
**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 2007

MICHAEL R. BLOOMBERG, MAYOR

DAVID M. FRANKEL, COMMISSIONER

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**REPORT PREPARED BY THE
OFFICE OF TAX POLICY
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Highlights

This report presents statistical information for tax year 2007 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 \$5.374 billion in tax year 2007 liability, an increase of 3 percent from tax year 2006. The number of taxpayers increased slightly from 2006, to 310,619. The data show the following characteristics in 2007:

- The financial sector accounted for 39 percent of all tax liability, followed by the services sector, which generated 28 percent.
- Slightly more than half of NYC business income taxpayers reported liability of \$300 or less. Eighty-four percent of total liability was attributable to just 3 percent of taxpayers.

Banking Corporation Tax

In 2007, the Banking Corporation Tax generated \$774 million from 487 taxpayers, a decrease in tax liability of 18 percent from tax year 2006. The data show the following characteristics of the BCT population in 2007:

- Foreign banks and clearing house banks generated 67 percent and 14 percent, respectively, of total BCT liability.
- The top 10 percent of taxpayers in terms of liability generated \$656 million, or 85 percent of total liability.
- Seventy-eight percent of BCT liability was incurred under the entire net income base, and 53 percent of taxpayers paid on this base.

General Corporation Tax

The General Corporation Tax generated \$2.844 billion in tax year 2007 liability, an increase of 2 percent from tax year 2006. The number of taxpayers increased 1 percent from 2006, to 275,943. The data show the following characteristics of the GCT population in 2007:

- Firms in the services sector incurred 23 percent of total liability, followed by finance and insurance firms, which generated 22 percent. Firms in the real estate, trade, and information sectors generated 19 percent, 15 percent, and 10 percent of total liability, respectively.
- The top 10 percent of taxpayers in terms of liability generated \$2.620 billion, or 92 percent of total liability. The top 1 percent of taxpayers accounted for \$2.037 billion, or 72 percent of total liability.

- Fifty-nine 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-nine percent of total GCT liability was incurred under the entire net income base.
- Approximately 133,000 GCT taxpayers were recognized as S corporations for New York State tax purposes. S corporations accounted for \$1.078 billion of GCT liability in 2007.

Unincorporated Business Tax

The Unincorporated Business Tax produced \$1.756 billion in 2007 tax liability, a 19 percent increase from the previous year. Partnerships generated \$1.583 billion, an increase of 21 percent from 2006. Proprietorships generated \$173 million in liability, an increase of 3 percent from 2006. There were 11,402 partnership taxpayers and 22,787 proprietorship taxpayers, an increase of 4 percent for partnerships and a decrease of 4 percent for proprietorships compared to 2006.

Other characteristics of the UBT population are as follows:

- Among UBT partnerships, legal, finance & insurance, and professional services firms generated \$1.289 billion in tax liability, or 81 percent of total partnership liability. Among proprietorships, services-sector firms accounted for 63 percent of total liability, while legal-sector firms generated 12 percent.
- The top 10 percent of partnership taxpayers, or 1,140 firms, accounted for 85 percent of total partnership liability, and the top 1 percent accounted for 47 percent. The proprietorship liability distribution was far less skewed, with the top 10 percent generating 50 percent of proprietorship liability, while the top 1 percent generated 21 percent of liability.
- Under the UBT, limited liability companies (LLCs) are generally treated as partnerships for tax purposes. In 2007, firms identified as LLCs or as limited liability partnerships (LLPs) accounted for 76 percent of UBT partnership liability and 83 percent of partnership taxpayers.

BUSINESS INCOME TAXES

Table 1
**2007 BUSINESS INCOME TAXES
TAXPAYERS BY INDUSTRY**

Total Taxpayers: 310,619

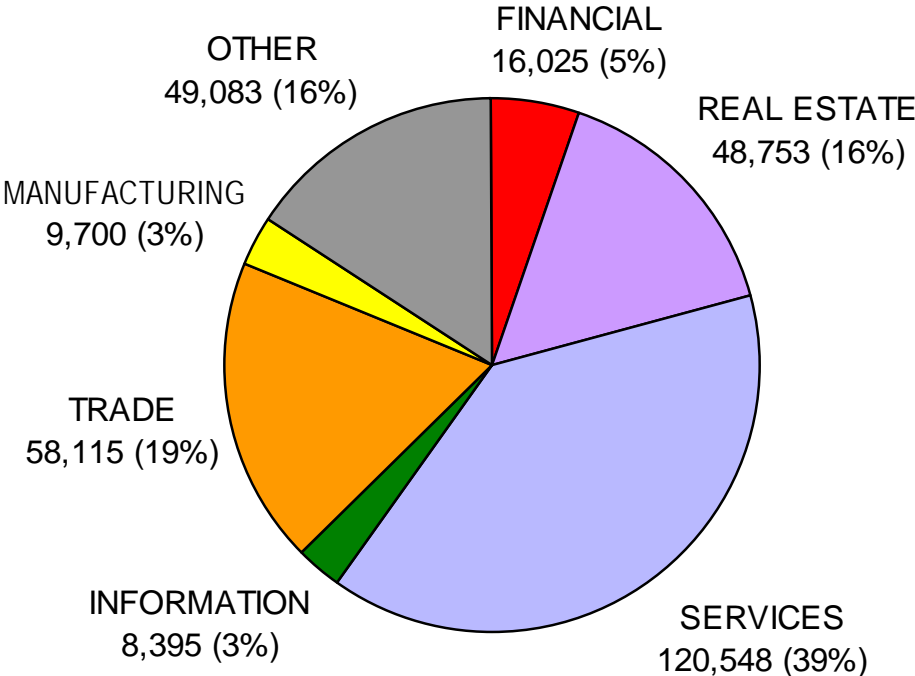
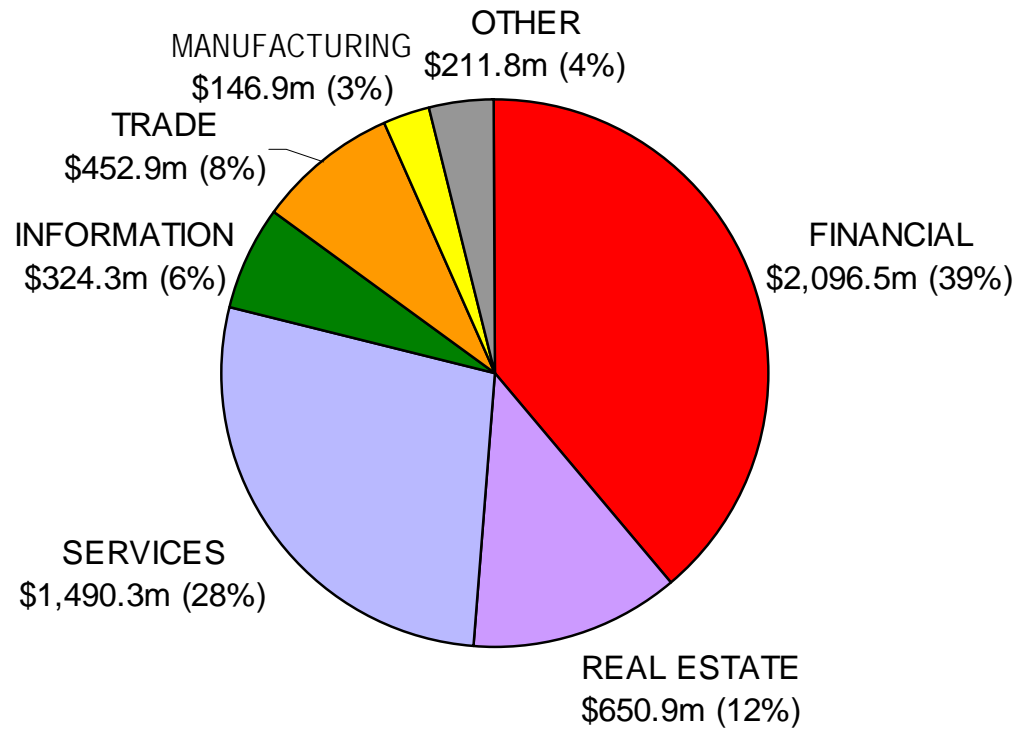


