



MEMORANDUM

AD-53 (1/80)

TO: State Tax Commission

OFFICE: DOAB - Corp. Tax

FROM: Mr. Harris Sitrin

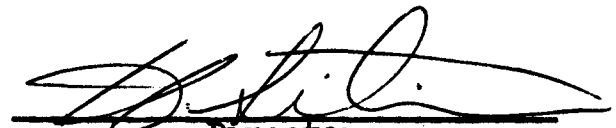
DATE: September 10, 1984

SUBJECT: Abatement of Penalties
Buffalo Color Corporation

During the course of an Article 9A field audit conducted by the Buffalo District Office, the taxpayer was found to be subject to tax under Article 9, Section 186-A. The taxpayer's manufacturing facilities were originally owned and operated as a division of Allied Chemical Corporation. The taxpayer agreed, as part of the contract of sale in 1977, to supply steam to Allied Chemical Corporation at cost from a generator located on its premises. The taxpayer failed to file and pay the gross operating tax on the sale of steam from 1977 through 1982. The taxpayer was requested by the field auditor to file CT-186-A reports for the six years and such reports were submitted on 12/23/83. The tax and interest due of \$156,606 was fully paid on March 5, 1984. Penalties for failure to file timely reports were imposed at 25% under Section 1085(a)(1) and totalled \$28,209 for the six years.

The taxpayer has requested abatement of these penalties. The taxpayer has been in compliance with all applicable New York State taxes and has relied upon professional advice in its tax filings. There was no willful neglect on the part of the taxpayer.

Accordingly, I recommend abatement of the penalties imposed under Section 1085(a)(1) in the amount of \$28,209.


Director
District Office Audit Bureau


President Approved  Disapproved


Commissioner Approved  Disapproved


Commissioner Approved  Disapproved