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

BUSINESS INCOME TAXES

**BANKING CORPORATION TAX
GENERAL CORPORATION TAX
UNINCORPORATED BUSINESS TAX
TAX YEAR 2001**

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FINANCE
NEW • YORK
THE CITY OF NEW YORK
DEPARTMENT OF FINANCE

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REPORT PREPARED BY THE
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New York City's Business Income Taxes:
The Banking Corporation Tax, General Corporation Tax, and
Unincorporated Business Tax
Tax Year 2001

This report presents statistical information for tax year 2001 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).

Almost 285,000 firms and individuals paid the GCT, UBT, or BCT for tax year 2001. These taxpayers generated \$2.655 billion in liability.

Banking Corporation Tax

In 2001, the Banking Corporation Tax generated \$407 million from 588 taxpayers, an increase in tax liability of 5 percent from tax year 2000. The data show the following characteristics of the BCT population in 2001:

- Foreign banks generated 49 percent of total BCT liability, followed by clearing house banks at 24 percent.
- The top 10 percent of taxpayers in terms of liability generated \$343 million, or 84 percent of total liability.

Almost 82 percent of BCT liability was incurred under the entire net income base, and 43 percent of taxpayers paid on this base.

General Corporation Tax

The General Corporation Tax generated \$1.4 billion in tax year 2001 liability, a decrease of 16 percent from tax year 2000. The number of taxpayers increased to 257,174, 2 percent more than in 2000. The data show the following characteristics of the GCT population in 2001:

- Services-sector firms incurred 27 percent of total liability, followed by firms in the finance and insurance sector, which incurred 18 percent. Firms in the trade and manufacturing sectors generated 16 percent and 9 percent of total liability, respectively.
- The top 10 percent of taxpayers in terms of liability generated \$1.25 billion, or 87 percent of total liability. The top 1 percent of taxpayers accounted for \$860 million, or 60 percent of total liability.

- More than half 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. About 78 percent of total GCT liability was incurred under the entire net income base.
- Approximately 114,000 GCT taxpayers were recognized as S corporations for New York State tax purposes. At the Federal level, S corporations are permitted to pass through their income to shareholders and are not subject to entity-level taxation. S corporations owed \$642 million in GCT liability in 2001.

Unincorporated Business Tax

The Unincorporated Business Tax produced \$806 million in 2001 tax liability, a decrease of 5 percent from the previous year. Partnerships generated \$673 million, a decline of 7 percent from 2000. Proprietorships generated \$133 million in liability, up 4 percent from 2000. There were 6,982 partnership taxpayers and 19,991 proprietorship taxpayers, an increase of 2 percent for partnerships and a decrease of 1 percent for proprietorships compared to 2000.

Other characteristics of the UBT population are as follows:

- Among UBT partnerships, legal, finance & insurance, and professional services firms generated \$539 million in tax liability, or 80 percent of total partnership liability. Among proprietorships, services-sector firms accounted for 55 percent of total liability, while legal-sector firms generated 13 percent.
- The top 10 percent of partnership taxpayers, or 698 firms, accounted for 84 percent of total partnership liability, and the top 1 percent accounted for 50 percent. The proprietorship liability distribution was far less skewed, with the top 10 percent generating 51 percent of proprietorship liability, while the top 1 percent generated 26 percent of liability.
- Under the UBT, limited liability companies (LLCs) are generally treated as partnerships for tax purposes. In 2001, firms identified as LLCs accounted for 41 percent of UBT partnership liability and 27 percent of partnership taxpayers.

Introduction to Statistical Tables and Appendices

The report is divided into the following five sections: Total Business Income Taxes, Banking Corporation Tax, General Corporation Tax, Unincorporated Business Tax - Partnerships and Unincorporated Business Tax - Proprietorships. Each section provides a distribution by sector (bank type for the BCT), liability range, and allocation method or status. The GCT and BCT sections supplement this information with data on tax base and form type. The GCT section also includes S corporation statistics, and the UBT partnership section provides information on LLCs. BCT and GCT data are as of June 2004; UBT data are as of April 2004.

The report contains five appendices. Appendices A, B, and C describe the BCT, GCT, and UBT, respectively. Appendix D describes the methodologies used to compile the data. Appendix E contains a glossary of industry sectors.

BUSINESS INCOME TAX TABLES

Table 1
2001 BUSINESS INCOME TAXES

Total Taxpayers: 284,735

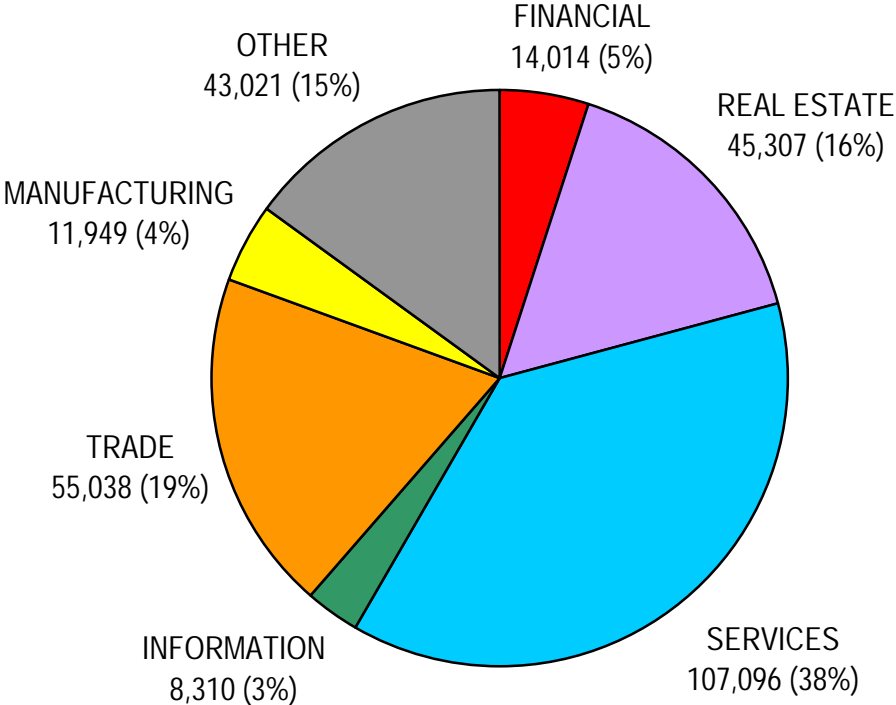
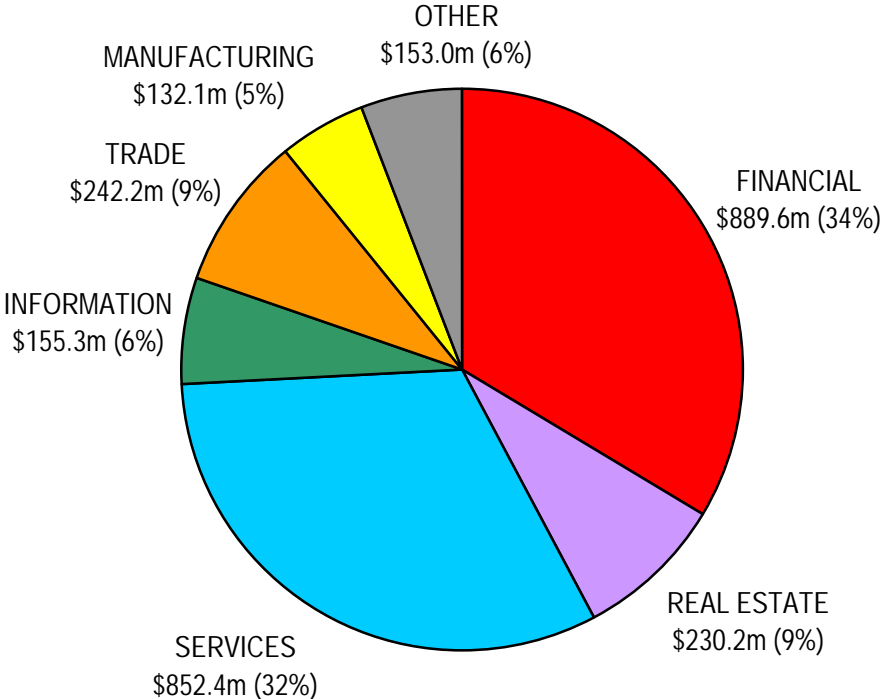


