



UPDATE ON AUDIT ISSUES

**FEDERAL AND STATE
CHANGES**

October 2007

I. ISSUE

Each New York City taxpayer is required to report changes in the tax base made by the Internal Revenue Service (IRS) and/or New York State Department of Taxation and Finance (NYS).

I. CITE

Once an IRS or NYS change becomes final, the appropriate form must be filed with New York City to report the IRS and/or NYS adjustments to taxable income or other tax base within 90 days (120 days for taxpayers filing a combined report). *See* Administrative Code Sections 11-605.3, 11-646(e) and 11-519.

I. RECOMMENDATIONS

The appropriate forms for reporting the changes are NYC-3360 for the General Corporation Tax, NYC-3360B for the Bank Tax, and NYC-115 for the Unincorporated Business Tax.

The form must be filed for each period/tax year that was adjusted by the IRS or NYS, even if the taxpayer is currently under audit or was previously audited by New York City Department of Finance for that period. The form must also be filed when the final adjustment by the IRS or NYS is based on a settlement.

If the taxpayer believes that the changes made by the IRS or NYS do not apply to New York City, the taxpayer must file the form and attach a statement explaining why the changes do not apply to New York City.

The form must be filed separately and not as an attachment to any other form. A copy of the final determination, including any statements, work papers, etc., must be attached to the form.