CT-222

New York State Department of Taxation and Finance

Underpayment of Estimated Tax by Corporations

Tax Law - Articles 9, 9-A, 13-A, 32 and 33

For calendar year 1985 or fiscal year ended _____ 1986

Attach this form to your New York State Franchise Tax Report.

Name	Employer Identification Number

Computation of Underpayments

1. 1985 corporation franchise tax	1	$
2. 90% of line 1	2	
3. 1984 corporation franchise tax	3	
4. 25% of line 3	4	
5. Subtract line 4 from line 2	5	

	1	2	3	4
Enter due date of installments				
6. 25% of 1984 tax (from line 4)	$			
7. Divide line 5 by number of installments (enter in appropriate columns)		$	$	$
8. Amount paid or credited for each period				
9. Overpayment of previous installment				
10. Add lines 8 and 9				
11. Overpayment				
a. In column 1, subtract line 6 from line 10				
b. In columns 2, 3 and 4, subtract line 7 from line 10				
12. Underpayment				
a. In column 1, subtract line 10 from line 6				
b. In columns 2, 3 and 4, subtract line 10 from line 7				

Exceptions to the Underpayment Penalty (see instructions)

	1	2	3	4
13. Total cumulative amount paid or credited from the beginning of the taxable year through the installment dates that correspond to the 15th day of the 3rd, 6th, 9th and 12th months.	$	$	$	$
14. Exception 1—Prior year's tax (1984) (see instructions) $		50% of 1984 tax	75% of 1984 tax	100% of 1984 tax
15. Exception 2—Tax on prior year's figures using 1985 rates (attach computation—see instructions)		50% of tax	75% of tax	100% of tax
16. Exception 3—Tax on annualized 1985 income (attach computation—see instructions)		45% of tax	67.50% of tax	90% of tax
17. Additional exception for recurring seasonal income (attach computation - see instructions)				

Computation of Underpayment Penalty

Enter the same installment dates used above ►				
18. Amount of underpayment from line 12	$	$	$	$
19. Enter the date of payment or the 15th day of the 3rd month after the close of the tax year, whichever is earlier				
20. Number of days from due date of installment to the date shown on line 19				
21. Number of days on line 20 after 3/15/85, and before 9/1/85				
22. Number of days on line 20 after 8/31/85, and before 3/1/86				
23. Number of days on line 20 after 2/28/86, and before 9/1/86				
24. Number of days on line 20 after 8/31/86, and before 3/16/87				
25. Number of days on line 21 / Number of days in the tax year x 11.8% x amount on line 18				
26. Number of days on line 22 / Number of days in the tax year x 11.8% x amount on line 18				
27. Number of days on line 23 / Number of days in the tax year x *% x amount on line 18				
28. Number of days on line 24 / Number of days in the tax year x *% x amount on line 18				
29. Underpayment penalty (total of lines 25 through 28)				
30. Add columns 1 through 4, line 29. Enter here and on line 12b, Form CT-3 or comparable line of other franchise tax reports				$

*For information as to applicable rate on or after March 1, 1986, see instructions

Instructions

General Information

Every corporation whose New York State franchise tax liability can reasonably be expected to exceed $1,000.00 must make estimated tax payments. If the minimum amounts are not paid timely, an underpayment penalty may be imposed for the period of underpayment.

This form, CT-222, will assist corporations to determine if they paid enough estimated tax by the proper due date, whether they are subject to the penalty for underpayment of estimated tax, and, if so, the amount of penalty.

Computation of Underpayments

Complete lines 1 through 12 to determine any underpayment of estimated taxes.

Exceptions to the Underpayment Penalty

A corporation will not have to pay a penalty if all tax payments were made on time and are equal to or exceed the amount that would have been required to be paid by each installment date if the estimated tax were an amount determined under any of the following exceptions.

A different exception may be applied to each underpayment. If no exception applies, complete lines 18 through 30 to determine the amount of the penalty.

Exceptions 1 and 2, on lines 14 and 15, **do not** apply to "large" corporations. A "large" corporation is one that had, or its predecessor had, allocated taxable income of at least $1 million for any of the three taxable years immediately preceding the taxable year involved.

Line 14, Exception 1 *(**not** to be used by large corporations):* This exception allows a corporaton to substitute for the current year's estimated tax the tax reported on its 1984 return. However, the corporation must have filed a franchise tax report showing a tax liability for the preceding tax year, and that year must have consisted of 12 months.

Line 15, Exception 2 *(**not** to be used by large corporations):* This exception applies if the amount the corporation paid is equal to or more than the tax computed by using the current year's rate but based on the facts shown on the prior year's report and the law that applies to the prior year.

Line 16, Exception 3: This exception applies if the estimated tax paid was equal to or more than 90% of the amount the corporation would owe if its estimated tax were a tax computed on annualized taxable income for the months preceding an installment date.

A corporation may annualize its income as follows:

a. For the first 3 months or the first 5 months of the taxable year, in the case of the installment required to be paid in the 6th month.

b. For the first 6 months or the first 8 months of the taxable year, in the case of the installment required to be paid in the 9th month.

c. For the first 9 months or the first 11 months of the taxable year, in the case of the installment required to be paid in the 12th month.

To annualize, multiply taxable income for the period by 12, and divide the result by the number of months in the period (3, 5, 6, 8, 9 or 11, as the case may be).

Line 17, Additional exception: This applies to a corporation with recurring seasonal income. Under this exception, income may be annualized by assuming that income earned in the current year is earned in the same seasonal pattern as in the 3 preceding tax years.

For information about computing seasonal income, see Article 27, Section 1085(d) (4).

Computation of Underpayment Penalty

If no exception applies, complete lines 18 through 29 to determine the amount of the penalty. The penalty is computed for the period of underpayment at a rate set by Regulation, Part 603. Daily compounding of interest **does not** apply (Section 1096(e) (3)).

For rates not printed on lines 27, and 28, you may call the numbers listed below.

Line 30. For those installment payments (line 10) that equal 80% or more of line 1 divided by 4, multiply the penalty shown in the corresponding column of line 29 by 75%. Enter the result in the applicable column in the space below line 29. Combine these revised amounts with the unchanged amounts in line 29 and enter total in line 30.

For information or assistance:

When calling from within New York State, dial toll-free 1 + 800 + 342-3536

When calling from outside New York State, dial (518) 438-8581