Table 2
**2007 BUSINESS INCOME TAXES
LIABILITY BY INDUSTRY**

Total Liability: \$5,373.6m



**BUSINESS INCOME TAXES
TAX YEAR 2007**

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

INDUSTRY	Number	% of Total	Liability	% of Total
FINANCIAL	16,025	5.2 %	\$2,096,488	39.0 %
REAL ESTATE	48,753	15.7	650,859	12.1
SERVICES	120,548	38.8	1,490,307	27.7
INFORMATION	8,395	2.7	324,312	6.0
TRADE	58,115	18.7	452,875	8.4
MANUFACTURING	9,700	3.1	146,927	2.7
OTHER	49,083	15.8	211,789	3.9
TOTAL	310,619	100.0 %	\$5,373,557	100.0 %

**BUSINESS INCOME TAXES
TAX YEAR 2007**

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

LIABILITY PER RETURN (Actual \$)	Number	% of Total	Total Liability	% of Total
\$300 OR LESS	166,174	53.5 %	\$49,415	0.9 %
\$300 - \$1,000	35,136	11.3	20,982	0.4
\$1,000 - \$5,000	56,341	18.1	145,681	2.7
\$5,000 - \$10,000	21,532	6.9	151,887	2.8
\$10,000 - \$50,000	22,810	7.3	482,202	9.0
\$50,000 - \$500,000	7,315	2.4	1,047,580	19.5
\$500,000 - \$1,000,000	596	0.2	420,360	7.8
MORE THAN \$1,000,000	715	0.2	3,055,449	56.9
TOTAL	310,619	100.0 %	\$5,373,557	100.0 %

BANKING CORPORATION TAX

Table 5
**2007 BANK TAX
TAXPAYERS BY BANK TYPE**

Total Taxpayers: 487

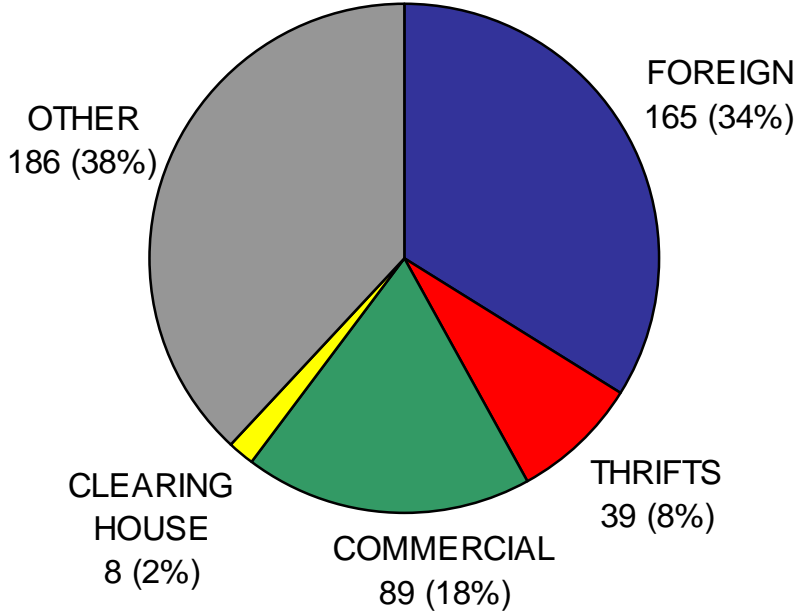
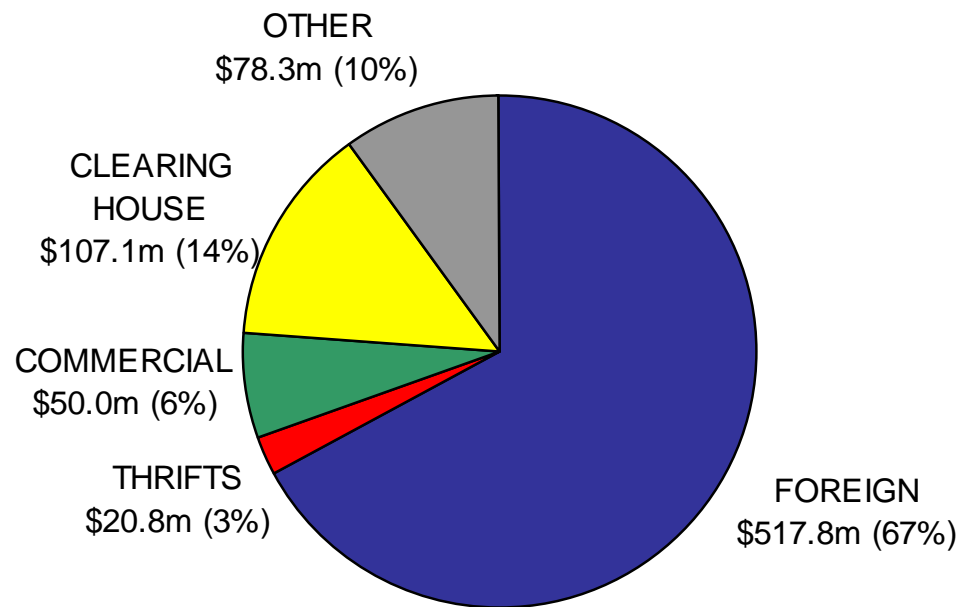


Table 6
**2007 BANK TAX
LIABILITY BY BANK TYPE**

Total Liability: \$774.0m



**BANK TAX
TAX YEAR 2007**

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

BANK TYPE	Number	% of Total	Liability	% of Total
COMMERCIAL	89	18.3 %	\$50,018	6.5 %
CLEARING HOUSE	8	1.6	107,122	13.8
FOREIGN	165	33.9	517,788	66.9
THRIFTS	39	8.0	20,752	2.7
OTHER	186	38.2	78,332	10.1
TOTAL	487	100.0 %	\$774,011	100.0 %

**BANK TAX
TAX YEAR 2007**

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

LIABILITY PER RETURN (Actual \$)	Number	% of Total	Total Liability	% of Total
\$125 OR LESS	62	12.7 %	\$8	0.0 %
\$125 - \$1,000	26	5.3	15	0.0
\$1,000 - \$5,000	36	7.4	108	0.0
\$5,000 - \$10,000	22	4.5	154	0.0
\$10,000 - \$50,000	60	12.3	1,569	0.2
\$50,000 - \$500,000	154	31.6	34,304	4.4
\$500,000 - \$1,000,000	47	9.7	34,543	4.5
MORE THAN \$1,000,000	80	16.4	703,312	90.9
TOTAL	487	100.0 %	\$774,011	100.0 %