Table 2

2001 BUSINESS INCOME TAXES

Total Liability: \$2,654.8m



**BUSINESS INCOME TAXES
TAX YEAR 2001**

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

INDUSTRY	Number	% of Total	Liability	% of Total
FINANCIAL	14,014	4.9 %	\$889,579	33.5 %
REAL ESTATE	45,307	15.9	230,210	8.7
SERVICES	107,096	37.6	852,420	32.1
INFORMATION	8,310	2.9	155,326	5.9
TRADE	55,038	19.3	242,202	9.1
MANUFACTURING	11,949	4.2	132,111	5.0
OTHER	43,021	15.1	152,954	5.8
TOTAL	284,735	100.0 %	\$2,654,802	100.0 %

**BUSINESS INCOME TAXES
TAX YEAR 2001**

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

LIABILITY PER TAXPAYER (Actual \$)	Number	% of Total	Total Liability	% of Total
\$300.00 OR LESS	151,806	53.3 %	\$45,096	1.7 %
\$300.01-\$1,000	37,579	13.2	22,228	0.8
\$1,000.01-\$5,000	53,601	18.8	135,952	5.1
\$5,000.01-\$10,000	18,745	6.6	131,724	5.0
\$10,000.01-\$50,000	17,853	6.3	365,145	13.8
\$50,000.01-\$500,000	4,579	1.6	621,688	23.4
\$500,000.01 - \$1,000,000	265	0.1	180,736	6.8
MORE THAN \$1,000,000	307	0.1	1,152,233	43.4
TOTAL	284,735	100.0 %	\$2,654,802	100.0 %

BANKING CORPORATION TAX TABLES

Table 5
**2001 BANK TAX
TAXPAYERS BY BANK TYPE**

Total Taxpayers: 588

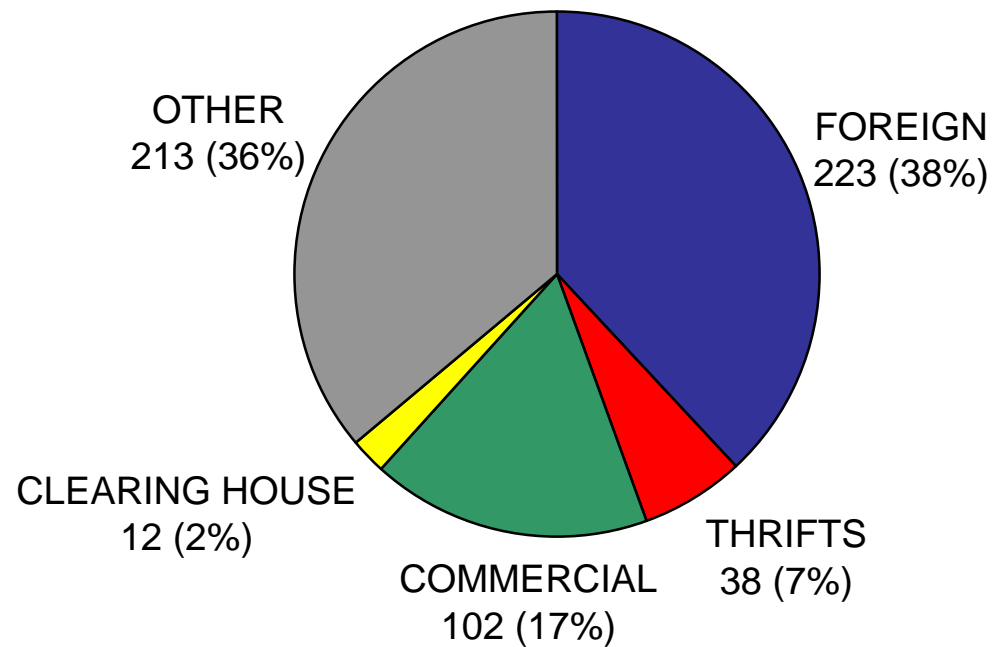
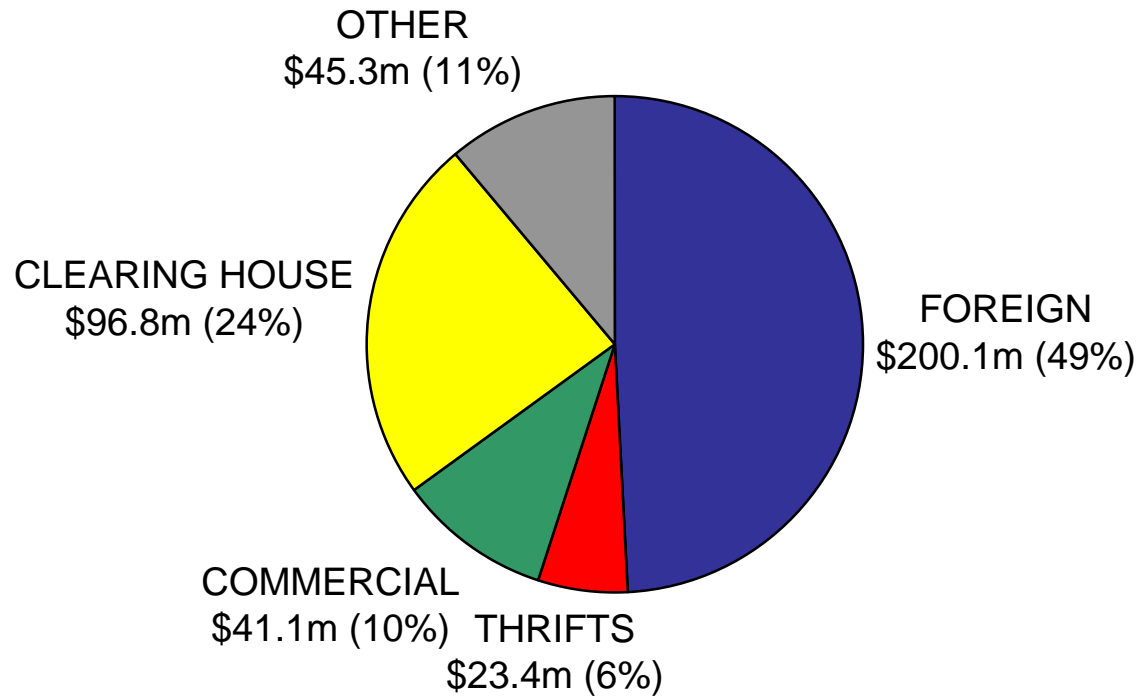


Table 6
**2001 BANK TAX
LIABILITY BY BANK TYPE**

Total Liability: \$406.6m



**BANK TAX
TAX YEAR 2001**

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

INDUSTRY	Number	% of Total	Liability	% of Total
COMMERCIAL	102	17.3 %	\$41,081	10.1 %
CLEARING HOUSE	12	2.0	96,817	23.8
FOREIGN	223	37.9	200,070	49.2
THRIFTS	38	6.5	23,366	5.7
OTHER	213	36.2	45,308	11.1
TOTAL	588	100.0 %	\$406,642	100.0 %

**BANK TAX
TAX YEAR 2001**

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

LIABILITY PER TAXPAYER (Actual \$)	Number	% of Total	Total Liability	% of Total
\$125 OR LESS	99	16.8 %	\$12	0.0 %
\$125.01 - \$1,000	49	8.3	19	0.0
\$1,000.01 - \$5,000	49	8.3	117	0.0
\$5,000.01 - \$10,000	35	6.0	253	0.1
\$10,000.01 - \$50,000	80	13.6	1,934	0.5
\$50,000.01 - \$500,000	191	32.5	42,531	10.5
\$500,000.01 - \$1,000,000	25	4.3	16,464	4.0
MORE THAN \$1,000,000	60	10.2	345,312	84.9
TOTAL	588	100.0 %	\$406,642	100.0 %

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

BANK TYPE	Number	Liability
COMMERCIAL / CLEARING HOUSE	16	\$122,479
FOREIGN	24	173,785
OTHER	18	47,026
TOTAL	58	\$343,290

**BANK TAX
TAX YEAR 2001**

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

TAX BASE	Number	% of Total	Liability	% of Total
ENTIRE NET INCOME	255	43.4 %	\$331,517	81.5 %
ALTERNATIVE NET INCOME	13	2.2	32,388	8.0
ASSET BASE	93	15.8	20,995	5.2
CAPITAL	113	19.2	21,188	5.2
MINIMUM TAX	101	17.2	13	0.0
NOT AVAILABLE / EXTENSION	13	2.2	541	0.1
TOTAL	588	100.0 %	\$406,642	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	67	\$89,968	83	\$178,879	105	\$62,670
ALT. NET INCOME	*	*	*	*	*	*
ASSET OR CAPITAL BASE	36	18,387	113	21,188	57	2,608
MINIMUM TAX	*	*	27	3	69	9
NOT AVAILABLE / EXTENSION	*	*	*	*	*	*
TOTAL	114	\$137,898	223	\$200,070	251	\$68,674

* Number cannot be provided due to confidentiality restrictions.

