096	6.1
Transportation	11,029	4.0	42,143	1.7
Utilities	98	0.0	26,734	1.1
Not Available	8,401	3.0	5,158	0.2
Miscellaneous Other	350	0.1	503	0.0
TOTAL	276,040	100.0 %	\$2,418,706	100.0 %

**GENERAL CORPORATION TAX
TAX YEAR 2008**

**Table 17
DISTRIBUTION BY LIABILITY RANGE
(\$ THOUSANDS)**

LIABILITY PER RETURN (Actual \$)	Number	% of Total	Total Liability	% of Total
\$300 OR LESS	167,213	60.6 %	\$49,982	2.1 %
\$300 - \$1,000	31,850	11.5	18,971	0.8
\$1,000 - \$5,000	43,845	15.9	107,608	4.4
\$5,000 - \$10,000	13,615	4.9	95,915	4.0
\$10,000 - \$50,000	14,627	5.3	307,805	12.7
\$50,000 - \$500,000	4,329	1.6	590,713	24.4
\$500,000 - \$1,000,000	285	0.1	199,905	8.3
MORE THAN \$1,000,000	276	0.1	1,047,807	43.3
TOTAL	276,040	100.0 %	\$2,418,706	100.0 %

**Table 18
TOP TEN PERCENT AND TOP ONE PERCENT OF TAXPAYERS
BY INDUSTRY
(\$ THOUSANDS)**

INDUSTRY	TOP TEN PERCENT		TOP ONE PERCENT	
	Number	Liability	Number	Liability
FINANCE & INSURANCE	1,866	\$509,935	470	\$473,792
REAL ESTATE	5,370	294,095	421	199,004
MANUFACTURING	1,310	137,197	192	111,264
PROF/TECH/MANAGERIAL	4,509	315,852	392	230,034
OTHER SERVICES	6,067	252,059	376	142,837
INFORMATION	932	220,436	155	202,316
TRADE	4,665	286,182	424	195,627
OTHER	2,885	195,018	330	137,281
TOTAL	27,604	\$2,210,775	2,760	\$1,692,155

**GENERAL CORPORATION TAX
TAX YEAR 2008**

**Table 19
DISTRIBUTION BY TAX BASE
(\$ THOUSANDS)**

TAX BASE	Number	% of Total	Liability	% of Total
ENTIRE NET INCOME	73,972	26.8 %	\$2,118,552	87.6 %
INCOME PLUS COMPENSATION	19,011	6.9	124,318	5.1
CAPITAL	13,472	4.9	110,703	4.6
MINIMUM TAX	167,334	60.6	53,112	2.2
NOT AVAILABLE	2,251	0.8	12,021	0.5
TOTAL	276,040	100.0 %	\$2,418,706	100.0 %

**Table 20
DISTRIBUTION BY TAX BASE AND INDUSTRY
(\$ THOUSANDS)**

INDUSTRY	ENTIRE NET INCOME		INCOME + COMP		CAPITAL		MINIMUM TAX	
	Number	Liability	Number	Liability	Number	Liability	Number	Liability
FINANCE & INSURANCE	2,826	\$469,654	637	\$16,092	903	\$27,717	8,037	\$3,142
REAL ESTATE	13,171	292,260	674	4,504	6,577	26,448	26,260	7,977
MANUFACTURING	2,542	132,405	800	3,787	695	5,513	5,007	1,679
PROF/TECH/MANAGERIAL	11,019	294,045	4,178	27,187	1,109	16,540	19,618	6,873
OTHER SERVICES	17,374	241,934	6,275	41,054	1,056	4,731	40,378	12,227
INFORMATION	1,894	209,717	584	5,481	409	8,747	4,945	1,705
TRADE	14,724	286,038	3,656	15,285	2,116	11,876	36,408	11,027
OTHER	10,422	192,498	2,207	10,928	607	9,132	26,681	8,482
TOTAL	73,972	\$2,118,552	19,011	\$124,318	13,472	\$110,703	167,334	\$53,112

**GENERAL CORPORATION TAX
TAX YEAR 2008**

**Table 21
DISTRIBUTION BY FORM TYPE
(\$ THOUSANDS)**

FORM TYPE	Number	% of Total	Liability	% of Total
SHORT FORM (NYC-4S EZ)	39,252	14.2 %	\$21,830	0.9 %
SHORT FORM (NYC-4S)	89,512	32.4	295,452	12.2
LONG FORM (NYC-3L)	134,466	48.7	1,469,457	60.8
COMBINED FORM (NYC-3A)	2,198	0.8	617,445	25.5
NOT AVAILABLE / EXTENSION	10,612	3.8	14,522	0.6
TOTAL	276,040	100.0 %	\$2,418,706	100.0 %

**GENERAL CORPORATION TAX
TAX YEAR 2008**

**Table 22
DISTRIBUTION BY FORM TYPE AND LIABILITY RANGE
(\$ THOUSANDS)**

LIABILITY PER RETURN (Actual \$)	SHORT FORM (NYC-4S EZ)		SHORT FORM (NYC-4S)		LONG FORM (NYC-3L)		COMBINED FORM (NYC-3A)		NOT AVAILABLE	
	Number	Liability	Number	Liability	Number	Liability	Number	Liability	Number	Liability
\$300 OR LESS	33,238	\$9,971	51,140	\$15,342	74,381	\$22,144	93	\$24	8,361	\$2,501
\$300 - \$1,000	3,401	2,002	12,037	7,080	15,031	8,991	329	234	1,052	664
\$1,000 - \$5,000	2,023	4,853	16,201	39,463	24,318	60,055	501	1,267	802	1,971
\$5,000 - \$10,000	466	3,177	4,821	33,870	7,950	56,166	175	1,267	203	1,435
\$10,000 - \$50,000	*	*	4,579	91,191	9,310	200,244	459	11,504	*	*
\$50,000 - \$500,000	*	*	704	77,635	3,116	417,619	470	90,547	*	*
\$500,000 - \$1,000,000	0	0	19	12,614	205	144,118	61	43,173	0	0
MORE THAN \$1,000,000	0	0	11	18,257	155	560,121	110	469,429	0	0
TOTAL	39,252	\$21,830	89,512	\$295,452	134,466	\$1,469,457	2,198	\$617,445	10,612	\$14,522

* Numbers cannot be provided due to confidentiality restrictions.

**GENERAL CORPORATION TAX
TAX YEAR 2008**

**Table 23
DISTRIBUTION BY ALLOCATION STATUS AND INDUSTRY
(\$ THOUSANDS)**

ALLOCATION STATUS AND INDUSTRY	Number	% of Total	Liability	% of Total
MULTI-JURISDICTIONAL	32,086	11.6 %	\$1,439,032	59.5 %
Finance & Insurance	1,972	0.7	335,580	13.9
Real Estate	1,438	0.5	61,717	2.6
Manufacturing	2,884	1.0	125,491	5.2
Prof/Tech/Managerial	7,400	2.7	250,451	10.4
Other Services	5,525	2.0	114,025	4.7
Information	1,900	0.7	208,672	8.6
Trade	7,402	2.7	228,150	9.4
Other	3,565	1.3	114,947	4.8
100% N.Y.C.	233,006	84.4	964,177	39.9
Finance & Insurance	10,107	3.7	180,349	7.5
Real Estate	44,210	16.0	269,141	11.1
Manufacturing	5,902	2.1	17,802	0.7
Prof/Tech/Managerial	27,538	10.0	93,821	3.9
Other Services	57,755	20.9	185,276	7.7
Information	5,691	2.1	16,868	0.7
Trade	47,703	17.3	95,531	3.9
Other	34,100	12.4	105,389	4.4
NOT AVAILABLE	10,948	4.0	15,497	0.6
Finance & Insurance	413	0.1	1,769	0.1
Real Estate	1,380	0.5	2,150	0.1
Manufacturing	348	0.1	1,021	0.0
Prof/Tech/Managerial	1,249	0.5	2,450	0.1
Other Services	2,239	0.8	2,480	0.1
Information	297	0.1	547	0.0
Trade	2,272	0.8	2,784	0.1
Other	2,750	1.0	2,297	0.1
TOTAL	276,040	100.0 %	\$2,418,706	100.0 %

See Appendix B for definition of allocation status.