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

BANK TYPE	Number	Liability
COMMERCIAL / CLEARING HOUSE	10	\$124,724
FOREIGN	27	475,861
OTHER	11	55,645
TOTAL	48	\$656,229

**BANK TAX
TAX YEAR 2007**

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

TAX BASE	Number	% of Total	Liability	% of Total
ENTIRE NET INCOME	258	53.0 %	\$606,498	78.4 %
ALTERNATIVE NET INCOME	12	2.5	52,817	6.8
ASSET	78	16.0	69,035	8.9
CAPITAL STOCK	66	13.6	40,597	5.2
MINIMUM TAX	64	13.1	10	0.0
NOT AVAILABLE	9	1.8	5,054	0.7
TOTAL	487	100.0 %	\$774,011	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	57	\$46,905	76	\$476,523	125	\$83,069
ALTERNATIVE NET INCOME	*	*	*	*	*	*
ASSET OR CAPITAL STOCK	26	55,049	62	40,474	56	14,110
MINIMUM TAX	*	*	*	*	36	7
NOT AVAILABLE	*	*	*	*	*	*
TOTAL	97	\$157,140	165	\$517,788	225	\$99,084

*Number cannot be provided due to confidentiality restrictions.

**BANK TAX
TAX YEAR 2007**

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

FORM TYPE	Number	% of Total	Liability	% of Total
NYC-1	351	72.1 %	\$513,856	66.4 %
NYC-1A (COMBINED FORM)	127	26.1	255,102	33.0
NOT AVAILABLE / EXTENSION	9	1.8	5,054	0.7
TOTAL	487	100.0 %	\$774,011	100.0 %

**BANK TAX
TAX YEAR 2007**

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

ALLOCATION STATUS AND BANK TYPE	Number	% of Total	Liability	% of Total
MULTI-JURISDICTIONAL	314	64.5 %	\$743,076	96.0 %
Commercial / Clearing House	74	15.2	149,791	19.4
Foreign	113	23.2	508,993	65.8
Other	127	26.1	84,292	10.9
100% N.Y.C.	162	33.3	25,739	3.3
Commercial / Clearing House	17	3.5	2,959	0.4
Foreign	50	10.3	8,006	1.0
Other	95	19.5	14,774	1.9
NOT AVAILABLE	11	2.3	5,196	0.7
Commercial / Clearing House	*	*	*	*
Foreign	*	*	*	*
Other	*	*	*	*
TOTAL	487	100.0 %	\$774,011	100.0 %

See Appendix A for definition of allocation status.

* Numbers cannot be provided due to confidentiality restrictions.

GENERAL CORPORATION TAX

Table 14
**2007 GENERAL CORPORATION TAX
TAXPAYERS BY INDUSTRY**

Total Taxpayers: 275,943

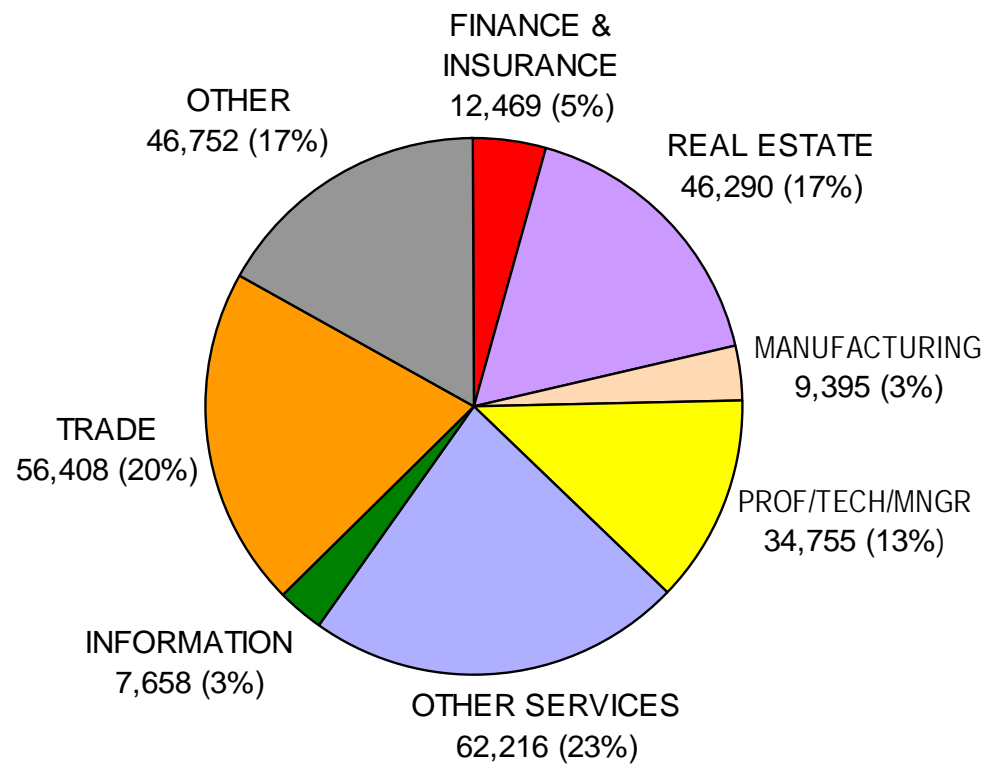
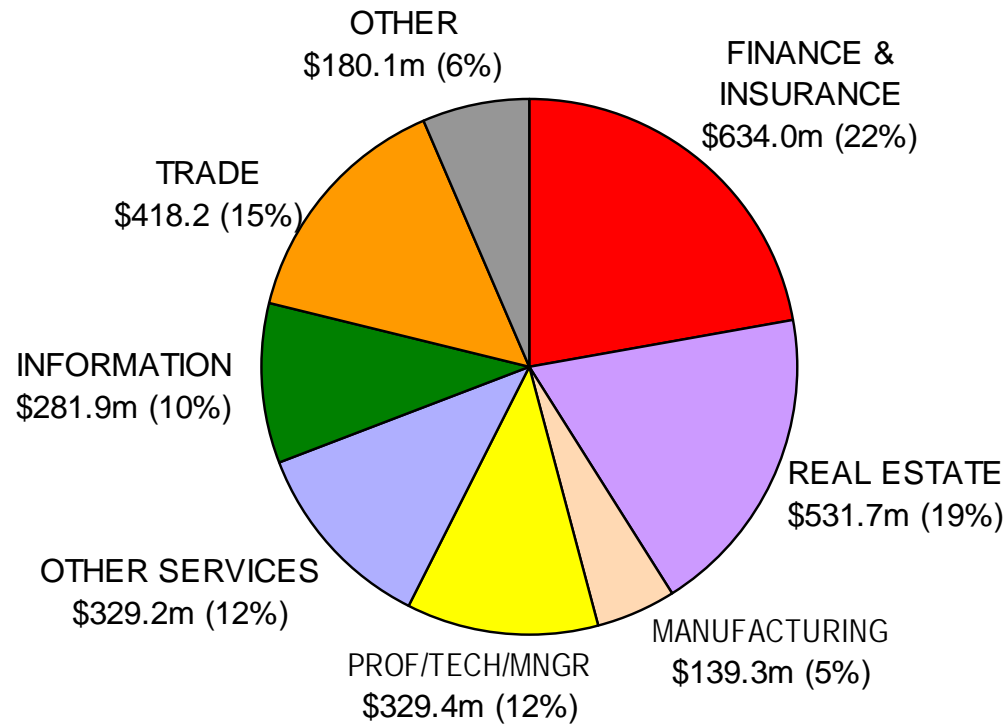


