1. Corporate Franchise Tax Rate – Minimum Taxable Income Base Eliminated
    a. Currently, corporations filing under Article 9-A must compute the amount of tax due using four different bases (see below).
    b. The new law eliminates the tax on minimum taxable income and the separate tax on subsidiary capital. It also adjusts the fixed dollar minimums.

Current Law:

Minimum Tax Base on General Corporations

Currently, corporations filing under Article 9-A must compute the amount of tax that would be due using four different bases:

1. Entire net income (ENI) base,
2. Business capital base,
3. Minimum taxable income base, and
4. A fixed dollar minimum tax base.

Taxpayers currently pay tax based upon the highest of those four bases, plus a tax on subsidiary capital.

Minimum Tax Base on Banking Corporations

Under Article 32, every banking corporation subject to tax must compute its basic tax, which is measured by ENI, and its alternative minimum tax and pay the higher of the two amounts.

New Law:

Elimination of Minimum Taxable Income Base

Effective for tax years beginning on or after January 1, 2015, the new law eliminates the tax on minimum taxable income and the separate tax on subsidiary capital currently applicable to corporations. It eliminates the Article 32 alternative entire net income base, the Article 32 taxable assets base, and the Article 32 fixed dollar minimum tax. Therefore, corporations or banks (now both under Article 9-A), are required to calculate tax on three different bases:

1. Business income base (formerly known as the ENI base),
2. Business capital base, and
3. A fixed dollar minimum tax base

(and, in some cases, an updated Metropolitan Transportation Business Tax).

The new law enacts additional tax brackets and substantially increases the tax amount. The current fixed-dollar minimum tax ranges from $25 to $5,000 with the maximum rate applicable to receipts over $25,000. The new fixed dollar minimum tax ranges from $25 to $200,000, with the maximum rate applicable to receipts over $1 billion.

Alternative Minimum Tax

For tax year 2014, the tax rate is:

- 0.75% for Qualified New York Manufacturers;
- 1.36% for Qualified New York Manufacturers and Qualified Emerging Technology Companies (QETCs); and
- 1.5% for all other taxpayers.

The Alternative Minimum Tax base is eliminated for tax years beginning on or after January 1, 2015.

Separate Tax on Subsidiary Capital Eliminated

The new law eliminates the ENI deduction for income from subsidiary capital. Therefore, each item of income that qualifies as income from subsidiary capital will now be classified as either:

1. Investment income,
2. “Other exempt income,” or
3. Business income (which is subject to tax).