**BANK TAX
TAX YEAR 2001**

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

FORM TYPE	Number	% of Total	Liability	% of Total
NYC-1	463	78.7 %	\$224,352	55.2 %
NYC-1A (COMBINED FORM)	111	18.9	181,749	44.7
NOT AVAILABLE / EXTENSION	14	2.4	541	0.1
TOTAL	588	100.0 %	\$406,642	100.0 %

**BANK TAX
TAX YEAR 2001**

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

ALLOCATION STATUS AND BANK TYPE	Number	% of Total	Liability	% of Total
MULTI-JURISDICTIONAL	339	57.7 %	\$374,829	92.2 %
Commercial / Clearing House	83	14.1	134,787	33.1
Foreign	155	26.4	189,287	46.5
Other	101	17.2	50,755	12.5
100% N.Y.C.	222	37.8	25,128	6.2
Commercial / Clearing House	30	5.1	3,110	0.8
Foreign	65	11.1	10,603	2.6
Other	127	21.6	11,415	2.8
NOT AVAILABLE	27	4.6	6,685	1.6
Commercial / Clearing House	*	*	*	*
Foreign	*	*	*	*
Other	*	*	*	*
TOTAL	588	100.0 %	\$406,642	100.0 %

See Appendix A for definition of allocation status.

* Numbers cannot be provided due to confidentiality restrictions.

GENERAL CORPORATION TAX TABLES

Table 14
**2001 GENERAL CORPORATION TAXPAYERS
BY INDUSTRY**

Total Taxpayers: 257,174

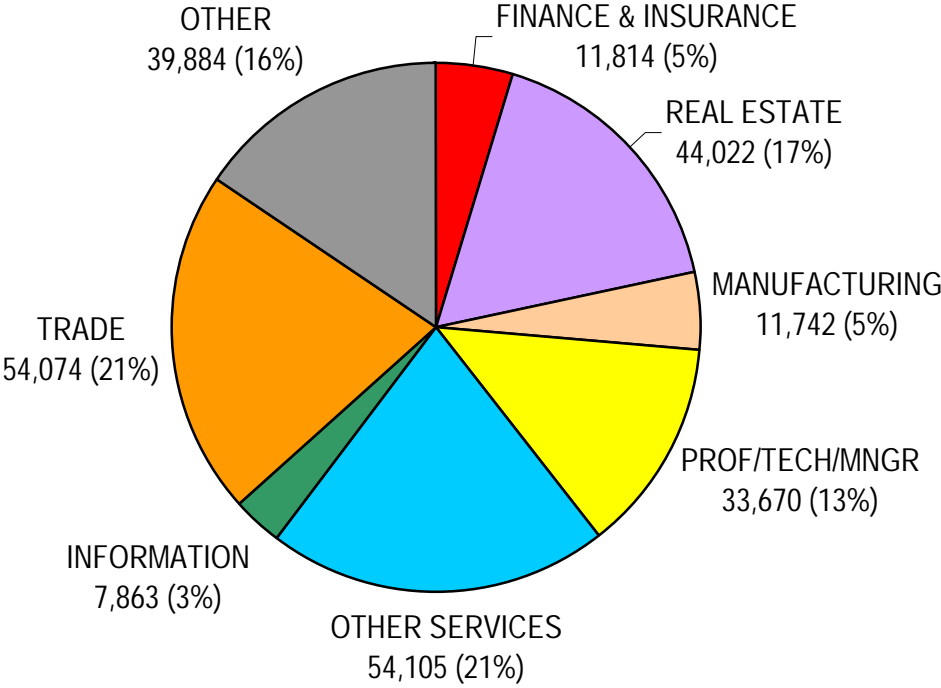
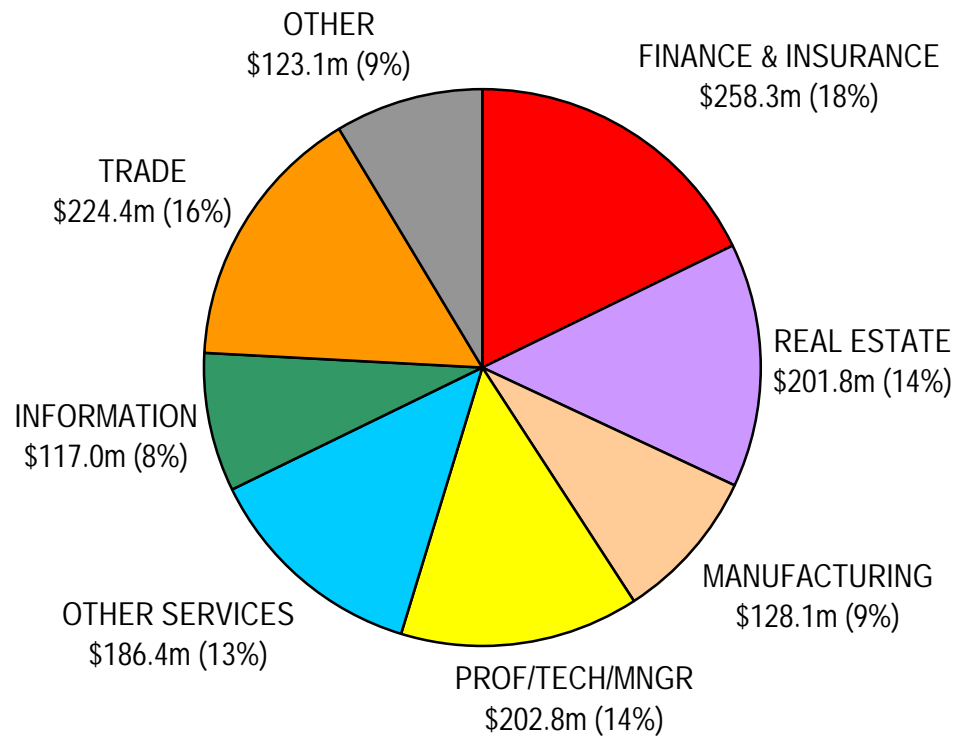