Table 15
**2007 GENERAL CORPORATION TAX
LIABILITY BY INDUSTRY**

Total Liability: \$2,843.8m



**GENERAL CORPORATION TAX
TAX YEAR 2007**

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

INDUSTRY	Number	% of Total	Liability	% of Total
FINANCE & INSURANCE	12,469	4.5 %	634,009	22.3 %
Credit Agencies	1,134	0.4	27,310	1.0
Funds & Trusts	3,080	1.1	9,174	0.3
Insurance	2,380	0.9	50,971	1.8
Securities & Commodities	5,869	2.1	546,546	19.2
Other Finance	6	0.0	8	0.0
REAL ESTATE	46,290	16.8	531,719	18.7
MANUFACTURING	9,395	3.4	139,257	4.9
Textiles, Apparel & Leather	2,419	0.9	24,768	0.9
Food & Beverage	962	0.3	16,613	0.6
Printing	1,096	0.4	6,690	0.2
Wood/Paper	356	0.1	2,630	0.1
Other Manufacturing	4,562	1.7	88,556	3.1
PROF / TECH / MANAGERIAL	34,755	12.6	329,367	11.6
Holding Companies	1,793	0.6	53,351	1.9
Managerial	61	0.0	1,690	0.1
Legal	3,505	1.3	22,726	0.8
Other Prof / Tech / Managerial	29,396	10.7	251,600	8.8
OTHER SERVICES	62,216	22.5	329,239	11.6
Accommodations and Food	12,029	4.4	58,004	2.0
Administration/Support	6,571	2.4	84,965	3.0
Arts & Entertainment	8,388	3.0	42,067	1.5
Education	1,459	0.5	8,843	0.3
Health Care	12,381	4.5	80,638	2.8
Personal Services	13,355	4.8	32,742	1.2
Religious	581	0.2	608	0.0
Rental & Leasing	1,512	0.5	10,163	0.4
Repair/Maintenance	4,587	1.7	6,599	0.2
Social Services	681	0.2	1,496	0.1
Waste Management	335	0.1	2,384	0.1
Miscellaneous Other Services	337	0.1	730	0.0
INFORMATION	7,658	2.8	281,904	9.9
Broadcasting/Telecomm	1,340	0.5	51,833	1.8
Information Services/Data	1,736	0.6	61,238	2.2
Movies/Video/Sound	2,788	1.0	78,889	2.8
Publishing	1,794	0.7	89,944	3.2
TRADE	56,408	20.4	418,160	14.7
Durable Wholesale	13,203	4.8	93,568	3.3
Non-Durable Wholesale	11,492	4.2	108,558	3.8
Retail	31,713	11.5	216,034	7.6
OTHER	46,752	16.9	180,102	6.3
Construction	19,751	7.2	126,801	4.5
Transportation	10,660	3.9	32,541	1.1
Utilities	95	0.0	11,212	0.4
Not Available	15,923	5.8	9,091	0.3
Miscellaneous Other	323	0.1	457	0.0
TOTAL	275,943	100.0 %	\$2,843,756	100.0 %

**GENERAL CORPORATION TAX
TAX YEAR 2007**

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

LIABILITY PER RETURN (Actual \$)	Number	% of Total	Total Liability	% of Total
\$300 OR LESS	163,963	59.4 %	\$49,010	1.7 %
\$300 - \$1,000	31,912	11.6	18,969	0.7
\$1,000 - \$5,000	44,844	16.3	110,319	3.9
\$5,000 - \$10,000	14,185	5.1	100,276	3.5
\$10,000 - \$50,000	15,600	5.7	331,016	11.6
\$50,000 - \$500,000	4,758	1.7	657,133	23.1
\$500,000 - \$1,000,000	327	0.1	228,909	8.0
MORE THAN \$1,000,000	354	0.1	1,348,125	47.4
TOTAL	275,943	100.0 %	\$2,843,756	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	2,012	\$625,462	483	\$580,235
REAL ESTATE	5,347	490,029	524	383,137
MANUFACTURING	1,432	131,161	180	98,204
PROF/TECH/MANAGERIAL	4,493	297,012	351	202,100
OTHER SERVICES	5,685	277,738	330	161,631
INFORMATION	902	275,865	153	256,541
TRADE	4,970	374,505	470	267,754
OTHER	2,753	148,407	268	87,893
TOTAL	27,594	\$2,620,179	2,759	\$2,037,496

**GENERAL CORPORATION TAX
TAX YEAR 2007**

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

TAX BASE	Number	% of Total	Liability	% of Total
ENTIRE NET INCOME	74,873	27.1 %	\$2,520,849	88.6 %
INCOME PLUS COMPENSATION	21,594	7.8	160,693	5.7
CAPITAL	13,075	4.7	91,881	3.2
MINIMUM TAX	163,985	59.4	50,702	1.8
NOT AVAILABLE	2,416	0.9	19,630	0.7
TOTAL	275,943	100.0 %	\$2,843,756	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	3,084	\$588,834	772	\$20,414	821	\$20,311	7,700	\$2,491
REAL ESTATE	13,720	489,945	787	6,169	6,706	22,678	24,723	7,475
MANUFACTURING	2,774	126,000	978	5,640	648	4,587	4,885	1,548
PROF/TECH/MANAGERIAL	10,521	270,488	4,788	36,070	1,056	13,659	18,124	6,121
OTHER SERVICES	16,440	259,505	6,887	50,803	1,033	5,251	37,441	11,322
INFORMATION	1,877	264,881	658	6,004	386	8,599	4,682	1,514
TRADE	15,650	377,054	4,200	21,093	1,817	7,477	34,274	10,351
OTHER	10,807	144,141	2,524	14,500	608	9,319	32,156	9,881
TOTAL	74,873	\$2,520,849	21,594	\$160,693	13,075	\$91,881	163,985	\$50,702

**GENERAL CORPORATION TAX
TAX YEAR 2007**

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

FORM TYPE	Number	% of Total	Liability	% of Total
SHORT FORM (NYC-4S EZ)	33,739	12.2 %	\$18,306	0.6 %
SHORT FORM (NYC-4S)	98,012	35.5	376,814	13.3
LONG FORM (NYC-3L)	129,911	47.1	1,677,293	59.0
COMBINED FORM (NYC-3A)	2,101	0.8	748,784	26.3
NOT AVAILABLE / EXTENSION	12,180	4.4	22,559	0.8
TOTAL	275,943	100.0 %	\$2,843,756	100.0 %

**GENERAL CORPORATION TAX
TAX YEAR 2007**

**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	28,390	\$8,517	56,113	\$16,834	69,582	\$20,698	114	\$31	9,764	\$2,929
\$300 - \$1,000	3,238	1,921	12,886	7,583	14,405	8,574	269	190	1,114	700
\$1,000 - \$5,000	1,660	4,027	17,676	43,053	24,216	60,086	423	1,023	869	2,131
\$5,000 - \$10,000	364	2,476	5,368	37,913	8,073	57,104	195	1,454	185	1,329
\$10,000 - \$50,000	*	*	5,060	101,959	9,818	212,649	442	11,047	194	4,202
\$50,000 - \$500,000	*	*	859	99,347	3,391	462,656	458	88,541	49	6,384
\$500,000 - \$1,000,000	*	*	33	22,327	221	154,428	69	49,095	*	*
MORE THAN \$1,000,000	*	*	17	47,797	205	701,098	131	597,403	*	*
TOTAL	33,739	\$18,306	98,012	\$376,814	129,911	\$1,677,293	2,101	\$748,784	12,180	\$22,559

* Numbers cannot be provided due to confidentiality restrictions.

