



UBT PAID CREDIT GENERAL CORPORATION TAXPAYERS

ATTACH TO FORM NYC-3L OR NYC-3A

For CALENDAR YEAR 2014 or FISCAL YEAR beginning 2014 and ending

Name as shown on NYC-3L or NYC-3A EMPLOYER IDENTIFICATION NUMBER

SCHEDULE A

Table with 3 columns: Description, Line Number, and Amount. Rows include 1a, 1b, 1c, and 2-4 for taxpayers liable for GCT on entire net income.

FOR TAXPAYERS LIABLE FOR GCT ON ENTIRE NET INCOME PLUS SALARIES AND OTHER COMPENSATION

Table with 3 columns: Description, Line Number, and Amount. Rows include 5, 6, and 7 for taxpayers liable for GCT on entire net income plus salaries and other compensation.

SCHEDULE B

A separate Schedule B must be completed for each partnership with respect to which you are claiming this credit.

If more than one Schedule B is used, please state number of additional schedules attached:

Name of partnership from which you received a distributive share or guaranteed payment (distributing partnership) EMPLOYER IDENTIFICATION NUMBER OF DISTRIBUTING PARTNERSHIP

Table with 3 columns: Description, Line Number, and Amount. Rows include 1-10 for Schedule B calculations.

SCHEDULE C

COMPLETE SCHEDULE C IF YOU HAVE UBT PAID CREDITS FROM PRECEDING YEARS THAT YOU MAY CARRY FORWARD TO 2014

Table with 4 columns: APPLICABLE YEAR, COLUMN A (Credit Available in 2014), COLUMN B, and COLUMN C (Credit Carryforward to 2015). Rows include 1-9 for carryforward calculations.

## INSTRUCTIONS

A corporation subject to the General Corporation Tax (GCT) that is a partner in a partnership that is subject to the Unincorporated Business Tax (UBT) may claim a credit against its GCT liability if the corporation is required to include its distributive share of the income, gain, loss and deductions of, or guaranteed payments from, the partnership in its own tax base. The credit is available only for taxes paid by the partnership for taxable years beginning on or after July 1, 1994.

### SCHEDULE A

Taxpayers liable for the tax on entire net income should fill out lines 1a through 4 of Schedule A. Taxpayers liable for the alternative tax on entire net income plus salaries and other compensation should fill out lines 1a through 1c and lines 5 through 7 of Schedule A. Taxpayers liable for the tax on capital or for the minimum tax should fill out lines 1a through 1c of Schedule A.

#### LINE 1a

Enter on line 1a the amount from Schedule B, line 10. If you are claiming credits with respect to more than one partnership, add the amounts on line 10 on all attached Schedules B and enter the sum on this line.

#### LINE 1b

Before completing Schedule A, line 1b, you must have completed Schedule C, Column A.

#### LINE 2

Enter the product of allocated net income and .0885.

#### LINE 3

To account for the difference in tax rates between the Unincorporated Business Tax and the General Corporation Tax, multiply line 2 by a fraction, the numerator of which is 4 and the denominator of which is 8.85.

### SCHEDULE B

The UBT paid credit may be "taken" only by a corporation in a year that it is actually liable for GCT on either the entire net income or entire net income plus compensation bases. However, the UBT Paid Credit is "allowed" to corporations regardless of the basis on which they are liable for general corporation tax. The credit that is "allowed" is always calculated as if the taxpayer were on the entire net income basis. The difference between the credit that is "allowed" and the credit that may be "taken" is eligible to be carried forward for up to seven years. (see instructions for Schedule C)

#### LINE 2

If the distributing partnership has taken credits on its own Form NYC-204, line 22 and lines 24a through 24d (or 24e if it is a 2012 Form NYC-204), enter on line 2 the sum of such credits but only to the extent that they do not reduce the distributing partnership's unincorporated business tax below zero. The amount entered on line 2 may not exceed the amount on Schedule A, line 21, of the distributing partnership's Form NYC-204.

#### LINE 4

Enter here the percentage of total distributive shares reported for you in column 4 of Schedule C of the distributing partnership's Form NYC-204. Attach a copy of the distributing partnership's Form NYC-204, Schedule C. Attach taxpayer's K-1 from the distributing partnership.

#### LINE 6

If your answer to ALL of the following questions is "no", enter on line 6 the amount from your Form NYC-3L or 3A, Schedule A, line 1.

1. Did you (or in the case of a combined report, any of the corporations included in the report) claim an NOL deduction on line 11 of Schedule B of Form NYC-3L or Form NYC-3A for this taxable year?
2. Was the sum of your distributive share of income, gain, loss, and deductions of, and guaranteed payments from, any unincorporated business less than zero (a "net loss distributive share")?
3. Was your entire net income less than zero before taking into account any distributive share or guaranteed payments from any partnerships, or any NOL deduction ("separate ENI")?

If your answer to ANY of these questions is yes, you must fill out a modified NYC-3L or 3A on which you make the following adjustments:

- a. Do not take into account any NOL carryforward or carryback;
- b. treat all net loss distributive shares as zero (see question 2); and
- c. if your separate ENI is less than zero, treat it as zero (see question 3).

Enter on line 6 the amount from the above described modified Form NYC-3L or 3A, Schedule A, line 1. ("modified GCT liability.") Attach modified form NYC-3L or 3A.

#### LINE 7

If your answer to ALL three questions in the instructions for line 6 is "no", fill out a pro forma Form NYC-3L or 3A in which you calculate your General Corporation Tax liability on the ENI base without taking into account your distributive share of income, gain, loss and deductions of, or guaranteed payments from, the distributing partnership with regard to which you are claiming a credit on this form. Enter on line 7 the amount from the pro forma Form NYC-3L or 3A, Schedule A, line 1. Attach pro forma Form NYC-3L or NYC-3A.