Table 15
**2001 GENERAL CORPORATION TAX
LIABILITY BY INDUSTRY**

Total Liability: \$1,441.9m



**GENERAL CORPORATION TAX
TAX YEAR 2001**

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

INDUSTRY	Number	% of Total	Liability	% of Total
FINANCE & INSURANCE	11,814	4.6 %	\$258,271	17.9 %
Credit Agencies	940	0.4	7,409	0.5
Funds & Trusts	2,827	1.1	4,950	0.3
Insurance	2,503	1.0	30,043	2.1
Securities & Commodities	5,445	2.1	201,363	14.0
Other Finance	99	0.0	14,506	1.0
REAL ESTATE	44,022	17.1	201,821	14.0
MANUFACTURING	11,742	4.6	128,123	8.9
Textiles, Apparel & Leather	3,789	1.5	23,288	1.6
Food & Beverage	981	0.4	21,589	1.5
Printing	1,437	0.6	6,113	0.4
Wood/Paper	375	0.1	1,979	0.1
Other Manufacturing	5,160	2.0	75,154	5.2
PROF / TECH / MANAGERIAL	33,670	13.1	202,822	14.1
Holding Companies	1,394	0.5	13,780	1.0
Managerial	722	0.3	21,622	1.5
Legal	2,905	1.1	20,031	1.4
Professional/Technical	28,649	11.1	147,389	10.2
OTHER SERVICES	54,105	21.0	186,373	12.9
Accommodations and Food	10,474	4.1	25,131	1.7
Administration/Support	5,743	2.2	36,150	2.5
Arts & Entertainment	6,853	2.7	28,673	2.0
Education	1,220	0.5	4,221	0.3
Health Care	9,880	3.8	56,078	3.9
Personal Services	10,710	4.2	17,807	1.2
Public Administration	19	0.0	52	0.0
Religious	227	0.1	281	0.0
Rental & Leasing	1,399	0.5	5,980	0.4
Repair/Maintenance	4,574	1.8	5,507	0.4
Social Services	364	0.1	485	0.0
Waste Management	292	0.1	1,202	0.1
Miscellaneous Other Services	2,350	0.9	4,806	0.3
INFORMATION	7,863	3.1	117,017	8.1
Broadcasting/Telecomm	1,511	0.6	32,644	2.3
Information Services/Data	1,526	0.6	29,898	2.1
Movies/Video/Sound	2,962	1.2	18,774	1.3
Publishing	1,859	0.7	35,678	2.5
Other Information	5	0.0	23	0.0
TRADE	54,074	21.0	224,409	15.6
Durable Wholesale	12,217	4.8	57,065	4.0
Non-Durable Wholesale	12,468	4.8	74,930	5.2
Retail	29,327	11.4	91,995	6.4
Other Trade	62	0.0	419	0.0
OTHER	39,884	15.5	123,081	8.5
Construction	16,250	6.3	78,700	5.5
Transportation	10,570	4.1	27,880	1.9
Utilities	130	0.1	4,105	0.3
Not Available	12,934	5.0	12,396	0.9
TOTAL	257,174	100.0 %	\$1,441,917	100.0 %

**GENERAL CORPORATION TAX
TAX YEAR 2001**

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

LIABILITY PER TAXPAYER (Actual \$)	Number	% of Total	Total Liability	% of Total
\$300.00 OR LESS	149,618	58.2 %	\$44,790	3.1 %
\$300.01-\$1,000	34,566	13.4	20,344	1.4
\$1,000.01-\$5,000	43,621	17.0	105,489	7.3
\$5,000.01-\$10,000	12,857	5.0	90,523	6.3
\$10,000.01-\$50,000	13,040	5.1	269,180	18.7
\$50,000.01-\$500,000	3,188	1.2	412,213	28.6
\$500,000.01 - \$1,000,000	156	0.1	105,025	7.3
MORE THAN \$1,000,000	128	0.0	394,353	27.3
TOTAL	257,174	100.0 %	\$1,441,917	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	1,785	\$250,548	395	\$222,138
REAL ESTATE	4,576	166,069	380	99,119
MANUFACTURING	1,725	118,952	222	91,867
PROF/TECH/MANAGERIAL	4,267	173,979	378	108,285
OTHER SERVICES	5,084	146,911	300	69,831
INFORMATION	915	111,587	171	98,600
TRADE	4,778	185,272	444	111,089
OTHER	2,586	98,097	281	58,689
TOTAL	25,716	\$1,251,415	2,571	\$859,618

**GENERAL CORPORATION TAX
TAX YEAR 2001**

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

TAX BASE	Number	% of Total	Liability	% of Total
ENTIRE NET INCOME	64,286	25.0 %	\$1,120,968	77.7 %
INCOME PLUS COMPENSATION	25,556	9.9	181,535	12.6
CAPITAL	15,450	6.0	80,623	5.6
MINIMUM TAX	149,957	58.3	46,402	3.2
NOT AVAILABLE	1,925	0.7	12,389	0.9
TOTAL	257,174	100.0 %	\$1,441,917	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	2,514	\$216,260	1,083	\$24,724	996	\$13,525	7,157	\$2,380
REAL ESTATE	12,878	171,020	1,004	6,427	7,269	16,568	22,648	6,881
MANUFACTURING	3,066	111,774	1,526	9,064	928	4,763	6,132	2,050
PROF/TECH/MANAGERIAL	8,645	132,780	5,910	44,141	1518	17,802	17,374	5,630
OTHER SERVICES	12,388	116,982	7,486	52,116	1,032	6,257	32,862	10,069
INFORMATION	1,470	98,157	823	6,113	611	9,424	4,897	1,638
TRADE	14,490	180,208	4,931	23,483	2,170	8,277	32,052	9,683
OTHER	8,835	93,787	2,793	15,467	926	4,007	26,835	8,071
TOTAL	64,286	\$1,120,968	25,556	\$181,535	15,450	\$80,623	149,957	\$46,402

**GENERAL CORPORATION TAX
TAX YEAR 2001**

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

FORM TYPE	Number	% of Total	Liability	% of Total
SHORT FORM	132,882	51.7 %	\$259,532	18.0 %
LONG FORM	112,855	43.9	888,166	61.6
COMBINED FORM	1,570	0.6	279,447	19.4
NOT AVAILABLE / EXTENSION	9,867	3.8	14,772	1.0
TOTAL	257,174	100.0 %	\$1,441,917	100.0 %

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

LIABILITY PER TAXPAYER (Actual \$)	SHORT FORM		LONG FORM		COMBINED FORM		NOT AVAILABLE	
	Number	Liability	Number	Liability	Number	Liability	Number	Liability
\$300.00 OR LESS	83,997	\$25,199	57,630	\$17,195	46	\$12	7,945	\$2,383
\$300.01-\$1,000	18,442	10,710	14,861	8,834	228	163	1,035	636
\$1,000.01-\$5,000	20,692	49,152	21,896	53,825	406	1,014	627	1,498
\$5,000.01-\$10,000	5,147	35,981	7,426	52,507	161	1,141	123	894
\$10,000.01-\$50,000	4,083	77,934	8,509	180,912	342	8,093	106	2,241
\$50,000.01-\$500,000	513	55,089	2,353	298,978	295	54,383	27	3,763
\$500,000.01-\$1,000,000	*	*	120	79,350	26	17,976	*	*
MORE THAN \$1,000,000	*	*	60	196,564	66	196,665	*	*
TOTAL	132,882	\$259,532	112,855	\$888,166	1,570	\$279,447	9,867	\$14,772

* Numbers cannot be provided due to confidentiality restrictions.

**GENERAL CORPORATION TAX
TAX YEAR 2001**

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

ALLOCATION STATUS AND INDUSTRY	Number	% of Total	Liability	% of Total
MULTI-JURISDICTIONAL	30,061	11.7 %	\$776,497	53.9 %
Finance & Insurance	1,642	0.6	174,966	12.1
Real Estate	1,268	0.5	37,946	2.6
Manufacturing	3,646	1.4	105,327	7.3
Prof/Tech/Managerial	6,746	2.6	112,825	7.8
Other Services	4,340	1.7	64,663	4.5
Information	1,834	0.7	96,016	6.7
Trade	7,282	2.8	137,352	9.5
Other	3,303	1.3	47,402	3.3
100% N.Y.C.	217,015	84.4	644,165	44.7
Finance & Insurance	9,894	3.8	81,298	5.6
Real Estate	41,713	16.2	162,460	11.3
Manufacturing	7,695	3.0	20,641	1.4
Prof/Tech/Managerial	26,026	10.1	85,827	6.0
Other Services	47,995	18.7	119,801	8.3
Information	5,737	2.2	18,705	1.3
Trade	44,892	17.5	82,935	5.8
Other	33,063	12.9	72,498	5.0
NOT AVAILABLE	10,098	3.9	21,255	1.5
Finance & Insurance	278	0.1	2,006	0.1
Real Estate	1,041	0.4	1,414	0.1
Manufacturing	401	0.2	2,155	0.1
Prof/Tech/Managerial	898	0.3	4,171	0.3
Other Services	1,770	0.7	1,909	0.1
Information	292	0.1	2,296	0.2
Trade	1,900	0.7	4,122	0.3
Other	3,518	1.4	3,182	0.2
TOTAL	257,174	100.0 %	\$1,441,917	100.0 %

See Appendix A for definition of allocation status.