**GENERAL CORPORATION TAX
TAX YEAR 2007**

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

ALLOCATION STATUS AND INDUSTRY	Number	% of Total	Liability	% of Total
MULTI-JURISDICTIONAL	31,472	11.4 %	\$1,754,849	61.7 %
Finance & Insurance	1,870	0.7	471,539	16.6
Real Estate	1,393	0.5	158,055	5.6
Manufacturing	2,951	1.1	118,110	4.2
Prof/Tech/Managerial	7,264	2.6	215,913	7.6
Other Services	5,271	1.9	149,217	5.2
Information	1,792	0.6	263,365	9.3
Trade	7,392	2.7	300,512	10.6
Other	3,539	1.3	78,138	2.7
100% N.Y.C.	232,242	84.2	1,066,335	37.5
Finance & Insurance	10,251	3.7	160,434	5.6
Real Estate	43,570	15.8	367,921	12.9
Manufacturing	6,093	2.2	19,592	0.7
Prof/Tech/Managerial	26,359	9.6	110,165	3.9
Other Services	54,945	19.9	177,189	6.2
Information	5,576	2.0	17,563	0.6
Trade	46,906	17.0	114,970	4.0
Other	38,542	14.0	98,499	3.5
NOT AVAILABLE	12,229	4.4	22,572	0.8
Finance & Insurance	348	0.1	2,035	0.1
Real Estate	1,327	0.5	5,743	0.2
Manufacturing	351	0.1	1,554	0.1
Prof/Tech/Managerial	1,132	0.4	3,289	0.1
Other Services	2,000	0.7	2,833	0.1
Information	290	0.1	976	0.0
Trade	2,110	0.8	2,677	0.1
Other	4,671	1.7	3,465	0.1
TOTAL	275,943	100.0 %	\$2,843,756	100.0 %

See Appendix B for definition of allocation status.

**GENERAL CORPORATION TAX
TAX YEAR 2007
STATE S CORPORATIONS**

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

S CORPORATION STATUS	Number	% of Total	Liability	% of Total
STATE S CORPORATION	133,463	48.4 %	\$1,077,524	37.9 %
STATE C CORPORATION	142,480	51.6	1,766,232	62.1
TOTAL	275,943	100.0 %	\$2,843,756	100.0 %

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

INDUSTRY	Number	% of Total	Liability	% of Total
FINANCE & INSURANCE	4,362	3.3 %	\$97,726	9.1 %
REAL ESTATE	22,892	17.2	271,805	25.2
MANUFACTURING	4,240	3.2	45,419	4.2
PROF/TECH/MANAGERIAL	19,587	14.7	128,189	11.9
OTHER SERVICES	33,106	24.8	170,311	15.8
INFORMATION	3,702	2.8	55,945	5.2
TRADE	24,708	18.5	190,101	17.6
OTHER	20,866	15.6	118,027	11.0
TOTAL	133,463	100.0 %	\$1,077,524	100.0 %

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

TAX BASE	Number	% of Total	Liability	% of Total
ENTIRE NET INCOME	51,883	38.9 %	\$941,351	87.4 %
INCOME PLUS COMPENSATION	12,796	9.6	107,222	10.0
CAPITAL	3,244	2.4	7,368	0.7
MINIMUM TAX	65,267	48.9	19,593	1.8
NOT AVAILABLE	273	0.2	1,990	0.2
TOTAL	133,463	100.0 %	\$1,077,524	100.0 %

UNINCORPORATED BUSINESS TAX

PARTNERSHIPS

Table 27
**2007 UNINCORPORATED BUSINESS TAX
PARTNERSHIP TAXPAYERS BY INDUSTRY**

Total Taxpayers: 11,402

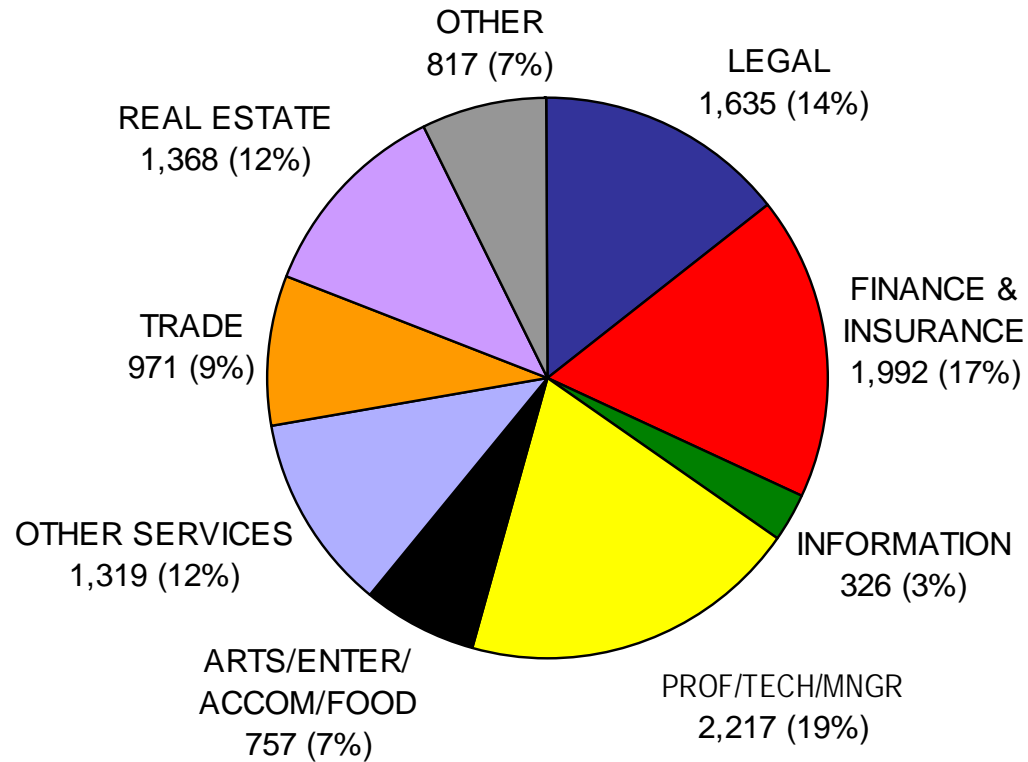
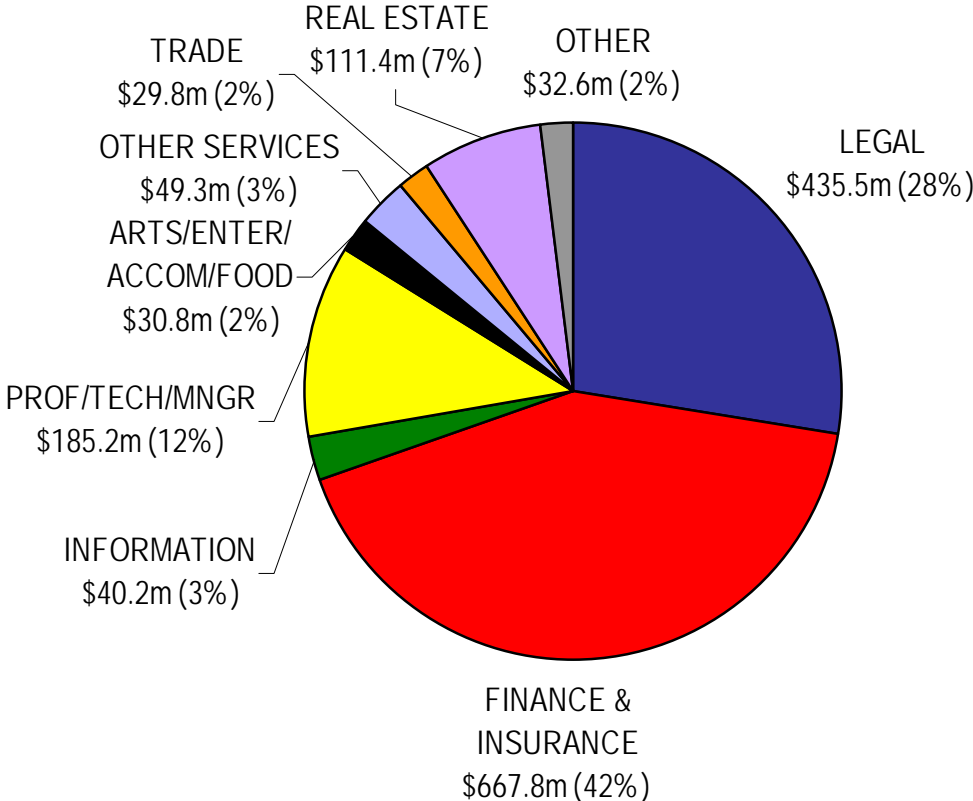