**GENERAL CORPORATION TAX
TAX YEAR 2008
STATE S CORPORATIONS**

**Table 24
DISTRIBUTION BY STATE S CORPORATION STATUS
(\$ THOUSANDS)**

S CORPORATION STATUS	Number	% of Total	Liability	% of Total
STATE S CORPORATION	135,320	49.0 %	\$1,069,323	44.2 %
STATE C CORPORATION	140,720	51.0	1,349,383	55.8
TOTAL	276,040	100.0 %	\$2,418,706	100.0 %

**Table 25
DISTRIBUTION OF STATE S CORPORATIONS BY INDUSTRY
(\$ THOUSANDS)**

INDUSTRY	Number	% of Total	Liability	% of Total
FINANCE & INSURANCE	4,257	3.1 %	\$149,466	14.0 %
REAL ESTATE	23,146	17.1	211,484	19.8
MANUFACTURING	4,197	3.1	43,744	4.1
PROF/TECH/MANAGERIAL	20,770	15.3	147,402	13.8
OTHER SERVICES	34,906	25.8	167,758	15.7
INFORMATION	3,841	2.8	53,130	5.0
TRADE	25,139	18.6	161,716	15.1
OTHER	19,064	14.1	134,623	12.6
TOTAL	135,320	100.0 %	\$1,069,323	100.0 %

**Table 26
DISTRIBUTION OF STATE S CORPORATIONS BY TAX BASE
(\$ THOUSANDS)**

TAX BASE	Number	% of Total	Liability	% of Total
ENTIRE NET INCOME	52,277	38.6 %	\$953,113	89.1 %
INCOME PLUS COMPENSATION	11,423	8.4	85,773	8.0
CAPITAL	3,314	2.4	7,520	0.7
MINIMUM TAX	67,917	50.2	20,410	1.9
NOT AVAILABLE	389	0.3	2,507	0.2
TOTAL	135,320	100.0 %	\$1,069,323	100.0 %

UNINCORPORATED BUSINESS TAX

PARTNERSHIPS

Table 27
**2008 UNINCORPORATED BUSINESS TAX
PARTNERSHIP TAXPAYERS BY INDUSTRY**

Total Taxpayers: 11,595

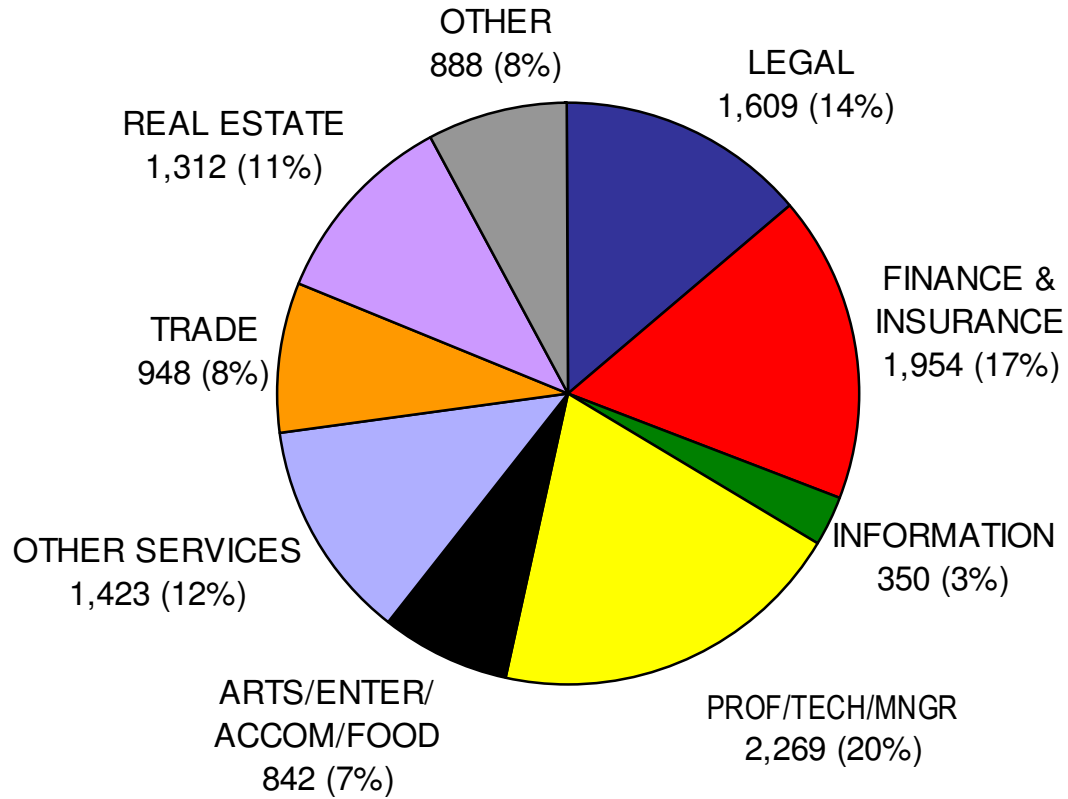
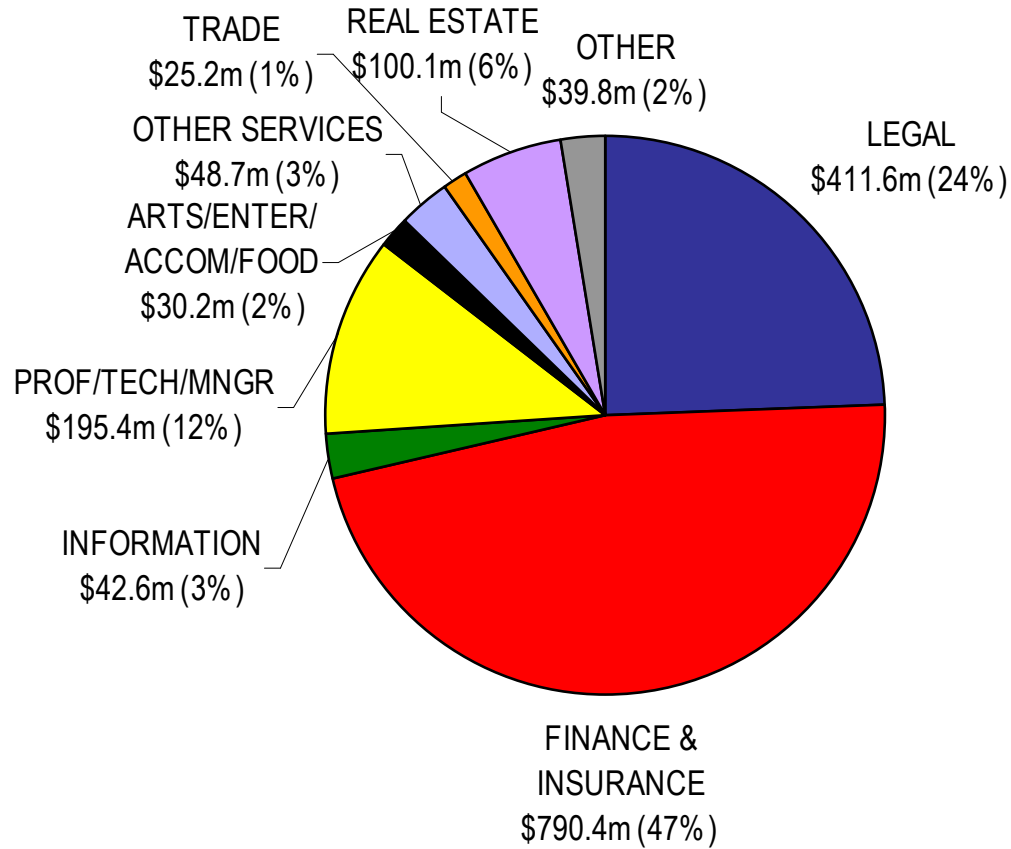