If your answer to ANY of the three questions in the instructions for line 6 is "yes", fill out a modified pro forma Form NYC-3L or 3A, taking into account the modifications required at a, b, and c of the instructions for line 6 above and recalculating your modified GCT liability on the ENI base without taking into account your distributive share of income, gain, loss and deductions of, or guaranteed payments from, the distributing partnership with regard to which you are claiming a credit on this form. Enter on line 7 the amount from the modified pro forma Form NYC-3L or 3A, Schedule A, line 1. Attach modified pro-forma form NYC-3L or 3A.

#### LINE 9

To account for the difference in tax rates between the Unincorporated Business Tax and the General Corporation Tax, multiply line 8 by a fraction, the numerator of which is 4 and the denominator of which is 8.85.

### SCHEDULE C

#### COLUMN A, LINE 1

Enter on Column A, line 1, the amount from Schedule A, line 1a.

#### COLUMN B, LINE 1

Taxpayers liable for GCT on the entire net income base, enter on Column B, line 1, the amount from Schedule A, line 4. Taxpayers liable for GCT on the alternative income-plus-compensation base enter on Column B, line 1, the amount from Schedule A, line 7, divided by .3319. Taxpayers liable for GCT on the capital base or for the minimum tax, enter zero on Column B, line 1.

#### COLUMN A, LINE 2

Enter amount from last year's Form NYC-9.7, Schedule C, column C, line 3.

#### COLUMN B, LINE 2

Enter the excess if any, of the amount from Column B, Line 1 over the amount from Column A, Line 1. If less than zero, enter "0".

#### COLUMN A, LINE 3

Enter amount from last year's Form NYC-9.7, Schedule C, Column C, line 4.

#### COLUMN B, LINE 3

Enter the excess if any, of the amount from Column B, Line 2 over the amount from Column A, line 2. If less than zero, enter "0".

#### COLUMN A, LINE 4

Enter amount from last year's Form NYC-9.7, Schedule C, Column C, line 5.

#### COLUMN B, LINE 4

Enter the excess, if any, of the amount from Column B, line 3 over the amount from Column A, line 3. If less than zero, enter "0".

#### COLUMN A, LINE 5

Enter amount from last year's Form NYC-9.7, Schedule C, Column C, line 6.

#### COLUMN B, LINE 5

Enter the excess, if any, of the amount from Column B, line 4, over the amount from Column A, line 4. If less than zero, enter "0".

#### COLUMN A, LINE 6

Enter amount from last year's Form NYC-9.7 Schedule C, Column C, line 7.

#### COLUMN B, LINE 6

Enter the excess, if any, of the amount from Column B, line 5, over the amount from Column A, line 5. If less than zero, enter "0".

#### COLUMN A, LINE 7

Enter amount from last year's Form NYC-9.7 Schedule C, Column C, line 8.

#### COLUMN B, LINE 7

Enter the excess, if any, of the amount from Column B, line 6, over the amount from Column A, line 6. If less than zero, enter "0".

#### COLUMN A, LINE 8

Enter amount from last year's Form NYC-9.7 Schedule C, Column C, line 1.

#### COLUMN B, LINE 8

Enter the excess, if any, of the amount from Column B, line 7, over the amount from Column A, line 7. If less than zero, enter "0".

#### COLUMN C

For each of lines 1, 3, 4, 5, 6, 7 and 8, enter the excess, if any, of the amount in Column A over the amount in Column B. If less than zero, enter "0". This is the amount available as a carryforward to next year.

#### EXAMPLE - INCOME PLUS COMPENSATION TAXPAYERS

Corporations paying tax on the alternative income-plus-compensation base should pay particular attention to the general instructions for Schedule B and the specific instructions for lines 6 and 7 of Schedule B. Although such a corporation calculates its actual General Corporation Tax on the alternative tax base, the UBT paid credit allowed is determined as if the corporation were on the entire net income base. Moreover, deductions for officers' and shareholders' compensation should not be disregarded in making the modifications and completing the pro forma forms required by the instructions for Schedule B. The following example illustrates how such a corporation should complete Schedule B:

Professional corporation X is a partner in law partnership P. Both X and P are on a calendar year for tax purposes and both X and P allocate 100 percent of their income to New York City. X receives a distributive share from P of \$100,000 in 1996 and pays a salary of \$100,000 to its President, A. X has no other source of income in 1996. X computes its General Corporation Tax liability for 1996 on the alternative income-plus-compensation base. However, in determining its amount of UBT paid credit allowed, and the amount of any credit carryforward, X must use the entire net income base.

In calculating its entire net income before taking into account its distributive share from P, X should reflect the \$100,000 deduction taken for the salary paid to A. Thus, X's separate ENI for purposes of answering question 3 in the instructions to line 6 of Schedule B is a net loss of (\$100,000) and, therefore, the answer to question 3 would be "yes". In completing its modified NYC-3L, X's separate ENI would be treated as zero, as directed by adjustment 3 under the instructions to line 6 of Schedule B, and its ENI would be \$100,000 (separate ENI of \$0 plus the \$100,000 distributive share from P). Line 1 of the modified NYC-3L would be \$8,850 to be entered on line 6 of Schedule B of Form NYC-9.7.

In completing the pro forma NYC-3L as required by the instructions to line 7 of Schedule B, X's separate ENI is treated as zero and the amount on line 1 of the pro forma NYC-3L, calculated without the distributive share from P, would be zero. That amount is entered on line 7 of Schedule B.