Table 28
**2007 UNINCORPORATED BUSINESS TAX
 PARTNERSHIP LIABILITY BY INDUSTRY**

Total Liability: \$1,582.7m



**UNINCORPORATED BUSINESS TAX
PARTNERSHIP TAXPAYERS
TAX YEAR 2007**

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

INDUSTRY	Number	% of Total	Liability	% of Total
LEGAL	1,635	14.3 %	\$435,542	27.5 %
FINANCE & INSURANCE	1,992	17.5	667,828	42.2
Credit Agencies	80	0.7	14,812	0.9
Funds & Trusts	107	0.9	17,560	1.1
Insurance and Other Finance	75	0.7	2,887	0.2
Securities & Commodities	1,730	15.2	632,569	40.0
INFORMATION	326	2.9	40,241	2.5
Broadcasting/Telecomm	59	0.5	25,949	1.6
Information Services/Data	100	0.9	6,127	0.4
Movies/Video/Sound	100	0.9	3,145	0.2
Publishing	67	0.6	5,020	0.3
PROF / TECH / MANAGERIAL	2,217	19.4	185,250	11.7
Accounting	390	3.4	68,347	4.3
Holding Companies	69	0.6	2,259	0.1
Other Prof / Tech / Managerial	1,758	15.4	114,644	7.2
ARTS / ENTER / ACCOM / FOOD	757	6.6	30,783	1.9
Accommodations	105	0.9	11,795	0.7
Amusement	46	0.4	1,037	0.1
Food Services	344	3.0	7,801	0.5
Performing Arts	262	2.3	10,150	0.6
OTHER SERVICES	1,319	11.6	49,322	3.1
Administration/Support	254	2.2	13,125	0.8
Education	43	0.4	1,398	0.1
Health Care	659	5.8	25,113	1.6
Personal Service	253	2.2	4,361	0.3
Rental & Leasing	61	0.5	4,130	0.3
Repair/Maintenance	23	0.2	206	0.0
Miscellaneous Other Services	26	0.2	988	0.1
TRADE	971	8.5	29,764	1.9
Durable Wholesale	253	2.2	5,235	0.3
Non-Durable Wholesale	249	2.2	11,452	0.7
Retail	469	4.1	13,078	0.8
REAL ESTATE	1,368	12.0	111,422	7.0
OTHER	817	7.2	32,555	2.1
Construction	358	3.1	19,006	1.2
Manufacturing	216	1.9	7,203	0.5
Transportation & Utilities	92	0.8	5,122	0.3
Miscellaneous Other & Not Available	151	1.3	1,225	0.1
TOTAL	11,402	100.0 %	\$1,582,707	100.0 %

**UNINCORPORATED BUSINESS TAX
PARTNERSHIP TAXPAYERS
TAX YEAR 2007**

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

LIABILITY RANGE	Number	% of Total	Total Liability	% of Total
\$300 OR LESS	418	3.7 %	\$63	0.0 %
\$300 - \$1,000	562	4.9	351	0.0
\$1,000 - \$5,000	2,294	20.1	7,271	0.5
\$5,000 - \$10,000	1,934	17.0	13,949	0.9
\$10,000 - \$50,000	3,619	31.7	85,468	5.4
\$50,000 - \$500,000	2,081	18.3	324,110	20.5
\$500,000 - \$1,000,000	216	1.9	152,988	9.7
MORE THAN \$1,000,000	278	2.4	998,506	63.1
TOTAL	11,402	100.0 %	\$1,582,707	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	234	\$395,218	45	\$279,502
FINANCE & INSURANCE	502	615,392	51	339,797
INFORMATION	32	33,469	*	*
PROF / TECH / MANAGERIAL	128	139,896	*	*
ARTS / ENTER / ACCOM / FOOD	29	15,760	*	*
OTHER SERVICES	44	22,695	*	*
TRADE	32	14,636	*	*
REAL ESTATE	98	86,280	*	*
OTHER	41	18,413	*	*
TOTAL	1,140	\$1,341,758	114	\$751,049

* Numbers cannot be provided due to confidentiality restrictions.