**GENERAL CORPORATION TAX
TAX YEAR 2001
STATE S CORPORATIONS**

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

S CORPORATION STATUS	Number	% of Total	Liability	% of Total
STATE S CORPORATION	114,099	44.4 %	\$642,267	44.5 %
STATE C CORPORATION	143,075	55.6	799,650	55.5
TOTAL	257,174	100.0 %	\$1,441,917	100.0 %

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

INDUSTRY	Number	% of Total	Liability	% of Total
FINANCE & INSURANCE	4,148	3.6 %	\$74,922	11.7 %
REAL ESTATE	20,411	17.9	104,098	16.2
MANUFACTURING	4,804	4.2	40,082	6.2
PROF/TECH/MANAGERIAL	16,715	14.6	91,921	14.3
OTHER SERVICES	26,174	22.9	105,706	16.5
INFORMATION	3,336	2.9	34,960	5.4
TRADE	22,493	19.7	118,664	18.5
OTHER	16,018	14.0	71,914	11.2
TOTAL	114,099	100.0 %	\$642,267	100.0 %

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

TAX BASE	Number	% of Total	Liability	% of Total
ENTIRE NET INCOME	42,183	37.0 %	\$499,985	77.8 %
INCOME PLUS COMPENSATION	13,761	12.1	120,708	18.8
CAPITAL	3,535	3.1	4,899	0.8
MINIMUM TAX	54,532	47.8	16,378	2.6
NOT AVAILABLE	88	0.1	297	0.0
TOTAL	114,099	100.0 %	\$642,267	100.0 %

**UNINCORPORATED BUSINESS TAX
PARTNERSHIP TABLES**

Table 27
**2001 UNINCORPORATED BUSINESS TAX
PARTNERSHIP TAXPAYERS BY INDUSTRY**

Total Taxpayers: 6,982

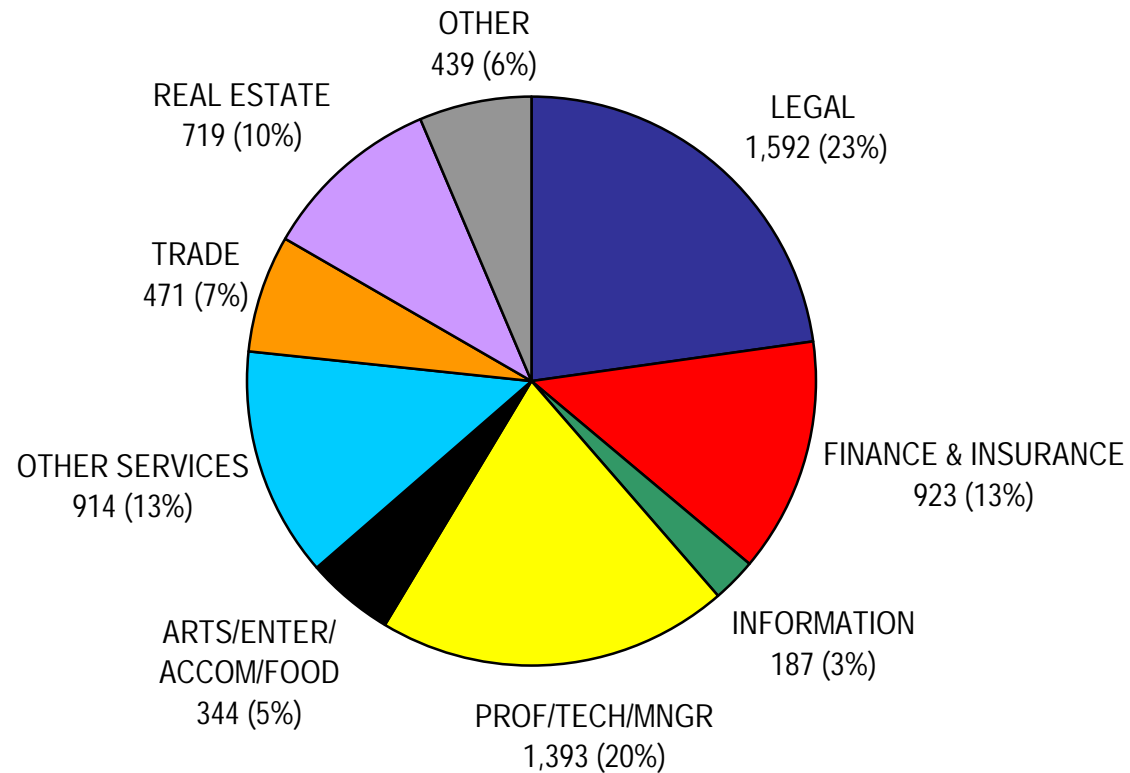
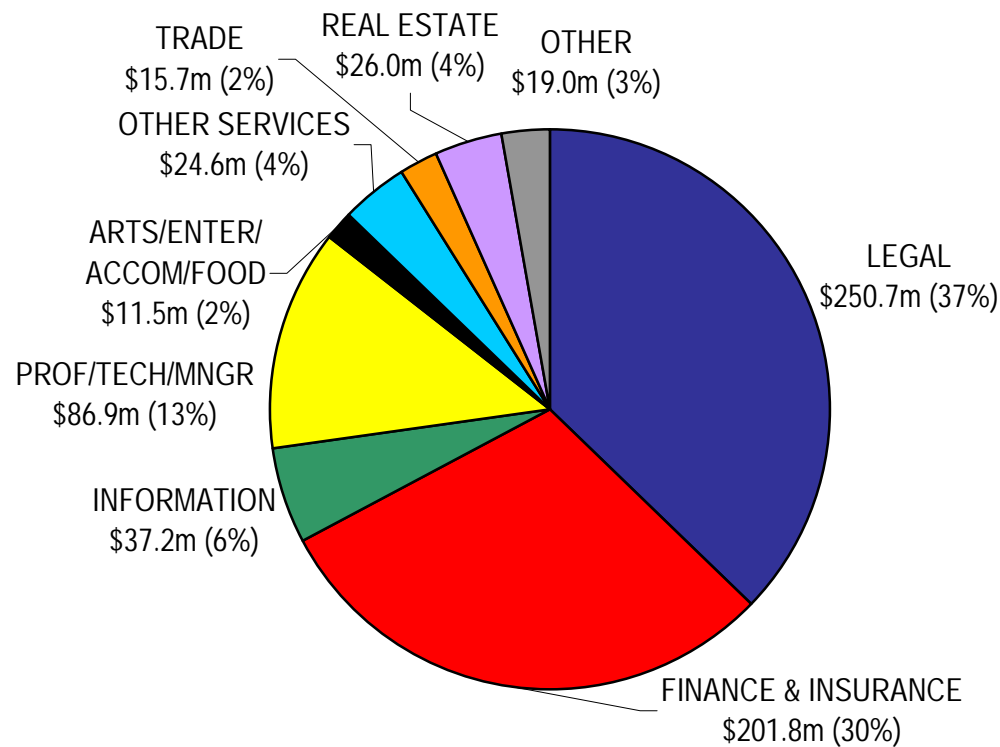


