

1985 Instructions for Form IT-2105.9**Underpayment of Estimated Income Tax by Individuals****General Instructions**

Everyone must prepay each year's tax, either by having tax withheld or by paying estimated tax. If your withholding and estimated tax payments during 1985 were less than your income tax for 1985, you may be charged a penalty on the amount of the underpayment.

Use Part I of Form IT-2105.9 to see if you prepaid enough New York State tax in each payment period. If you did not, use Part II to see if an exception applies to any of the periods. If none applies, use Part III to figure the penalty for that period.

Penalties for the underpayment of City of New York or City of Yonkers taxes must be figured separately on pages 2 and 3 of Form IT-2105.9

If you checked filing status **(3)** or **(4)** on your New York State return, each spouse must figure his or her penalty on a separate Form IT-2105.9.

Amount of underpayment — The penalty for each installment is figured separately. The underpayment of any installment is the difference between any payments you made by the due date of the installment and 80% of the total tax shown on your 1985 return, divided by the number of installments that you should have made (usually four). Income taxes withheld from your salary, pension, etc., are considered payments of estimated tax in equal installments on the four installment dates, unless you prove otherwise.

Penalty rate — The present penalty rate is 10% (.10). For information as to whether or not the rate will change on March 1, 1986, please wait until after February 1, 1986 to call toll-free 1-800-342-3536. From outside New York State, call 1-518-438-8581. The rate does not have to be compounded daily when figuring the penalty.

Period of underpayment — The penalty is applied to the number of days that the installment was not paid. You figure the period of the underpayment by counting the number of days after the due date of the installment to and including the date of payment or April 15, 1986, whichever is earlier.

City of New York taxpayers — Complete Parts IV, V and VI on page 2 of Form IT-2105.9 to determine whether or not you are liable for a penalty for underpayment of the City of New York resident income tax or the nonresident earnings tax.

City of Yonkers taxpayers — Complete Parts VII, VIII and IX on page 3 of Form IT-2105.9 to determine whether or not you are liable for a penalty for underpayment of the City of Yonkers resident income tax surcharge or the nonresident earnings tax.

Farmers and fishermen — If your New York adjusted gross income from farming or fishing is at least two-thirds of your New York adjusted gross income for 1984 or 1985, you cannot use this form. Instead, attach a copy of federal Form 2210F, *Underpayment of Estimated Tax by Farmers and Fishermen*, to show how you figured the penalty or which exceptions apply.

Waiver of penalty — no penalty will be due if:

- the underpayment was caused by a casualty, disaster or other unusual circumstances; or
- you retired in 1984 or 1985 after reaching the age of 62, or becoming disabled, and the underpayment was due to reasonable cause and not to willful neglect; or
- you did not have any New York State tax liability for the preceding taxable year and the preceding taxable year was a taxable year of 12 months and throughout the preceding taxable year you were a resident of New York State, or a nonresident who had New York adjusted gross income.

If you are requesting a waiver of the penalty, attach a statement to Form IT-2105.9 containing all the facts necessary to justify your request.

Privacy act — The Personal Privacy Protection Act requires the Tax Department to set forth: its authority for asking for personal information from you or your employer, how such information will be used, what could happen to you if you fail to provide such information, and its authority to maintain such information.

For more information on the Personal Privacy Protection Act, see the instructions for Forms IT-201 or IT-203 or call toll-free 1-800-342-3536. From areas outside New York State, call (518) 438-8581.

Instructions for Page 1 — Figuring Your New York State Penalty

If filing for a fiscal year, enter the month and day your tax year began and the month, day

and year that it ended in the spaces provided at the top of page 1.

Name and Social Security Number Box
Enter in the spaces at the top of the form your name and social security number. If you filed either a joint return or separate returns on one form, also enter your spouse's name.

Part 1 — Figuring Your New York State Underpayment

Line 1 — Enter your New York State tax from line 59 of your 1985 Form IT-201 or from line 59 of your 1985 Form IT-203. Reduce the amount on line 59 of Form IT-201 by any real property tax credit claimed on line 69 of Form IT-201.