**UNINCORPORATED BUSINESS TAX
PARTNERSHIP TAXPAYERS
TAX YEAR 2007**

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

ALLOCATION METHOD AND INDUSTRY	Number	% of Total	Liability	% of Total
FORMULA	2,803	24.6 %	\$867,747	54.8 %
Legal	409	3.6	234,759	14.8
Finance & Insurance	537	4.7	422,443	26.7
Information	145	1.3	34,050	2.2
Prof/Tech/Managerial	657	5.8	107,630	6.8
Arts/Enter/Accom/Food	105	0.9	6,390	0.4
Other Services	205	1.8	16,647	1.1
Trade	388	3.4	21,257	1.3
Real Estate	103	0.9	11,555	0.7
Other	254	2.2	13,015	0.8
100% N.Y.C.	8,231	72.2	533,803	33.7
Legal	1,127	9.9	59,415	3.8
Finance & Insurance	1,369	12.0	229,341	14.5
Information	178	1.6	5,583	0.4
Prof/Tech/Managerial	1,514	13.3	57,912	3.7
Arts/Enter/Accom/Food	642	5.6	24,215	1.5
Other Services	1,099	9.6	32,039	2.0
Trade	568	5.0	8,394	0.5
Real Estate	1,222	10.7	97,683	6.2
Other	512	4.5	19,221	1.2
SEPARATE BOOKS	229	2.0	177,991	11.2
Legal	89	0.8	141,198	8.9
Finance & Insurance	69	0.6	15,135	1.0
Prof/Tech/Managerial & Information	28	0.2	18,973	1.2
Arts/Enter/Accom/Food	*	*	*	*
Other Services	*	*	*	*
Trade	*	*	*	*
Real Estate	24	0.2	2,094	0.1
All Other Sectors	*	*	*	*
NOT AVAILABLE	139	1.2	3,167	0.2
TOTAL	11,402	100.0 %	\$1,582,707	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 2007**

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	9,434	82.7 %	\$1,201,366	75.9 %
NON-LLP/LLC	1,968	17.3	381,341	24.1
TOTAL	11,402	100.0 %	\$1,582,707	100.0 %

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

INDUSTRY	Number	% of Total	Liability	% of Total
LEGAL	1,263	13.4 %	\$394,136	32.8 %
FINANCE & INSURANCE	1,537	16.3	435,161	36.2
INFORMATION	285	3.0	19,455	1.6
PROF / TECH / MANAGERIAL	1,918	20.3	139,341	11.6
ARTS / ENTER / ACCOM / FOOD	635	6.7	21,756	1.8
OTHER SERVICES	1,083	11.5	39,767	3.3
TRADE	858	9.1	27,495	2.3
REAL ESTATE	1,177	12.5	101,279	8.4
OTHER	678	7.2	22,975	1.9
TOTAL	9,434	100.0 %	\$1,201,366	100.0 %

UNINCORPORATED BUSINESS TAX

PROPRIETORSHIPS

Table 35
**2007 UNINCORPORATED BUSINESS TAX
PROPRIETORSHIP TAXPAYERS
BY INDUSTRY**

Total Taxpayers: 22,787

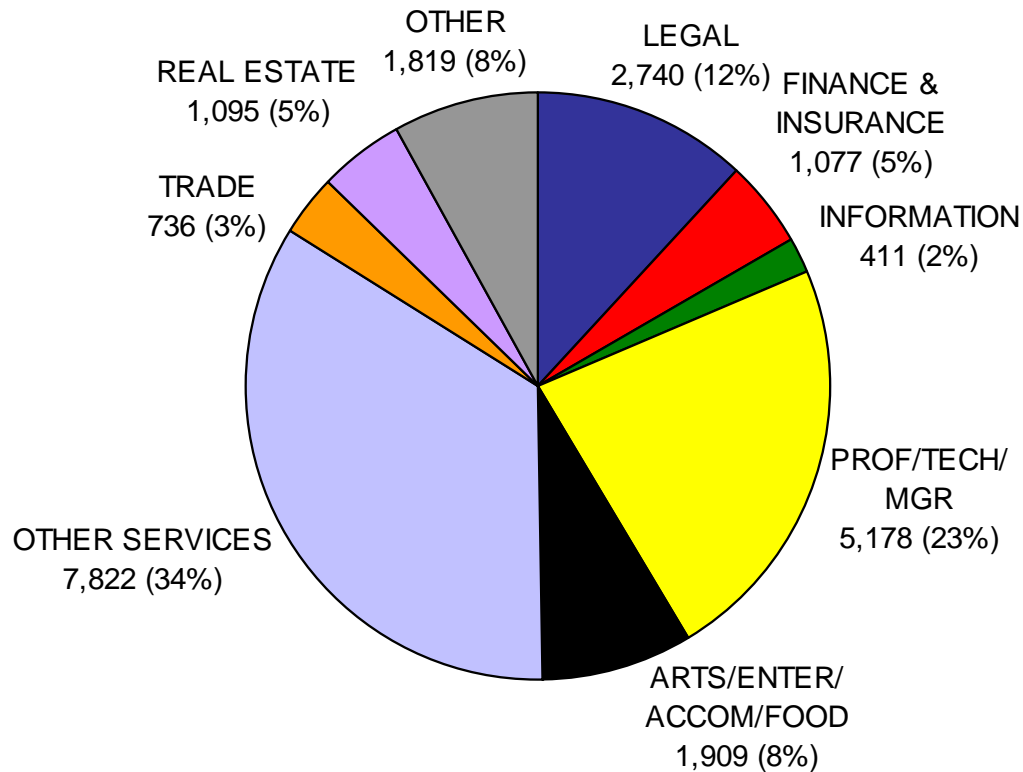
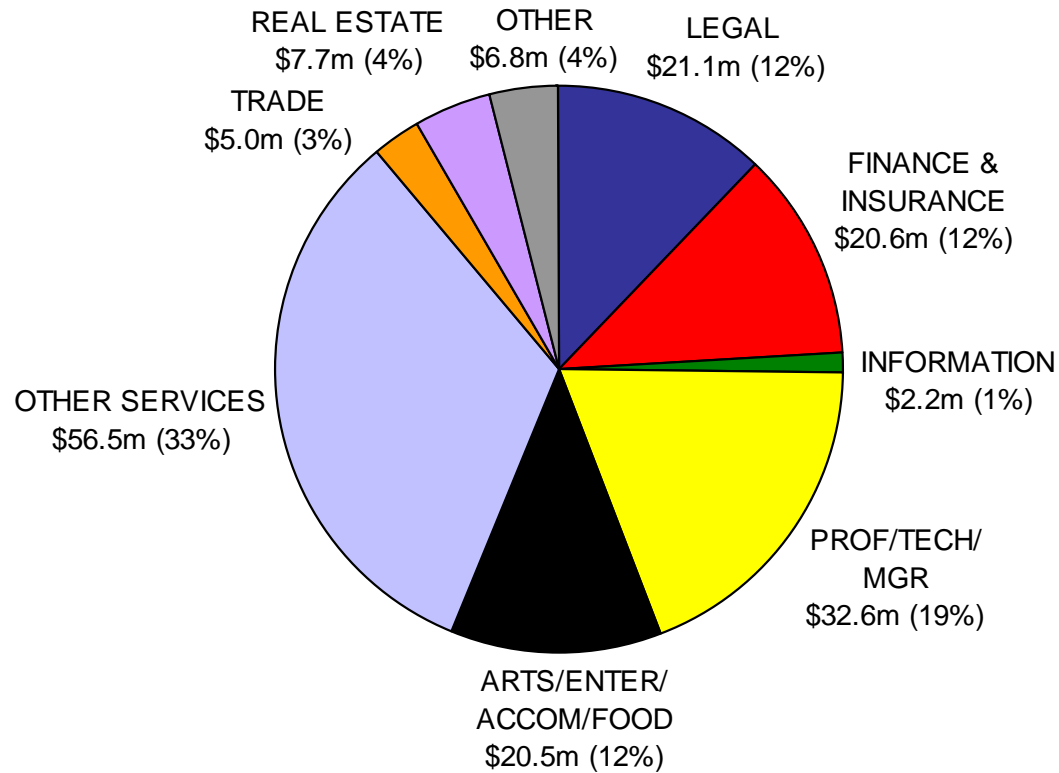