Table 28
**2001 UNINCORPORATED BUSINESS TAX
PARTNERSHIP LIABILITY BY INDUSTRY**

Total Liability: \$673.4m



**UNINCORPORATED BUSINESS TAX
PARTNERSHIP TAXPAYERS
TAX YEAR 2001**

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

INDUSTRY	Number	% of Total	Liability	% of Total
LEGAL	1,592	22.8 %	\$250,650	37.2 %
FINANCE & INSURANCE	923	13.2	201,833	30.0
Credit Agencies	29	0.4	2,463	0.4
Funds & Trusts	51	0.7	3,658	0.5
Insurance and Other Finance	45	0.6	3,511	0.5
Securities & Commodities	798	11.4	192,201	28.5
INFORMATION	187	2.7	37,245	5.5
Broadcasting/Telecomm	41	0.6	21,216	3.2
Information Services/Data	36	0.5	12,829	1.9
Movies/Video/Sound	64	0.9	1,856	0.3
Publishing	46	0.7	1,344	0.2
PROF / TECH / MANAGERIAL	1,393	20.0	86,869	12.9
Accounting	355	5.1	42,338	6.3
Holding Companies	46	0.7	1,415	0.2
Professional/Technical	966	13.8	40,826	6.1
Other Prof/Tech/Managerial	26	0.4	2,290	0.3
ARTS / ENTER / ACCOM / FOOD	344	4.9	11,537	1.7
Accommodations	50	0.7	4,766	0.7
Amusement	28	0.4	704	0.1
Food Services	144	2.1	3,197	0.5
Other Arts/Enter/Accom/Food	122	1.7	2,870	0.4
OTHER SERVICES	914	13.1	24,587	3.7
Administration/Support	125	1.8	4,375	0.6
Education	23	0.3	171	0.0
Health Care	550	7.9	15,334	2.3
Personal Service	122	1.7	2,540	0.4
Rental & Leasing	40	0.6	1,034	0.2
Repair/Maintenance	30	0.4	690	0.1
Miscellaneous Other Services	24	0.3	443	0.1
TRADE	471	6.7	15,692	2.3
Durable Wholesale	109	1.6	6,275	0.9
Non-Durable Wholesale	128	1.8	4,563	0.7
Retail	214	3.1	4,556	0.7
Other Trade	20	0.3	298	0.0
REAL ESTATE	719	10.3	25,957	3.9
OTHER	439	6.3	18,996	2.8
Construction	144	2.1	6,869	1.0
Manufacturing	125	1.8	3,468	0.5
Transportation & Utilities	36	0.5	6,789	1.0
Miscellaneous Other	38	0.5	878	0.1
Not Available	96	1.4	992	0.1
TOTAL	6,982	100.0 %	673,366	100.0 %

**UNINCORPORATED BUSINESS TAX
PARTNERSHIP TAXPAYERS
TAX YEAR 2001**

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

LIABILITY RANGE	Number	% of Total	Total Liability	% of Total
\$300 OR LESS	370	5.3 %	\$41	0.0 %
\$300.01 - \$1,000	345	4.9	207	0.0
\$1,000.01 - \$5,000	1,401	20.1	4,520	0.7
\$5,000.01 - \$10,000	1,309	18.7	9,371	1.4
\$10,000.01 - \$50,000	2,297	32.9	52,275	7.8
\$50,000.01 - \$500,000	1,059	15.2	153,321	22.8
\$500,000.01 - \$1,000,000	84	1.2	59,247	8.8
MORE THAN \$1,000,000	117	1.7	394,384	58.6
TOTAL	6,982	100.0 %	\$673,366	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	226	\$220,195	33	\$136,356
FINANCE & INSURANCE	204	184,960	21	115,745
INFORMATION	25	34,339	*	*
PROF / TECH / MANAGERIAL	96	66,193	*	*
ARTS / ENTER / ACCOM / FOOD	17	6,367	*	*
OTHER SERVICES	38	10,763	*	*
TRADE	20	9,801	*	*
REAL ESTATE	44	19,214	*	*
OTHER	28	14,013	*	*
TOTAL	698	\$565,845	69	\$335,260

* Numbers cannot be provided due to confidentiality restrictions.

**UNINCORPORATED BUSINESS TAX
PARTNERSHIP TAXPAYERS
TAX YEAR 2001**

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

ALLOCATION METHOD	Number	% of Total	Liability	% of Total
NOT AVAILABLE	64	0.9 %	\$1,124	0.2 %
FORMULA	1,053	15.1	241,322	35.8
100% N.Y.C.	5,584	80.0	205,224	30.5
SEPARATE BOOKS	281	4.0	225,696	33.5
TOTAL	6,982	100.0 %	\$673,366	100.0 %

See Appendix A for definition of allocation status.

**UNINCORPORATED BUSINESS TAX
PARTNERSHIP TAXPAYERS
TAX YEAR 2001**

STATE LIMITED LIABILITY COMPANIES

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

LLC STATUS	Number	% of Total	Liability	% of Total
STATE LLC COMPANY	1,871	26.8 %	\$274,654	40.8 %
STATE NON-LLC COMPANY	5,111	73.2	398,712	59.2
TOTAL	6,982	100.0 %	\$673,366	100.0 %

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

INDUSTRY	Number	% of Total	Liability	% of Total
LEGAL	530	28.3 %	\$128,510	46.8 %
FINANCE & INSURANCE	301	16.1	61,330	22.3
INFORMATION	45	2.4	13,487	4.9
PROF / TECH / MANAGERIAL	446	23.8	54,453	19.8
ARTS / ENTER / ACCOM / FOOD	62	3.3	1,559	0.6
OTHER SERVICES	196	10.5	6,717	2.4
TRADE	103	5.5	3,052	1.1
REAL ESTATE	108	5.8	3,460	1.3
OTHER	80	4.3	2,086	0.8
TOTAL	1,871	100.0 %	\$274,654	100.0 %

**UNINCORPORATED BUSINESS TAX
PROPRIETORSHIP TABLES**

Table 35
**2001 UNINCORPORATED BUSINESS TAX
PROPRIETORSHIP TAXPAYERS BY INDUSTRY**

Total Taxpayers: 19,991

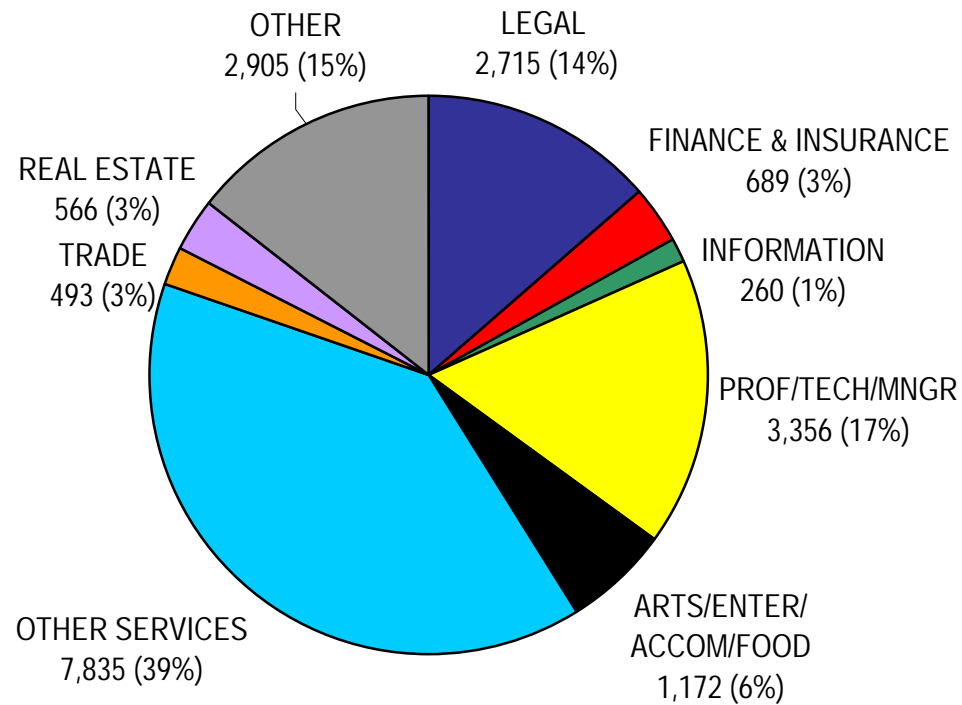
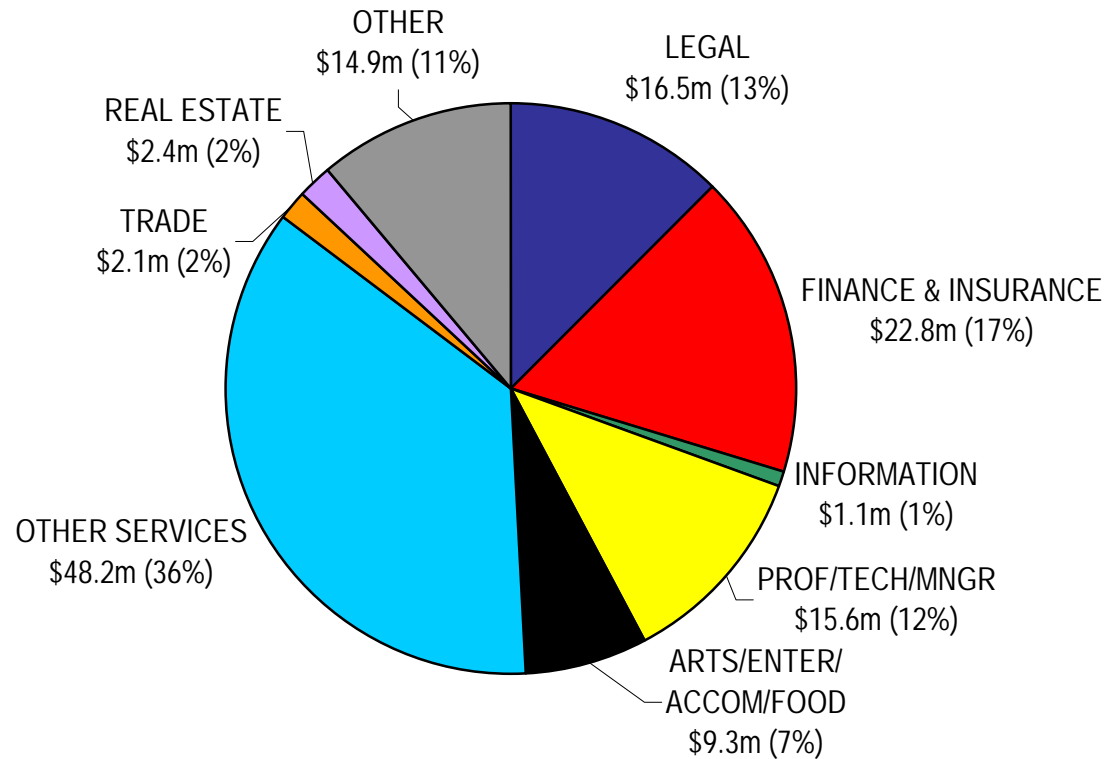