Table 28
**2008 UNINCORPORATED BUSINESS TAX
PARTNERSHIP LIABILITY BY INDUSTRY**

Total Liability: \$1,684.0m



**UNINCORPORATED BUSINESS TAX
PARTNERSHIP TAXPAYERS
TAX YEAR 2008**

**Table 29
DISTRIBUTION BY INDUSTRY
(\$ THOUSANDS)**

INDUSTRY	Number	% of Total	Liability	% of Total
LEGAL	1,609	13.9 %	\$411,637	24.4 %
FINANCE & INSURANCE	1,954	16.9	790,424	46.9
Credit Agencies	70	0.6	7,290	0.4
Funds & Trusts	104	0.9	24,293	1.4
Insurance and Other Finance	72	0.6	3,567	0.2
Securities & Commodities	1,708	14.7	755,274	44.8
INFORMATION	350	3.0	42,572	2.5
Broadcasting/Telecomm	51	0.4	29,203	1.7
Information Services/Data	120	1.0	6,887	0.4
Movies/Video/Sound	111	1.0	2,318	0.1
Publishing	68	0.6	4,164	0.2
PROF / TECH / MANAGERIAL	2,269	19.6	195,400	11.6
Accounting	379	3.3	67,905	4.0
Holding Companies	71	0.6	1,748	0.1
Other Prof / Tech / Managerial	1,819	15.7	125,748	7.5
ARTS / ENTER / ACCOM / FOOD	842	7.3	30,226	1.8
Accommodations	109	0.9	8,484	0.5
Amusement	49	0.4	1,224	0.1
Food Services	388	3.3	7,512	0.4
Performing Arts	296	2.6	13,006	0.8
OTHER SERVICES	1,423	12.3	48,694	2.9
Administration/Support	273	2.4	12,417	0.7
Education	49	0.4	857	0.1
Health Care	697	6.0	25,960	1.5
Personal Service	283	2.4	3,886	0.2
Rental & Leasing	68	0.6	4,199	0.2
Repair/Maintenance	21	0.2	107	0.0
Miscellaneous Other Services	32	0.3	1,269	0.1
TRADE	948	8.2	25,162	1.5
Durable Wholesale	227	2.0	4,236	0.3
Non-Durable Wholesale	235	2.0	8,546	0.5
Retail	486	4.2	12,380	0.7
REAL ESTATE	1,312	11.3	100,120	5.9
OTHER	888	7.7	39,777	2.4
Construction	431	3.7	27,408	1.6
Manufacturing	213	1.8	6,832	0.4
Transportation & Utilities	85	0.7	4,810	0.3
Miscellaneous Other & Not Available	159	1.4	727	0.0
TOTAL	11,595	100.0 %	\$1,684,012	100.0 %

**UNINCORPORATED BUSINESS TAX
PARTNERSHIP TAXPAYERS
TAX YEAR 2008**

**Table 30
DISTRIBUTION BY LIABILITY RANGE
(\$ THOUSANDS)**

LIABILITY RANGE	Number	% of Total	Total Liability	% of Total
\$300 OR LESS	711	6.1 %	\$135	0.0 %
\$300 - \$1,000	574	5.0	353	0.0
\$1,000 - \$5,000	2,209	19.1	6,836	0.4
\$5,000 - \$10,000	1,930	16.6	13,922	0.8
\$10,000 - \$50,000	3,666	31.6	85,230	5.1
\$50,000 - \$500,000	2,015	17.4	307,849	18.3
\$500,000 - \$1,000,000	220	1.9	151,345	9.0
MORE THAN \$1,000,000	270	2.3	1,118,342	66.4
TOTAL	11,595	100.0 %	\$1,684,012	100.0 %

**Table 31
TOP TEN PERCENT AND TOP ONE PERCENT OF TAXPAYERS
(\$ THOUSANDS)**

INDUSTRY	TOP TEN PERCENT		TOP ONE PERCENT	
	Number	Liability	Number	Liability
LEGAL	243	\$372,549	43	\$255,167
FINANCE & INSURANCE	512	743,339	54	461,063
INFORMATION	25	35,858	*	*
PROF / TECH / MANAGERIAL	125	150,064	9	95,974
ARTS / ENTER / ACCOM / FOOD	32	15,289	*	*
OTHER SERVICES	45	22,274	*	*
TRADE	32	11,987	*	*
REAL ESTATE	92	80,718	*	*
OTHER	53	26,011	*	*
TOTAL	1,159	\$1,458,088	115	\$873,483

* Numbers cannot be provided due to confidentiality restrictions.

**UNINCORPORATED BUSINESS TAX
PARTNERSHIP TAXPAYERS
TAX YEAR 2008**

**Table 32
DISTRIBUTION BY ALLOCATION METHOD AND INDUSTRY
(\$ THOUSANDS)**

ALLOCATION METHOD AND INDUSTRY	Number	% of Total	Liability	% of Total
FORMULA	2,873	24.8 %	\$962,364	57.1 %
Legal	418	3.6	230,636	13.7
Finance & Insurance	568	4.9	518,920	30.8
Information	140	1.2	36,877	2.2
Prof/Tech/Managerial	730	6.3	114,267	6.8
Arts/Enter/Accom/Food	100	0.9	7,432	0.4
Other Services	216	1.9	15,940	0.9
Trade	351	3.0	15,307	0.9
Real Estate	87	0.8	8,965	0.5
Other	263	2.3	14,020	0.8
100% N.Y.C.	8,216	70.9	581,390	34.5
Legal	1,101	9.5	66,326	3.9
Finance & Insurance	1,280	11.0	265,576	15.8
Information	199	1.7	5,690	0.3
Prof/Tech/Managerial	1,488	12.8	63,090	3.7
Arts/Enter/Accom/Food	720	6.2	22,671	1.3
Other Services	1,184	10.2	32,578	1.9
Trade	574	5.0	9,418	0.6
Real Estate	1,152	9.9	90,543	5.4
Other	518	4.5	25,497	1.5
SEPARATE BOOKS	128	1.1	136,926	8.1
Legal	74	0.6	114,228	6.8
Finance & Insurance	19	0.2	4,344	0.3
Prof/Tech/Managerial & Information	15	0.1	17,521	1.0
Arts/Enter/Accom/Food	*	*	*	*
Other Services	*	*	*	*
Trade	*	*	*	*
Real Estate	11	0.1	482	0.0
All Other Sectors	*	*	*	*
NOT AVAILABLE	378	3.3	3,333	0.2
TOTAL	11,595	100.0 %	\$1,684,012	100.0 %

See Appendix C for definition of allocation method.

* Numbers cannot be provided due to confidentiality restrictions.

