



Changes to the Mandatory First Installment of Estimated Tax for Corporations

This memorandum explains amendments to the Tax Law that changed the mandatory first installment (MFI) for certain corporations and changes to the procedures for remitting the MFI for payments due on or after March 15, 2017.

Legislative changes to the MFI

Part Q of Chapter 60 of the Laws of 2016 amended the Tax Law to require certain corporations to use the **second preceding year's tax**¹ as the basis for determining whether the corporation must make a mandatory first installment (MFI) payment and the amount of the MFI payment.

New York C corporations subject to tax under Article 9-A, and corporations subject to tax under Article 9, sections 184, 186-a, and 186-e, and Article 33,² whose tax after credits for the **second preceding tax year** exceeds \$1,000, are required to pay an MFI of estimated tax. If the second preceding year's tax after credits exceeds \$1,000 and the corporation is subject to the MTA surcharge, it is also required to pay an MFI of estimated MTA surcharge.

Corporate taxpayers that do not have a second preceding tax year because a return was not required to be filed do not have to make an MFI payment. These corporate taxpayers still must make a declaration of estimated tax, and pay the remaining three installments of estimated tax and MTA surcharge with Form CT-400, *Estimated Tax for Corporations*, on the dates determined in accordance with Regulation section 7-2.3. In order to properly determine the amount of the second, third, and fourth payments, the effect of not having made an MFI payment must be taken into consideration and reflected in the remaining payments.

In addition, corporations must compute the MFI by multiplying the tax (or MTA surcharge) imposed for the **second preceding tax year** by:

- 25%, if the franchise, excise, or gross receipts tax imposed for the **second preceding tax year** was equal to or less than \$100,000, or
- 40%, if the franchise, excise, or gross receipts tax imposed for the **second preceding tax year** exceeded \$100,000.

Note: Authorized life insurance corporations taxable under Article 33 must use 40% if the tax imposed for the **second preceding tax year** exceeded \$1,000.

¹ See Tax Law sections 197-b(6), 213-b(f), and 1514(f).

² No changes were made to the MFI for New York S corporations and continuing section 186 corporations. Section 183 and 185 corporations are not required to make MFI payments.

These legislative changes apply to payments due on and after March 15, 2017.

Changes to how an MFI payment is made

Part Q also made changes to certain corporate tax return due dates (see [TSB-M-16\(9\)C, \(7\)l, Amendments to Tax Return Due Dates and Extensions](#)). However, no changes were made to the due dates for MFI payments. Corporations required to make MFI payments continue to pay their MFIs on or before the 15th day of the 3rd month following the close of each tax year.

Beginning with MFI payments due on or after March 15, 2017, the payment of the MFI of estimated tax and MTA surcharge for most corporate taxpayers can no longer be made with the prior year's tax return or MTA surcharge return or with the request for an extension of time to file such returns.³ MFI payments must be made on new Form CT-300, *Mandatory First Installment (MFI) of Estimated Tax for Corporations*. This form will be available on the Tax Department's [website](#). This change applies to New York C corporations subject to tax under Article 9-A; corporations subject to tax under Article 9, sections 184, 184-a, 186-a, 186-c, and 186-e; and insurance corporations subject to tax under Article 33.

The remaining installments of estimated tax and MTA surcharge will continue to be paid with Form CT-400, *Estimated Tax for Corporations*, on the dates determined in accordance with Regulation section 7-2.3.

(Tax Law sections 171, 197-b(1)(a), 197-b(6), 213-b(a), 213-b(d), 213-b(f), 1085(c)(1), 1087(i), 1514(a), and 1514(d)-(f))

(Regulation section 7-2.3)

Note: A TSB-M is an informational statement of existing department policies or of changes to the law, regulations, or department policies. It is accurate on the date issued. Subsequent changes in the law or regulations, judicial decisions, Tax Appeals Tribunal decisions, or changes in department policies could affect the validity of the information presented in a TSB-M.

³ New York S corporations and continuing section 186 corporations are still required to remit their MFI payment with the filing of a return or extension of time to file. Section 183 and 185 corporations are not required to make MFI payments.