Table 36
**2001 UNINCORPORATED BUSINESS TAX
PROPRIETORSHIP LIABILITY BY INDUSTRY**

Total Liability: \$132.9m



**UNINCORPORATED BUSINESS TAX
PROPRIETORSHIP TAXPAYERS
TAX YEAR 2001**

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

INDUSTRY	Number	% of Total	Liability	% of Total
LEGAL	2,715	13.6 %	\$16,544	12.5 %
FINANCE & INSURANCE	689	3.4	22,833	17.2
Credit Agencies	20	0.1	139	0.1
Insurance	233	1.2	1,346	1.0
Securities & Commodities	398	2.0	21,124	15.9
Other Finance	38	0.2	224	0.2
INFORMATION	260	1.3	1,064	0.8
Broadcasting/Telecomm	36	0.2	119	0.1
Information Services/Data	65	0.3	221	0.2
Movies/Video/Sound	86	0.4	388	0.3
Publishing & Other Information	73	0.4	336	0.3
PROF / TECH / MANAGERIAL	3,356	16.8	15,583	11.7
Accounting	457	2.3	1,658	1.2
Managerial	10	0.1	47	0.0
Professional/Technical	2,889	14.5	13,878	10.4
ARTS / ENTER / ACCOM / FOOD	1,172	5.9	9,294	7.0
Accommodations	10	0.1	102	0.1
Amusement	40	0.2	465	0.3
Food Services	29	0.1	99	0.1
Performing Arts	1,076	5.4	8,539	6.4
Other Arts/Enter/Accom/Food	17	0.1	89	0.1
OTHER SERVICES	7,835	39.2	48,161	36.2
Administration/Support	191	1.0	962	0.7
Education	118	0.6	453	0.3
Health Care	6,664	33.3	42,856	32.3
Personal Service	403	2.0	1,563	1.2
Public Administration	46	0.2	308	0.2
Rental & Leasing	11	0.1	124	0.1
Repair/Maintenance	50	0.3	115	0.1
Social Services	80	0.4	207	0.2
Religious	12	0.1	49	0.0
Miscellaneous Other Services	260	1.3	1,524	1.1
TRADE	493	2.5	2,101	1.6
Durable Wholesale	144	0.7	545	0.4
Non-Durable Wholesale	101	0.5	381	0.3
Retail	248	1.2	1,175	0.9
REAL ESTATE	566	2.8	2,432	1.8
OTHER	2,905	14.5	14,865	11.2
Construction	172	0.9	584	0.4
Manufacturing	82	0.4	520	0.4
Transportation & Utilities	135	0.7	897	0.7
Miscellaneous Other	339	1.7	1,444	1.1
Not Available	2,177	10.9	11,420	8.6
TOTAL	19,991	100.0 %	\$132,877	100.0 %

**UNINCORPORATED BUSINESS TAX
PROPRIETORSHIP TAXPAYERS
TAX YEAR 2001**

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

LIABILITY RANGE	Number	% of Total	Total Liability	% of Total
\$300 OR LESS	1,694	8.5 %	\$247	0.2 %
\$300.01 - \$1,000	2,644	13.2	1,663	1.3
\$1,000.01 - \$5,000	8,530	42.7	25,826	19.4
\$5,000.01 - \$10,000	4,544	22.7	31,577	23.8
\$10,000.01 - \$50,000	2,436	12.2	41,756	31.4
MORE THAN \$50,000	143	0.7	31,808	23.9
TOTAL	19,991	100.0 %	\$132,877	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	290	\$6,773	29	\$1,993
FINANCE & INSURANCE	127	20,547	20	18,433
INFORMATION	13	306	*	*
PROF / TECH / MANAGERIAL	214	5,329	22	1,862
ARTS / ENTER / ACCOM / FOOD	135	5,847	24	3,628
OTHER SERVICES	943	20,445	62	4,622
TRADE	30	787	*	*
REAL ESTATE	36	764	*	*
OTHER	211	6,520	34	3,204
TOTAL	1,999	\$67,317	199	\$34,303

* Numbers cannot be provided due to confidentiality restrictions.

**UNINCORPORATED BUSINESS TAX
PROPRIETORSHIP TAXPAYERS
TAX YEAR 2001**

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

ALLOCATION METHOD	Number	% of Total	Liability	% of Total
NOT AVAILABLE	275	1.4 %	\$1,339	1.0 %
FORMULA	1,231	6.2	7,341	5.5
100% N.Y.C.	18,368	91.9	104,070	78.3
SEPARATE BOOKS	117	0.6	20,127	15.1
TOTAL	19,991	100.0 %	\$132,877	100.0 %

See Appendix A for definition of allocation status.

APPENDIX A

DESCRIPTION OF THE NEW YORK CITY BANKING CORPORATION TAX FOR TAX YEAR 2001

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;
- For alien banks only, issued capital stock allocated to the City and taxed at 0.26 percent;
- 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, 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 22 1/2 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).

“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 have issued 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. 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 (IBF’s)

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.

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 relocated employment opportunities 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 because of inter-corporate transactions or some other agreement, understanding, arrangement, or transaction that produces an improper or inaccurate reflection of its income or assets. 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.

Filing Period

The 2001 tax year includes all reported activity and income over a twelve-month period that began sometime between January 1, 2001 and December 31, 2001. In 2001, 73 percent of all BCT filers reported on a calendar-year basis. Among the remaining firms, the reporting period was either the fiscal year or a partial year. The tax period used under the BCT must conform to the federal tax year.

APPENDIX B

DESCRIPTION OF THE NEW YORK CITY GENERAL CORPORATION TAX FOR TAX YEAR 2001

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 30 percent and taxed at 8.85 percent (the "income-plus-compensation" base);
- Business and investment capital allocated to the City and taxed at 0.15 percent up to a maximum of \$350,000; or
- A fixed minimum tax of \$300.