**UNINCORPORATED BUSINESS TAX
PARTNERSHIP TAXPAYERS
TAX YEAR 2008**

LIMITED LIABILITY PARTNERSHIPS/COMPANIES

**Table 33
DISTRIBUTION OF TAXPAYERS BY LIMITED LIABILITY PARTNERSHIP/COMPANY STATUS
(\$ THOUSANDS)**

LLP/LLC STATUS	Number	% of Total	Liability	% of Total
LLP/LLC	9,783	84.4 %	\$1,498,565	89.0 %
NON-LLP/LLC	1,812	15.6	185,448	11.0
TOTAL	11,595	100.0 %	\$1,684,012	100.0 %

**Table 34
DISTRIBUTION OF LIMITED LIABILITY PARTNERSHIPS/COMPANIES BY INDUSTRY
(\$ THOUSANDS)**

INDUSTRY	Number	% of Total	Liability	% of Total
LEGAL	1,270	13.0 %	\$394,915	26.4 %
FINANCE & INSURANCE	1,700	17.4	723,983	48.3
INFORMATION	314	3.2	29,768	2.0
PROF / TECH / MANAGERIAL	1,943	19.9	154,273	10.3
ARTS / ENTER / ACCOM / FOOD	758	7.7	27,826	1.9
OTHER SERVICES	1,073	11.0	37,519	2.5
TRADE	860	8.8	24,234	1.6
REAL ESTATE	1,104	11.3	71,799	4.8
OTHER	761	7.8	34,247	2.3
TOTAL	9,783	100.0 %	\$1,498,565	100.0 %

UNINCORPORATED BUSINESS TAX

PROPRIETORSHIPS

Table 35
**2008 UNINCORPORATED BUSINESS TAX
PROPRIETORSHIP TAXPAYERS
BY INDUSTRY**

Total Taxpayers: 22,864

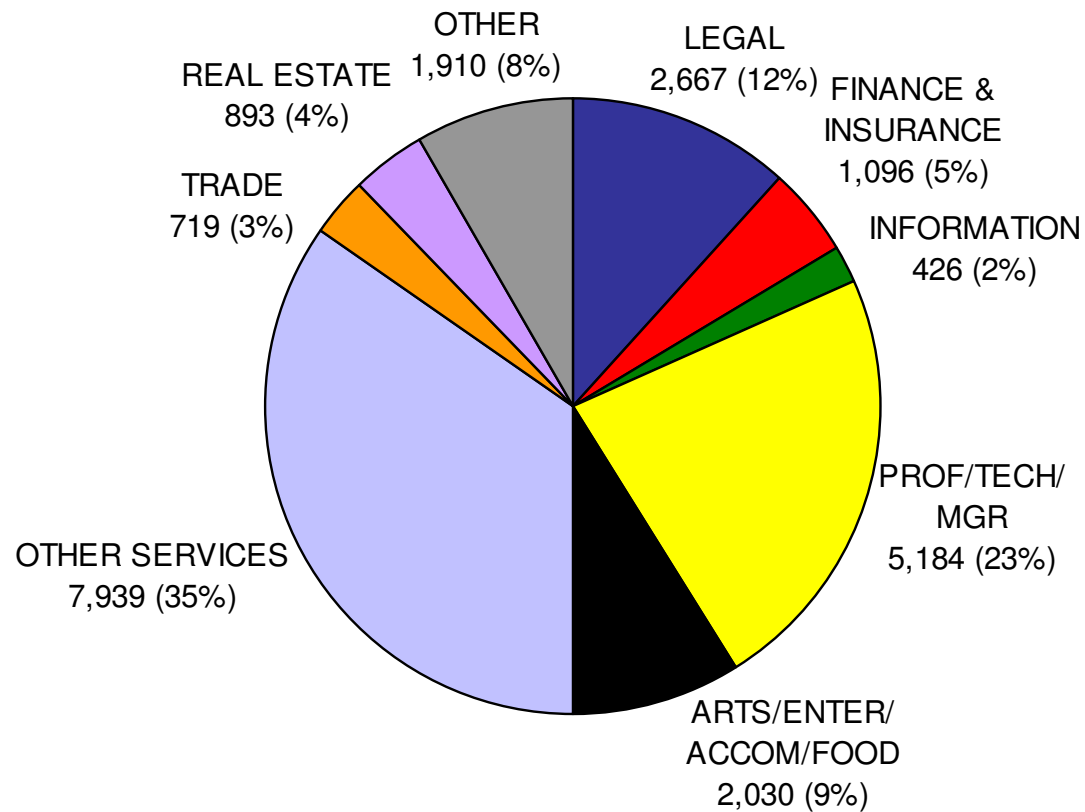
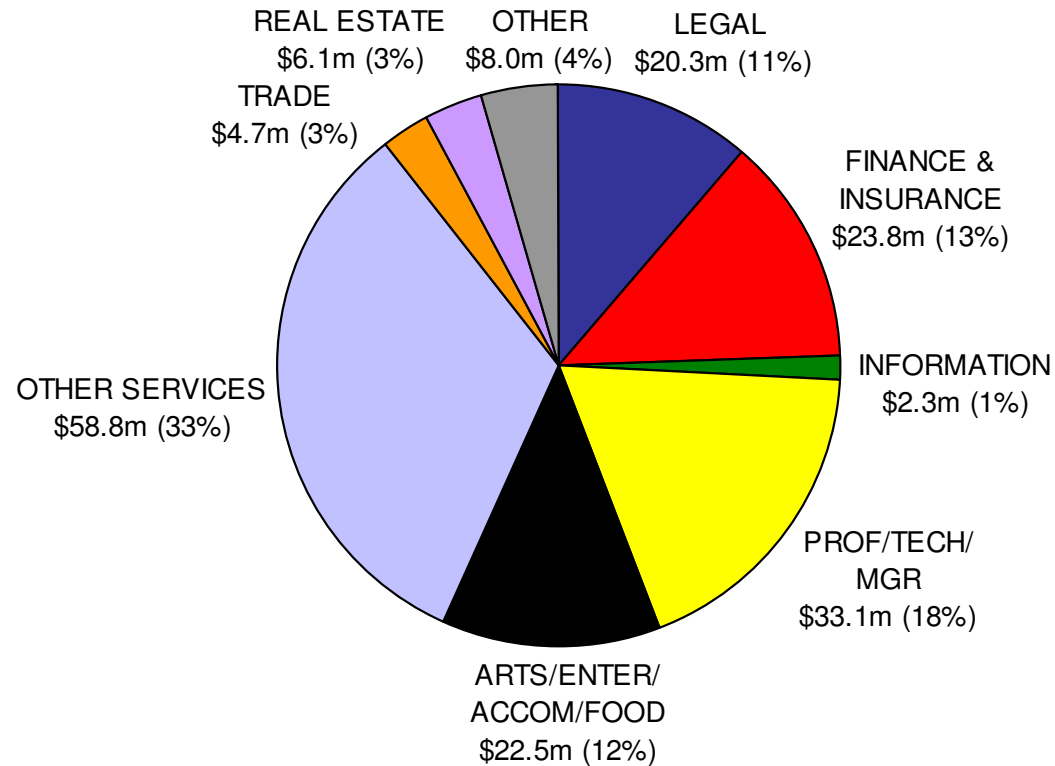


