



Reasons for Assessment

A Invalid application for extension. Your tax was underestimated and/or your extension form was filed late. For filing periods ending after June 30, 1990, your estimate must include 90% of the tax as finally determined plus the applicable surcharge or 100% of the previous year's tax, when applicable, plus the appropriate surcharge, for a valid extension. (See letter O on the back page.)

Sub S Filers: In order to have a valid extension, for filing periods beginning in 1989 through periods ending November 30, 1990, you are required to estimate and pay at least 90% of the \$325 filing fee in accordance with Article 22 of the New York State Tax Law; there is no provision for 100% of the prior year's filing fee for a valid extension.

For periods ending after November 30, 1990, through November 30, 1991, you are required to estimate and pay at least 90% of the tax as finally determined plus the applicable tax surcharge; there is no provision for 100% of the prior year's filing fee for a valid extension.

For short periods beginning January 1, 1990, and later, and ending by June 30, 1990, you must pay at least 90% of the filing fee. For short periods beginning January 1, 1990, and ending after June 30, 1990, you must pay at least 90% of the tax as finally determined plus the applicable tax surcharge.

For periods ending on or after December 31, 1991, when you have completed 12 months under Article 9A, you must estimate and pay at least 90% of the tax as finally determined plus the applicable tax surcharge or 100% of the previous year's tax plus the applicable surcharge (if the previous tax year was 12 consecutive months).

Sub S filers are limited to a single six-month extension at all times.

B Dishonored check.

C Per amended report.

D Penalty for late filing is 5% per month.

E Penalty for late payment of tax is assessed at ½% per month. **Note:** For any month that both late filing and late payment penalties are imposed, the total is reduced by the late payment amount, but will not be reduced below the minimum penalty indicated in letter I below.

F Interest is computed pursuant to section 1096(e) of the Tax Law.

G Failure to pay tax/fee due. You may have miscalculated your tax, tax base and/or payments, failed to pay the appropriate tax due, or your tax was prorated for periods of nine months or less.

H Additional charges for underpayment of estimated taxes.

I If your return is more than 60 days late, the minimum penalty for late filing is the lesser of \$100 or 100% of the balance of tax/fee due.

J Shareholders' penalty of \$50 per shareholder per month or fraction thereof (maximum five months) is for late filing of your CT-3-S return.

K The tax rate for the minimum taxable income base has been frozen at 5% for taxable periods beginning in 1991 and 1992. For taxable periods beginning after 1992 the rate will decrease to 3.5%. Credits may **not** be used to reduce the tax calculated by this method.

- L The Subchapter S filing fee is \$25 for periods beginning January 1, 1988, and was increased to \$325 for periods beginning January 1, 1989. For periods beginning January 1, 1990, and later, Sub S filers are subject to tax under Article 9A and are no longer exempt. The new Article 9A tax is the higher of the tax on your entire net income (ENI) or the fixed minimum tax, as explained in letter M below. However, the \$800 minimum does not apply for Sub S filers. The filing fee has been repealed for periods beginning January 1, 1990, and later.

Your 9A tax on ENI is reduced by the highest personal income tax rate, currently 7.875%. A tax surcharge is computed on your ENI or the fixed dollar minimum if you do not qualify as a small business taxpayer and in all cases when your ENI exceeds \$200,000. There is also an adjustment for a small business taxpayer with an ENI of \$200,000 - \$290,000. Please refer to your CT-3-S form instructions.

Note: Your surcharge amount may exceed your tax.

The maintenance fee for foreign authorized corporations is a credit against the Subchapter S filing fee effective for periods ending after June 30, 1989, and will be offset by the Article 9A tax for periods beginning on or after January 1, 1990.

- M The fixed dollar minimum tax under Article 9-A was increased for periods ending after June 30, 1989, creating four new levels, as indicated:

For corporations with:	The fixed dollar minimum tax is:
- Gross payroll of \$6,250,000 or more	\$1,500
- Gross payroll of less than \$6,250,000 but more than \$1,000,000.....	\$ 425
- Gross payroll of less than \$1,000,000 or less	\$ 325
unless the following situation exists:	
- Gross payroll, total receipts and average value of gross assets are each \$1,000 or less	\$ 800 (This rate does not apply to Sub S filers)
(You reported \$1,000 or less each for gross payroll, total receipts and the average value of gross assets.)	

- N The maintenance fee for foreign corporations authorized to do business in New York State was \$200 for periods ending through June 30, 1989, and increased to \$300 for periods ending after June 30, 1989.
- O The new tax surcharge of 15% on corporations is effective for periods ending after June 30, 1990, through June 30, 1992, and changes to 10% for periods ending after June 30, 1992, through June 30, 1993. The surcharge is computed on tax **after** credits.

Banks and Insurance Companies:

The 2% surcharge is effective for periods ending after June 30, 1989, through June 30, 1990, computed on tax **before** credits and was increased to 15% of tax **after** credits for periods ending June 30, 1990, through June 30, 1992, and changes to 10% for periods ending after June 30, 1992, through June 30, 1993.

This surcharge does not apply to MTA returns.