In addition, there is a tax of .075 percent on subsidiary capital allocated to the City, as well as a \$300 minimum tax for each taxable subsidiary filing as part of a combined group.

"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.

The income-plus-compensation base includes the total salaries and other compensation paid to every stockholder owing 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 General Corporation Tax or Banking Corporation Tax 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 portions 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 and receipts). Manufacturers have the option of double-weighting their receipts factor. 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

In order 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, and for relocated employment opportunities to targeted areas within the City.

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.

Filing Period

The 2001 tax year includes all reported activity and income over a twelve-month period that began sometime between January 1, 2001 and December 31, 2001. In 2001, 69 percent of all GCT filers reported on a calendar-year basis. Among the remaining firms, the reporting period was either the fiscal year or a partial year. The tax period used under the GCT must conform to the federal tax year.

APPENDIX C

DESCRIPTION OF THE NEW YORK CITY UNINCORPORATED BUSINESS TAX FOR TAX YEAR 2001

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.

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.¹ The “self-trading exemption” was expanded effective for tax years beginning on or after January 1, 1996, in order to better reflect the types of investment vehicles utilized in today’s markets. The exemption now covers a wider array of financial instruments, such as notional principal contracts and other types of derivative financial instruments. Investment partnerships and proprietorships may engage in limited business activity and still retain the 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.

Allocation

An unincorporated business is taxed on the City-allocated portion of its business income. UBT taxpayers may allocate net income to the City based upon books and records if such records fairly and equitably reflect income from the City. If New York City income cannot be determined from the taxpayer's books and records, total net income must be apportioned in

¹ An individual or entity will not be disqualified from this exemption if it receives \$25,000 or less from other activities.

accordance with the traditional three-factor formula based on property, payroll, and receipts. Manufacturers have the option of double-weighting their receipts factor. Investment income is allocated to the City according to the extent of activity within the City of the issuer of the investment.²

Exemptions and Credits

Through a combination of exemptions and credits, no tax is levied on proprietorships with allocated net income of less than \$55,000 and on partnerships with allocated net income of less than the sum of \$50,000 plus \$5,000 times the number of active partners. A proprietorship is allowed one exemption of \$5,000 and another exemption of up to \$5,000 as an allowance for proprietor services. A partnership is allowed one \$5,000 exemption and another exemption of up to \$5,000 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 ranging from \$1,800 to \$3,200 receive a partial credit.

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.³

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 relocated employment opportunities to targeted areas within the City.

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. This credit is effective beginning in tax year 1997.

Filing Period

The 2001 tax year includes all reported activity and income over a twelve-month period that began sometime between January 1, 2001 and December 31, 2001. In 2001, 97 percent of all UBT filers reported on a calendar-year basis. The tax period used under the UBT must conform to the federal tax year.

² Prior to tax year 1996, investment income was allocated under the same rules as business income for the UBT.

³ Prior to tax year 1997, the mechanism for providing this relief from double taxation was an exemption at the distributing partnership level.

APPENDIX D

METHODOLOGY

The General Corporation Tax (GCT), Unincorporated Business Tax (UBT), and Banking Corporation Tax (BCT) 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 2001, 98 percent of all BCT taxpayers had filed annual returns, 96 percent of GCT taxpayers had filed annual returns, and 99 percent of UBT taxpayers had filed annual returns. For both BCT and UBT, annual returns accounted for almost 100 percent of 2001 liability. For GCT, annual returns accounted for 99 percent of liability. Due to rounding, some rows or columns in the preceding tables may not sum to the totals shown.

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 extensions, annual returns, adjustments to liability, 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 taxpayers refers to the number of annual returns received, or if no annual return was filed, the number of applications for an extension received. In rare instances, a taxpayer will file more than one return for a tax year, with each return covering a portion of the year. The number reported reflects the number of returns filed, 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. This system for classifying taxpayers by sector was implemented by the Federal government beginning in tax year 1998. 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, 99 percent of corporate liability, 100 percent of partnership liability and 91 percent of proprietorship liability were ultimately identified by industry sector.

The 2001 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 one-third of all UBT liability, is treated as a distinct sector. The Arts/Entertainment/Accommodation/Food sector is also isolated for the same reason.

In order to facilitate comparison of the 2001 industry data with data for years prior to 1998, the industry definitions contained in Appendix E highlight differences between the current and previous classifications.

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 three types of annual returns. The most commonly used is the NYC-3L return, or the "long form." Firms that allocate income outside the City, own investment or subsidiary capital, or use certain deductions or special credits, must use the long form. The "short form," the NYC-4S, is the simplest to complete. Only 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 use certain deductions or special credits, may use the short 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 also use one of three types of annual returns. The NYC-204 is used by partnerships, including syndicates, groups, pools, or other unincorporated organizations.⁴ The NYC-202 is used by individuals, estates, and trusts. The NYC-202 EZ form 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 \$55,000.

Allocation Status

Taxpayers were classified as multi-jurisdictional if their business allocation percentage (BAP) was less than 100. For BCT, the percentage used is the combined entire net income allocation percentage; if this is not available, the issuer's allocation percentage was used. For GCT combined payers, the stock allocation percentage was used as a proxy, since the BAP was not available. For UBT partnership payers, the latest available data was from 1995. The 1995

⁴ Limited liability companies doing business in New York City are generally taxed as partnerships under the UBT.

data was adjusted to reflect the 2001 population. The UBT proprietorship distribution was produced from 2001 sample data.

New York State S Corporation Status (GCT only)

Data from the New York State Department of Taxation and Finance was used to identify New York City corporations who made the S corporation election at the State level. Computer files from New York State were matched with the GCT population by employer identification number to determine which firms had elected S status at the State level.

New York State LLC Status (UBT only)

Data from the New York State Department of Taxation and Finance was used to identify New York City partnerships that identified themselves as limited liability companies (LLCs). Computer files from New York State were matched with the UBT partnership population by employer identification number to determine which firms were LLCs.

APPENDIX E

GLOSSARY OF SECTORS

BANKING CORPORATION BANK TYPES

- 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.
- CLEARING HOUSE BANKS - large commercial banks that are members of the New York Clearing House Association.
- THRIFT BANKS - both savings and loans associations and savings banks.
- COMMERCIAL BANKS - U.S. incorporated banks that specialize in accepting corporate demand and time deposits and make commercial loans to businesses.
- 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 which 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 or lending 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. Holding companies were classified under FIRE in reports prior to 1998. The remainder of this sector was formerly in SERVICES.
- **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. Food services and drinking places were classified under TRADE in reports prior to 1998, while the remainder of this sector was formerly in SERVICES.
- **INFORMATION** - publishing, motion picture, broadcasting, telecommunications, information services, and data processing. Publishing was listed under MANUFACTURING in previous reports. Motion pictures, information services, and data processing were previously included in SERVICES in reports prior to 1998, and broadcasting and telecommunications were formerly classified under OTHER.
- **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 or lending 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. Publishing, broadcasting, and telecommunications were listed under OTHER in reports prior to 1998. Motion pictures was previously classified under PERSONAL AND BUSINESS SERVICES. Information services and data processing was listed under PROFESSIONAL SERVICES in previous reports.

- PROFESSIONAL/TECHNICAL/MANAGERIAL SERVICES - accounting, consulting, architectural, engineering, advertising, veterinary services, and holding companies. Holding companies were classified under FIRE in reports prior to 1998. The remainder of this sector was listed under PROFESSIONAL SERVICES in previous reports.

- ARTS/ENTERTAINMENT/ACCOMMODATIONS/ FOOD SERVICES - performing arts, amusements and recreation, museums, accommodations, and food services and drinking places. Food services and drinking places were classified under TRADE in reports prior to 1998. The remainder of this sector was listed under PERSONAL AND BUSINESS SERVICES in previous reports.

- OTHER SERVICES - administrative and support services, education, social assistance, personal services, repair services, non-realty rental and leasing services, and medical care. Medical care was listed under PROFESSIONAL SERVICES in previous reports, while the remainder of this sector was reported under PERSONAL AND BUSINESS SERVICES for reports prior to 1998.

- 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.