Table 36
**2008 UNINCORPORATED BUSINESS TAX
PROPRIETORSHIP LIABILITY
BY INDUSTRY**

Total Liability: \$179.6m



**UNINCORPORATED BUSINESS TAX
PROPRIETORSHIP TAXPAYERS
TAX YEAR 2008**

**Table 37
DISTRIBUTION BY INDUSTRY
(\$ THOUSANDS)**

INDUSTRY	Number	% of Total	Liability	% of Total
LEGAL	2,667	11.7 %	\$20,349	11.3 %
FINANCE & INSURANCE	1,096	4.8	23,782	13.2
Credit Agencies	32	0.1	166	0.1
Insurance	359	1.6	3,021	1.7
Securities & Commodities	700	3.1	20,305	11.3
Other Finance	5	0.0	290	0.2
INFORMATION	426	1.9	2,307	1.3
Broadcasting/Telecomm	45	0.2	270	0.2
Information Services/Data	94	0.4	505	0.3
Movies/Video/Sound	172	0.8	886	0.5
Publishing	115	0.5	646	0.4
PROF / TECH / MANAGERIAL	5,184	22.7	33,125	18.4
Accounting	530	2.3	2,624	1.5
Other Prof / Tech / Managerial	4,654	20.4	30,501	17.0
ARTS / ENTER / ACCOM / FOOD	2,030	8.9	22,450	12.5
Accommodations	9	0.0	70	0.0
Amusement	37	0.2	318	0.2
Food Services	61	0.3	361	0.2
Performing Arts	1,913	8.4	21,668	12.1
Other Arts/Enter/Accom/Food	10	0.0	34	0.0
OTHER SERVICES	7,939	34.7	58,799	32.7
Administration/Support	367	1.6	2,303	1.3
Education	209	0.9	861	0.5
Health Care	6,625	29.0	52,428	29.2
Personal Service	518	2.3	2,376	1.3
Rental & Leasing	11	0.0	186	0.1
Repair/Maintenance	45	0.2	119	0.1
Social Services	106	0.5	280	0.2
Religious	21	0.1	72	0.0
Miscellaneous Other Services	37	0.2	175	0.1
TRADE	719	3.1	4,739	2.6
Durable Wholesale	187	0.8	1,158	0.6
Non-Durable Wholesale	134	0.6	878	0.5
Retail	398	1.7	2,703	1.5
REAL ESTATE	893	3.9	6,115	3.4
OTHER	1,910	8.4	7,952	4.4
Construction	283	1.2	1,268	0.7
Manufacturing	92	0.4	452	0.3
Transportation & Utilities	91	0.4	458	0.3
Miscellaneous Other	13	0.1	80	0.0
Not Available	1,431	6.3	5,694	3.2
TOTAL	22,864	100.0 %	\$179,617	100.0 %

**UNINCORPORATED BUSINESS TAX
PROPRIETORSHIP TAXPAYERS
TAX YEAR 2008**

**Table 38
DISTRIBUTION BY LIABILITY RANGE
(\$ THOUSANDS)**

LIABILITY RANGE	Number	% of Total	Total Liability	% of Total
\$300 OR LESS	1,998	8.7 %	\$333	0.2 %
\$300 - \$1,000	2,612	11.4	1,627	0.9
\$1,000 - \$5,000	9,109	39.8	27,976	15.6
\$5,000 - \$10,000	5,259	23.0	36,593	20.4
\$10,000 - \$50,000	3,511	15.4	64,334	35.8
MORE THAN \$50,000	375	1.6	48,753	27.1
TOTAL	22,864	100.0 %	\$179,617	100.0 %

**Table 39
TOP TEN PERCENT AND TOP ONE PERCENT OF TAXPAYERS
BY INDUSTRY
(\$ THOUSANDS)**

INDUSTRY	TOP TEN PERCENT		TOP ONE PERCENT	
	Number	Liability	Number	Liability
LEGAL	293	\$9,402	20	\$2,443
FINANCE & INSURANCE	229	19,578	53	14,599
INFORMATION	28	1,013	*	*
PROF / TECH / MANAGERIAL	406	14,166	37	5,084
ARTS / ENTER / ACCOM / FOOD	243	15,660	49	9,733
OTHER SERVICES	855	26,491	51	5,891
TRADE	66	2,322	6	837
REAL ESTATE	84	2,933	*	*
OTHER	82	2,347	*	*
TOTAL	2,286	\$93,911	228	\$40,072

* Numbers cannot be provided due to confidentiality restrictions.

**UNINCORPORATED BUSINESS TAX
PROPRIETORSHIP TAXPAYERS
TAX YEAR 2008**

**Table 40
DISTRIBUTION BY ALLOCATION METHOD AND INDUSTRY
(\$ THOUSANDS)**

ALLOCATION METHOD AND INDUSTRY	Number	% of Total	Liability	% of Total
FORMULA	1,536	6.7 %	\$23,335	13.0 %
Legal	173	0.8	1,320	0.7
Finance & Insurance	87	0.4	5,503	3.1
Information	27	0.1	190	0.1
Prof/Tech/Managerial	408	1.8	3,878	2.2
Arts/Enter/Accom/Food	263	1.2	7,775	4.3
Other Services	385	1.7	3,023	1.7
Trade	61	0.3	745	0.4
Real Estate	19	0.1	287	0.2
Other	113	0.5	615	0.3
100% N.Y.C.	20,408	89.3	150,462	83.8
Legal	2,408	10.5	18,657	10.4
Finance & Insurance	967	4.2	17,369	9.7
Information	385	1.7	2,044	1.1
Prof/Tech/Managerial	4,631	20.3	28,376	15.8
Arts/Enter/Accom/Food	1,711	7.5	14,110	7.9
Other Services	7,315	32.0	53,687	29.9
Trade	621	2.7	3,782	2.1
Real Estate	853	3.7	5,581	3.1
Other	1,517	6.6	6,857	3.8
SEPARATE BOOKS	103	0.5	1,441	0.8
Legal/Finance & Insurance/Prof/Tech/Mngr	36	0.2	392	0.2
All Other Sectors	67	0.3	1,049	0.6
NOT AVAILABLE	817	3.6	4,379	2.4
TOTAL	22,864	100.0 %	\$179,617	100.0 %

See Appendix C for definition of allocation method.

APPENDICES

APPENDIX A

DESCRIPTION OF THE NEW YORK CITY BANKING CORPORATION TAX FOR TAX YEAR 2008

The New York City Banking Corporation Tax (BCT) is imposed on all banking corporations, wherever organized, for the privilege of doing business in New York City. The term “banking corporation” includes any corporation organized under the laws of the United States, New York State, or any other state or country, which is doing a banking business. The term also includes any corporation at least 65 percent of whose stock is directly or indirectly owned by a bank or bank holding company, provided it is principally engaged in a business that a bank could conduct or that is so closely related to banking as to be a proper incident thereto within the meaning of the Federal Bank Holding Company Act of 1956.

Basis and Rate of Tax

The tax is the greatest of the four amounts determined under the following liability calculations:

- Entire net income allocated to the City and taxed at 9 percent;
- Alternative entire net income allocated to the City and taxed at 3 percent;
- For non-alien banks only, taxable assets allocated to the City and taxed at 0.01 percent;¹
- For alien banks only, issued capital stock allocated to the City and taxed at 0.26 percent;²
- A fixed minimum tax of \$125.

“Entire net income” means the taxpayer's federal taxable income, computed without regard to an S corporation election, and subject to certain modifications. Among other modifications, entire net income must be computed without any deduction for federally allowable net operating losses,³ but deductions are allowed for 17 percent of interest income from subsidiary capital, 60 percent of dividend income and net gains from subsidiary capital, and 22½ percent of interest income on obligations of the United States or of New York State or its political subdivisions (other than those held for resale in connection with regular trading activities).

¹ Beginning in tax year 2011, the issued capital stock calculation applicable to alien banks is eliminated, and both alien and domestic banks are subject to the taxable assets calculation. In addition, beginning in 2011 the taxable assets tax rate is reduced for certain banks with low net worth ratios.

² Ibid.

³ Beginning in tax year 2009, a net operating loss carry forward deduction is allowed for losses sustained in tax years beginning after 2008.

“Alternative entire net income” means entire net income as described above, except that the above-described percentage deductions with regard to income from subsidiary capital and governmental obligations are not allowed.

“Taxable assets” means the average value of the taxpayer’s total assets less certain sums received from the Federal Deposit Insurance Corporation or the Federal Savings and Loan Insurance Corporation.

“Issued capital stock” is included in the tax calculation at its face value, but if the stock is without par value, its actual or market value (but not less than \$5 per share) must be used. If the taxpayer does not issue capital stock, it must use, instead, the amount by which its average total assets exceed its average total liabilities.