Table 36
**2007 UNINCORPORATED BUSINESS TAX
PROPRIETORSHIP LIABILITY
BY INDUSTRY**

Total Liability: \$173.1m



**UNINCORPORATED BUSINESS TAX
PROPRIETORSHIP TAXPAYERS
TAX YEAR 2007**

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

INDUSTRY	Number	% of Total	Liability	% of Total
LEGAL	2,740	12.0 %	\$21,097	12.2 %
FINANCE & INSURANCE	1,077	4.7	20,640	11.9
Credit Agencies	40	0.2	261	0.2
Insurance	355	1.6	3,209	1.9
Securities & Commodities	677	3.0	16,912	9.8
Other Finance	5	0.0	258	0.1
INFORMATION	411	1.8	2,167	1.3
Broadcasting/Telecomm	40	0.2	246	0.1
Information Services/Data	85	0.4	401	0.2
Movies/Video/Sound	169	0.7	877	0.5
Publishing	117	0.5	643	0.4
PROF / TECH / MANAGERIAL	5,178	22.7	32,648	18.9
Accounting	511	2.2	2,521	1.5
Other Prof / Tech / Managerial	4,667	20.5	30,127	17.4
ARTS / ENTER / ACCOM / FOOD	1,909	8.4	20,525	11.9
Accommodations	9	0.0	193	0.1
Amusement	38	0.2	216	0.1
Food Services	51	0.2	337	0.2
Performing Arts	1,800	7.9	19,753	11.4
Other Arts/Enter/Accom/Food	11	0.0	26	0.0
OTHER SERVICES	7,822	34.3	56,534	32.7
Administration/Support	342	1.5	2,101	1.2
Education	219	1.0	902	0.5
Health Care	6,527	28.6	50,071	28.9
Personal Service	521	2.3	2,549	1.5
Rental & Leasing	11	0.0	175	0.1
Repair/Maintenance	44	0.2	125	0.1
Social Services	93	0.4	245	0.1
Religious	23	0.1	92	0.1
Miscellaneous Other Services	42	0.2	272	0.2
TRADE	736	3.2	4,951	2.9
Durable Wholesale	206	0.9	1,414	0.8
Non-Durable Wholesale	124	0.5	726	0.4
Retail	406	1.8	2,811	1.6
REAL ESTATE	1,095	4.8	7,718	4.5
OTHER	1,819	8.0	6,802	3.9
Construction	276	1.2	1,188	0.7
Manufacturing	89	0.4	467	0.3
Transportation & Utilities	92	0.4	452	0.3
Miscellaneous Other	16	0.1	53	0.0
Not Available	1,346	5.9	4,642	2.7
TOTAL	22,787	100.0 %	\$173,082	100.0 %

**UNINCORPORATED BUSINESS TAX
PROPRIETORSHIP TAXPAYERS
TAX YEAR 2007**

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

LIABILITY RANGE	Number	% of Total	Total Liability	% of Total
\$300 OR LESS	1,726	7.6 %	\$333	0.2 %
\$300 - \$1,000	2,641	11.6	1,648	1.0
\$1,000 - \$5,000	9,167	40.2	27,983	16.2
\$5,000 - \$10,000	5,391	23.7	37,508	21.7
\$10,000 - \$50,000	3,531	15.5	64,149	37.1
MORE THAN \$50,000	331	1.5	41,460	24.0
TOTAL	22,787	100.0 %	\$173,082	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	\$9,638	19	\$2,962
FINANCE & INSURANCE	232	16,465	50	11,634
INFORMATION	26	857	*	*
PROF / TECH / MANAGERIAL	402	13,798	41	5,239
ARTS / ENTER / ACCOM / FOOD	248	14,204	45	8,564
OTHER SERVICES	859	24,774	51	5,220
TRADE	69	2,298	*	*
REAL ESTATE	104	3,616	10	1,077
OTHER	48	1,114	*	*
TOTAL	2,278	\$86,764	227	\$35,693

* Numbers cannot be provided due to confidentiality restrictions.

**UNINCORPORATED BUSINESS TAX
PROPRIETORSHIP TAXPAYERS
TAX YEAR 2007**

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

ALLOCATION METHOD AND INDUSTRY	Number	% of Total	Liability	% of Total
FORMULA	1,456	6.4 %	\$20,887	12.1 %
Legal	178	0.8	2,286	1.3
Finance & Insurance	73	0.3	3,728	2.2
Information	20	0.1	121	0.1
Prof/Tech/Managerial	388	1.7	3,334	1.9
Arts/Enter/Accom/Food	241	1.1	7,052	4.1
Other Services	385	1.7	2,990	1.7
Trade	68	0.3	780	0.5
Real Estate	25	0.1	234	0.1
Other	78	0.3	362	0.2
100% N.Y.C.	20,477	89.9	145,671	84.2
Legal	2,468	10.8	18,245	10.5
Finance & Insurance	962	4.2	16,091	9.3
Information	382	1.7	2,001	1.2
Prof/Tech/Managerial	4,634	20.3	28,172	16.3
Arts/Enter/Accom/Food	1,606	7.0	12,798	7.4
Other Services	7,184	31.5	51,568	29.8
Trade	641	2.8	4,032	2.3
Real Estate	1,040	4.6	7,061	4.1
Other	1,560	6.8	5,702	3.3
SEPARATE BOOKS	220	1.0	2,318	1.3
Legal/Finance & Insurance/Prof/Tech/Mngr	80	0.4	744	0.4
All Other Sectors	140	0.6	1,574	0.9
NOT AVAILABLE	634	2.8	4,206	2.4
TOTAL	22,787	100.0 %	\$173,082	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 2007

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 2007 tax year includes all reported activity and income over a twelve-month period beginning between January 1, 2007 and December 31, 2007. In 2007, 81 percent of all BCT filers reported on a calendar-year basis. Seventy-eight percent reported on a twelve-month period, beginning January 1, 2007 and ending on December 31, 2007, while another 3 percent filed for a short year beginning January 1, 2007 and ending before December 31, 2007. 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.

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 2007

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 26.25 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 22.5 percent for years beginning in 2008; to 18.75 percent for years beginning in 2009; and to 15 percent for years beginning in 2010 and thereafter.

⁷ Under 2007 legislation, a taxpayer is exempt from these calculations for years beginning in 2007 and thereafter 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 Under 2007 legislation, a taxpayer is exempt from these calculations for years beginning in 2007 and thereafter 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 2007 tax year includes all reported activity and income over a twelve-month period beginning between January 1, 2007 and December 31, 2007. In 2007, 73 percent of all GCT filers reported on a calendar-year basis. Seventy-two percent reported on a twelve-month period, beginning January 1, 2007 and ending on December 31, 2007, while another 1 percent filed a short year beginning January 1, 2007 and ending before December 31, 2007. 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.

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 2007

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 2007 tax year includes all reported activity and income over a twelve-month period that began between January 1, 2007 and December 31, 2007. In 2007, 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 2007, 98 percent of all BCT taxpayers had filed annual returns, 96 percent of GCT taxpayers had filed annual returns, and 98 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.

Beginning with tax year 2007, 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 use 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.

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.

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.