Allocation

If a taxpayer’s entire net income, alternative entire net income, or taxable assets are derived from business carried on within and outside the City, it can allocate each tax base by use of a three-factor formula employing payroll, receipts, and deposits factors. In calculating the entire net income allocation percentage, the numerator of the payroll factor includes only 80 percent of compensation paid to employees in the City, and the receipts and deposits factors are double-weighted.⁴ In allocating alternative entire net income, the numerator of the payroll factor is recalculated by including 100 percent of in-city compensation, and the receipts and deposits factors are not double-weighted. In allocating taxable assets, the entire net income allocation percentage is used but it is adjusted to reflect the inclusion of in-city wages, receipts, and deposits of an international banking facility (IBF) maintained by the taxpayer.

International Banking Facilities (IBFs)

The Federal Reserve Board authorizes banks to establish units, known as International Banking Facilities, through which they can conduct certain exclusively international banking activities without being subject to certain reserve and deposit insurance requirements. The establishing bank must maintain separate IBF accounts that comply with Federal Reserve reporting requirements and the tax requirements of states that provide an IBF exemption. Under the BCT, a bank that has established a New York IBF can exclude the IBF’s net income—the excess of income over expenses from qualifying foreign banking transactions—from the calculation of its entire net income; the IBF’s payroll, receipts, and deposits are also excluded from the numerator and denominator of the bank’s allocation formula. In the alternative, the bank can make an election to include the IBF’s net income in its entire net income; however, in allocating such entire net income, the IBF’s payroll, receipts, and deposits are included in the denominator, but excluded from the numerator, of the bank’s allocation formula.

⁴ Beginning in tax year 2009, a 10-year phase-in of a single receipts factor formula applies in the case of a corporation subject to the BCT that is substantially engaged in providing management, administrative, or distribution services to a regulated investment company (a mutual fund).

Credits

In order to eliminate multiple taxation of the same income, the BCT allows a credit for banking corporations that are partners in firms subject to the UBT. The credit is based upon the distributing partnership's UBT liability, and is applied against the bank partner's tax liability.

Other credits against the tax are allowed for certain expenses (including real estate tax escalation payments) of taxpayers relocating into the City from outside New York State and creating employment opportunities, and for employment opportunities relocated to targeted areas within the City.

Combined Reporting

Corporations that are closely linked may be required or permitted to file a combined return. Generally, a banking corporation or bank holding company doing business in the city is required to file a combined return with any other banking corporation or bank holding company doing business in the city where an 80-percent-stock-ownership requirement is met. However, a corporation can be excluded from a combined return if it can be shown that its inclusion fails to properly reflect its tax liability. Certain banking corporations or bank holding companies that meet a 65 percent stock ownership requirement may be permitted or required to file a combined return if the Department of Finance determines that such filing is necessary to properly reflect the tax liability of such corporations because they are engaged in a unitary business and have other interrelationships. The tax on a combined return is measured by the combined entire net income, combined alternative entire net income, or combined assets of all the corporations included in the return, after the elimination of inter-corporate transactions and inter-corporate stockholdings and indebtedness.⁵

Filing Period

The 2008 tax year includes all reported activity and income over a twelve-month period beginning between January 1, 2008 and December 31, 2008. In 2008, 81 percent of all BCT filers reported on a calendar-year basis. Seventy-seven percent reported on a twelve-month period, beginning January 1, 2008 and ending on December 31, 2008, while another 4 percent filed for a short year beginning January 1, 2008 and ending before December 31, 2008. Among the remaining firms, the reporting period was for a twelve-month fiscal year or for a partial fiscal year. The tax period used under the BCT must conform to the federal tax year.

⁵ Beginning in tax year 2009, a “captive” regulated investment company or real estate investment trust must be included in a combined return where a greater-than-50-percent ownership test is satisfied.

APPENDIX B

DESCRIPTION OF THE NEW YORK CITY GENERAL CORPORATION TAX FOR TAX YEAR 2008

The New York City General Corporation Tax (GCT) is imposed on all corporations, wherever organized, for the privilege of doing business, employing capital, owning or leasing property, or maintaining an office in New York City. Corporations that are subject to other special taxes, namely banking institutions and regulated utilities, are not subject to this tax. Insurance corporations pay no City business income taxes.

Basis and Rate of Tax

The tax is the greatest of the four amounts determined under the following liability calculations:

- Entire net income allocated to the City and taxed at 8.85 percent;
- Entire net income, increased by compensation paid to certain shareholders, reduced by a \$40,000 allowance, allocated to the City, multiplied by 22.5 percent⁶ and taxed at 8.85 percent (the “income-plus-compensation” base);⁷
- Business and investment capital allocated to the City and taxed at 0.15 percent up to a maximum of \$350,000;⁸
- A fixed minimum tax of \$300.⁹

In addition, there is a tax of 0.075 percent on subsidiary capital allocated to the City.

“Entire net income” means the taxpayer's federal taxable income, computed without regard to an S corporation election, subject to certain modifications. Real estate investment trusts and regulated investment companies are subject to tax on “real estate investment trust taxable income” or “investment company taxable income,” respectively, as defined in the Internal Revenue Code, with certain modifications.

⁶ This percentage is reduced to 18.75 percent for years beginning in 2009; and to 15 percent for years beginning in 2010 and thereafter.

⁷ A taxpayer is exempt from these calculations if its Federal gross income is less than \$250,000, its business allocation percentage is 100 percent, and it has no investment or subsidiary capital.

⁸ A taxpayer is exempt from these calculations if its Federal gross income is less than \$250,000, its business allocation percentage is 100 percent, and it has no investment or subsidiary capital. Beginning in tax year 2009, the maximum amount that can be owed under this calculation is \$1 million.

⁹ Beginning in tax year 2009, the fixed minimum tax is a graduated amount ranging from \$25 where the taxpayer's City receipts are not over \$100,000 to \$5,000 where City receipts exceed \$25 million. Where a combined return is filed, each taxable subsidiary included in the return must pay the fixed minimum tax.

The income-plus-compensation base includes the total salaries and other compensation paid to every stockholder owning more than 5 percent of the taxpayer's issued capital stock.

"Business capital" means all assets, other than subsidiary capital, investment capital, and stock issued by the taxpayer, minus short- and long-term liabilities not deducted from subsidiary or investment capital.

"Investment capital" means investments in corporate and governmental stocks, bonds, and other securities, other than subsidiary capital and stock issued by the taxpayer, minus total liabilities directly or indirectly attributable to investment capital.

"Subsidiary capital" means investments in the stock of subsidiaries and any indebtedness from subsidiaries (other than accounts receivable) on which interest is not claimed and deducted by the subsidiary on a GCT or BCT return, minus total liabilities directly or indirectly attributable to subsidiary capital. A subsidiary is a corporation whose stock is more than 50 percent owned by the taxpayer.

Allocation

A corporation is taxed on the City-allocated portion of its business income and business capital. The City's taxable share of total business income and capital is allocated using the business allocation percentage (BAP), which is based upon the traditional three-factor formula (property, payroll, receipts). Manufacturers have the option of double-weighting their receipts factor.¹⁰ Investment income and investment capital are allocated to the City according to the extent of activity within the City of the issuer of the investment; subsidiary capital is allocated based on the extent of the subsidiary's activity within the City. (Income from subsidiary capital is not taxable.)

Credits

To eliminate multiple taxation of the same income, the GCT allows a credit for corporations that are partners in firms subject to the UBT. The credit is based upon the distributing partnership's UBT liability, and is applied against the corporate partner's tax liability.

Other credits against the tax are allowed for certain expenses (including real estate tax escalation payments) of taxpayers relocating into the City from outside New York State and creating employment opportunities, for employment opportunities relocated to targeted areas within the City, and for certain costs incurred in producing films and television shows in the City.¹¹ Due to credits, some taxpayers may have liabilities below the \$300 minimum tax.

¹⁰ Beginning in tax year 2009, the GCT's business allocation formula is amended by phasing in, over a 10-year period, a transition from the three-factor formula to a single-factor formula utilizing only receipts.

¹¹ For tax years 2010, 2011, and 2012, certain biotechnology firms are allowed a credit for qualifying expenditures related to research and development activities.

Combined Reporting

Groups of corporations that are closely linked may be permitted or required to file a combined return. The statutory requirements for combined filing are as follows: the group must form a “unitary business,” for example, one in which the goods or services produced or acquired by one member of the group are acquired, used, or sold by other members of the group; 80 percent or more of the stock of the members of the combined group must be directly or indirectly owned by other members of the group, by the parent corporation, or by the same interests; and, filing on a separate basis would distort a corporation’s New York City activities, business, income, or capital. When filing a combined return, the group’s tax liability is computed by summing information for all members of the group and subtracting inter-corporate transactions.¹²

Filing Period

The 2008 tax year includes all reported activity and income over a twelve-month period beginning between January 1, 2008 and December 31, 2008. In 2008, 74 percent of all GCT filers reported on a calendar-year basis. Seventy-three percent reported on a twelve-month period, beginning January 1, 2008 and ending on December 31, 2008, while another 1 percent filed for a short year beginning January 1, 2008 and ending before December 31, 2008. Among the remaining firms, the reporting period was for a 12 month fiscal year or for a partial fiscal year. The tax period used under the GCT must conform to the federal tax year.

¹² Beginning in tax year 2009, the combined return requirements are revised to make the filing of a combined return mandatory where there are substantial intercorporate transactions among the related corporations, regardless of the transfer prices charged in those intercorporate transactions. In addition, beginning in 2009, a “captive” regulated investment company or real estate investment trust is required to be included in a combined return where a greater-than-50-percent ownership test is satisfied.

APPENDIX C

DESCRIPTION OF THE NEW YORK CITY UNINCORPORATED BUSINESS TAX FOR TAX YEAR 2008

The New York City Unincorporated Business Tax (UBT) is imposed on partnerships, individuals, trusts, and estates that carry on or liquidate unincorporated businesses or professions wholly or partly within New York City. The tax also applies to corporations in liquidation. For partnerships, a tax return must be filed if gross income exceeds \$25,000 or taxable income exceeds \$15,000. All other unincorporated entities must file if they have more than \$75,000 of gross income or \$35,000 of taxable income.¹³

Basis and Rate of Tax

The UBT is imposed at the rate of 4 percent on New York City taxable income. For proprietors, taxable income is based upon net profit from federal form 1040, Schedule C. For partnerships, taxable income is based upon net income from the partnership's federal form 1065. Taxpayers are required to make certain New York City modifications to this income, and the resulting amount is then allocated to New York City if the business is carried on both in and out of the City.

Individuals or unincorporated entities, other than dealers, are not considered to be unincorporated businesses subject to the UBT solely by reason of the purchase or sale of property or stock option contracts for their own account.¹⁴ Investment partnerships and proprietorships may engage in limited business activity and still retain this self-trading exemption.

Owners, lessees, or fiduciaries that solely hold, lease, or manage real property are also not considered to be engaged in an unincorporated business. By contrast, dealers who hold real property primarily for sale to customers in the ordinary course of business are subject to the tax. Special rules apply to otherwise exempt taxpayers that operate a garage or other incidental business at the property for the benefit of the property's tenants.

Allocation

An unincorporated business is taxed on the City-allocated portion of its business income. Total business net income must be apportioned in accordance with the traditional three-factor formula based on property, payroll, and receipts. Manufacturers have the option of double-weighting their receipts factor.¹⁵ Investment income is allocated to the City according to the extent of activity within the City of the issuer of the investment.

¹³ Beginning in tax year 2009, all unincorporated businesses, including partnerships, are required to file a tax return only if gross income exceeds \$95,000.

¹⁴ An individual or entity is not disqualified from this exemption if it receives \$25,000 or less from other activities.

¹⁵ Beginning in tax year 2009, the formula is amended by phasing in, over a 10-year period, a transition from the three-factor formula to a single-factor formula utilizing only receipts. Certain grandfathered taxpayers that allocated income before 2005 based on their books and records may continue to use that method through tax year 2011.

Exemptions and Credits

Through a combination of exemptions and credits, no tax is levied on proprietorships with allocated net income of not more than \$60,000 and on partnerships with allocated net income of not more than the sum of \$50,000 plus \$10,000 times the number of active partners. A proprietorship is allowed one exemption of \$5,000 and another exemption of up to \$10,000 as an allowance for proprietor services. A partnership is allowed one \$5,000 exemption and another exemption of up to \$10,000 for each active partner's services. The allowance for services is in lieu of any other deduction for payments to a proprietor or partner for services or use of capital. Both partnerships and proprietorships with tax after exemptions of \$1,800 or less (e.g., income after exemptions not greater than \$45,000) receive a full credit and owe no tax. Entities with tax after exemptions of more than \$1,800 but less than \$3,200 receive a partial credit.¹⁶

In order to eliminate multiple taxation of the same income, the UBT allows a credit for partnerships that are themselves partners in firms subject to the UBT. The partner receiving the distribution may take a UBT credit that is based upon the distributing partnership's UBT liability, and is applied against the partner's UBT liability.

Other credits against the tax are allowed for certain expenses (including real estate tax escalation payments) of taxpayers relocating into the City from outside New York State and creating employment opportunities, for employment opportunities relocated to targeted areas within the City, and for certain costs incurred in producing films and television shows in the City.¹⁷

In addition, in order to address the double taxation of income under both the PIT and the UBT, partners and proprietors may take a credit against the New York City Personal Income Tax for a portion of their share of UBT paid.

Filing Period

The 2008 tax year includes all reported activity and income over a twelve-month period that began between January 1, 2008 and December 31, 2008. In 2008, 96 percent of UBT filers reported on a calendar-year basis. The tax period used under the UBT must conform to the federal tax year.

¹⁶ Beginning in tax year 2009, the full and partial credits against the tax are increased: if the tax is not over \$3,400, a full credit is allowed and no tax is owed; if the tax is over \$3,400 but less than \$5,400, a partial credit is allowed.

¹⁷ For tax years 2010, 2011, and 2012, certain biotechnology firms are allowed a credit for qualifying expenditures related to research and development activities.

APPENDIX D

METHODOLOGY

The Banking Corporation Tax (BCT), General Corporation Tax (GCT), and Unincorporated Business Tax (UBT) data are obtained from tax data files maintained by the Department of Finance for purposes of processing, recording, and monitoring the payment history of individual taxpayers. The Office of Tax Policy converted these tax files into an aggregate database in order to analyze various characteristics of the BCT, GCT, and UBT. The distributions presented in this report reflect data that are as complete as possible. For tax year 2008, 98 percent of all BCT taxpayers had filed annual returns, 96 percent of GCT taxpayers had filed annual returns, and 97 percent of UBT taxpayers had filed annual returns.

Liability and Number

The Finance Department's master files contain BCT, GCT, and UBT transactions, including declarations of estimated liability, quarterly estimated payments, applications for extension, annual returns, liability adjustments, penalties, and interest charges. Liability was estimated based on either the tax reported on the annual return, or, if no annual return was filed, on the application for an extension. Liability excludes penalty and interest charges. The number of GCT and BCT taxpayers refers to the number of annual returns received, or, if no annual return was filed, the number of applications for an extension received. The number of UBT taxpayers refers to the number of annual returns received with liability greater than zero, or, if no annual return was filed, the number of applications for an extension received with liability greater than zero. In rare instances, a taxpayer will file more than one return for a tax year, with each return covering a portion of the year. For these cases filing short-year returns, the number of GCT and BCT taxpayers reported reflects the number of returns filed, while the number of UBT taxpayers reported reflects the number of returns with liability greater than zero, and the liability reported reflects the total liability on these returns.

Industry

The GCT and UBT distributions by industry sector are based upon the NAICS (North American Industry Classification System) code, as reported by taxpayers. Since firms select the one code that best describes their national activity, some multi-jurisdictional firms may use a NAICS code that does not accurately reflect their New York City activity.

In cases where the codes were missing or incorrect, various procedures were employed to identify the correct values. Computer programs assigned codes based upon name and data from other tax years. Unidentified large taxpayers were assigned codes manually. By these means, 100 percent of corporate liability, 100 percent of partnership liability, and 97 percent of proprietorship liability were ultimately identified by industry sector.

The report reflects additional verification of firms reporting as holding companies. Because under the NAICS system the definition of holding company is very broad, some

taxpayers reported a holding company code when that code did not best describe the taxpayer's activity.

For UBT taxpayers, the sector groups differ from those commonly employed, in order to highlight the industries most significant to the UBT. Thus, the legal profession, which contributes over 26 percent of all UBT liability, is treated as a distinct sector.

For banks, the sector reporting is by type of bank, as reported by the taxpayer on the City return.

Form Type

BCT taxpayers use one of two types of annual returns. The most commonly used is the NYC-1 return. The NYC-1A is used by combined groups of banking corporations.

GCT taxpayers use one of four types of annual returns. The NYC-4S return, or the "short form," may be used by firms that do not own investment or subsidiary capital, do not have any income that could be allocated outside New York City, and do not take certain deductions or special credits. Taxpayers whose federal gross income is less than \$250,000, whose business allocation percentage is 100 percent, and that have no investment or subsidiary capital, may use the simplified version of the short form, NYC-4S EZ. Corporations eligible to use NYC-4S EZ compute their taxes using only the entire net income base or fixed dollar minimum, whichever is greater, and are not subject to the alternative bases measured by business or investment capital or by entire net income plus compensation paid to certain shareholders. Firms that allocate income outside the City, own investment or subsidiary capital, or use certain deductions or special credits, must use the NYC-3L, or the "long form." Some firms that are eligible to use the NYC-4S choose to report on the NYC-3L. The NYC-3A is used by combined groups of corporations.

UBT taxpayers use one of five types of annual returns. The NYC-204 is used by partnerships, including syndicates, groups, pools, or other unincorporated organizations.¹⁸ The NYC-204 EZ can be used by partnerships that are required to file¹⁹ an unincorporated business tax return but have: no tax liability; no New York City modifications; all business income allocated to New York City; no credit for unincorporated business tax paid; no partial exemption for investment activities; no investment income; no net operating loss; and unincorporated business gross income, after the allowance for active partners, that is not more than \$50,000. This form may also be used by partnerships that are not required to file but wish to disclaim any liability for tax because they are engaged solely in activities exempt from the tax. The NYC-202 is used by individuals, estates, and trusts. The NYC-202S is a simplified version of the NYC-202 and may be used by individuals who do not allocate business income, have no New York City modifications and have total income that is more than \$60,000. An even simpler form,

¹⁸ Limited liability companies doing business in New York City are generally taxed as partnerships under the UBT.

¹⁹ A partnership engaged in an unincorporated business is required to file an unincorporated business tax return if its unincorporated business gross income is more than \$25,000 or it has unincorporated business taxable income of more than \$15,000. Beginning in tax year 2009, all unincorporated businesses, including partnerships, are required to file a tax return only if gross income exceeds \$95,000.

NYC-202 EZ can be used by individuals who have no New York City modifications, allocate all business income to New York City, and have total income from business that does not exceed \$60,000.²⁰

Allocation

Taxpayers were classified as multi-jurisdictional if their business allocation percentage (BAP) was less than 100. For BCT, the percentage used was the combined entire net income allocation percentage; if this was not available, the issuer's allocation percentage was used.

New York State S Corporation Status (GCT only)

Data from the New York State Department of Taxation and Finance were used to identify New York City corporations that made the S corporation election at the State level.

LLP/ LLC Status (UBT only)

LLC status was determined using the following methods: taxpayer name, LLC status from files supplied by the New York State Department of Taxation and Finance, and partnership type indicator on the NYC-204 or NYC-204 EZ return.

²⁰ The NYC-202 EZ is no longer available starting tax year 2010.

APPENDIX E

GLOSSARY OF INDUSTRY SECTORS

BANKING CORPORATION TAX BANK TYPES

- **COMMERCIAL BANKS** - U.S. incorporated banks that specialize in accepting corporate demand and time deposits and make commercial loans to businesses.
- **CLEARING HOUSE BANKS** - large commercial banks that are members of the New York Clearing House Association.
- **FOREIGN BANKS** - non-U.S. incorporated commercial banks with branches and offices in the United States. Domestic banks majority-owned by foreign banks and subsidiaries of foreign banks that provide limited banking services are classified elsewhere.
- **THRIFT BANKS** - both savings and loan associations and savings banks.
- **OTHER BANKS**
 - Edge Act Banks -- banks formed under the Edge Act banking legislation that allows national banks to conduct foreign lending operations through federal- or state-chartered subsidiaries.
 - Trust Companies -- banks specializing in the administration of trust funds, estates, custodial arrangements, stock transfers and registration, and other related services.
 - Subsidiaries of domestic and foreign banks that file separately from their parents as individual entities (and whose activities do not fall into the above categories).
 - Non-bank banks -- limited-service banks, which include certain leasing corporations, mortgage, and loan production offices.
 - Banking institutions whose bank types cannot be determined.

GENERAL CORPORATION TAX INDUSTRIES

- **FINANCE and INSURANCE** - credit agencies, firms engaged in banking, lending or financing activities, funds, trusts, securities and commodities brokers and dealers, exchanges, insurance agents and brokers, and related corporations.
- **REAL ESTATE** – lessors of real estate, property management, real estate brokers, and related real estate activity.

- **MANUFACTURING** - apparel and textile, food and beverages, printing, and other manufacturing.
- **PROFESSIONAL/TECHNICAL/MANAGERIAL SERVICES** - legal, accounting, consulting, architectural, engineering, advertising, veterinary services, and holding companies.
- **OTHER SERVICES** - administrative and support services, education, social assistance, entertainment, amusement and recreation, lodging, personal services, repair services, food services and drinking places, non-realty rental and leasing services, and medical care.
- **INFORMATION** - publishing, motion picture, broadcasting, telecommunications, information services, and data processing.
- **TRADE** - retail and wholesale.
- **OTHER** - construction, transportation, unregulated utilities, and unknown.

UNINCORPORATED BUSINESS TAX INDUSTRIES

- **LEGAL**
- **FINANCE and INSURANCE** - credit agencies, firms engaged in banking, lending or financing activities, funds, trusts, securities and commodities brokers and dealers, exchanges, insurance agents and brokers, and related firms.
- **INFORMATION** - publishing, motion picture, broadcasting, telecommunications, information, and data processing.
- **PROFESSIONAL/TECHNICAL/MANAGERIAL SERVICES** - accounting, consulting, architectural, engineering, advertising, veterinary services, and holding companies.
- **ARTS/ENTERTAINMENT/ACCOMMODATIONS/ FOOD SERVICES** - performing arts, amusements and recreation, museums, accommodations, and food services and drinking places.
- **OTHER SERVICES** - administrative and support services, education, social assistance, personal services, repair services, non-realty rental and leasing services, and medical care.
- **TRADE** - retail and wholesale.
- **REAL ESTATE** – lessors of real estate, property management, real estate brokers, and related real estate activity.
- **OTHER** - manufacturing, construction, transportation, and unknown.