Line 4 — Enter the total of estimated tax paid and tax withheld for each period. To figure even payments of New York State income tax withheld, if you worked all year, divide the total amount withheld by 4, and include the result in each column.

Instead of making the estimated tax payment due January 15, 1986, you can file your return and pay all the tax due by March 3, 1986. If you do this, enter the amount of tax you pay with your return on line 4, column (d).

Line 5 — Complete lines 5 through 7 for one payment period before you go to the next period. If you have an overpayment on line 7 for a period, you can carry it to line 5 of the next period. However, first use as much of your overpayment as you can to reduce earlier underpayments.

Example 1 — On line 7 you show an underpayment of \$200 for the due date of April 15, 1985 and an overpayment of \$300 for the due date June 17, 1985. You can apply \$200 of the overpayment against the underpayment which stops the computation of the penalty for the underpayment on June 17, 1985. The remainder of the overpayment (\$100) is carried over to column (c), line 5.

Part II — Exceptions to the Penalty

You will not have to pay the penalty if you paid your 1985 tax payments (line 8) on time and the amount on line 8 is equal to or more than the tax figured under any of the following four exceptions for the same payment period. You are most often able to meet exceptions 1 and 4, so you may want

to try those exceptions first. Generally, if you receive income in a lump sum, such as a bonus, capital gains, or lottery winnings, you should try exception 4 first.

Line 9 — Exception 1 — You do not have to pay the penalty if your 1985 tax payments are equal to or more than your 1984 tax. In the space provided, enter the tax from line 55 of your 1984 Form IT-201 or line 55 of your 1984 Form IT-203. If you claimed the real property tax credit on line 66 of Form IT-201, subtract the credit from the amount on line 55. Enter in columns (a) through (d) the indicated percentage of your 1984 tax. If your 1984 tax was \$2,400, you would enter \$600 in column (a), \$1,200 in column (b), \$1,800 in column (c) and \$2,400 in column (d). If you did not file a 1984 return, you cannot use Exception 1. Also, your 1984 return must cover 12 months and show a tax liability.

Line 10 — Exception 2 — You do not have to pay the penalty if your 1985 tax payments are equal to or more than the tax figured on your 1984 income (using the facts and law that apply to your 1984 return but using the personal exemptions you are allowed for 1985 and the 1985 tax rates). Figure your tax in this manner on a separate sheet of paper and enter the tax in the space provided; then enter in columns (a) through (d) the indicated percentages of the tax.

If you did not file a 1984 return, you cannot use Exception 2.

Line 11 — Exception 3 — You do not have to pay the penalty if your 1985 tax payments are equal to or more than 80% of the tax on your annualized taxable income for periods from January 1, 1985 to March 31, May 31 or August 31, 1985. Use the worksheet on page 4 to figure the amounts to be entered on line 11.

Instructions for Exception 3 Worksheet — New York State

Line 1 — Attach a schedule showing how you figured your total New York income for each period.

Line 7 — If you claim the standard deduction on line 7, the amount that you can enter is shown below. If you are married, filing separately (on one return or on separate returns), you can divide the allowable standard deduction any way you want. However, your total combined standard deduction cannot exceed \$2,750.

Single taxpayers	\$2,500
All others	\$2,750

Line 11 — If you checked filing status ② or ③ and your annualized total New York income on line 3 is \$36,000 or less, you can

claim the family adjustment. If you checked filing status ①, ④ or ⑤, enter "0" on line 11.

Filing status ③ — If you checked filing status ③, you and your spouse must combine your line 3 amounts to determine whether you qualify for the family adjustment. Also, each spouse must figure his or her annualized net income for each of the three periods. If one spouse is not required to complete Form IT-2105.9, he or she must figure his or her annualized net income for each period on a separate sheet of paper and attach it to Form IT-2105.9. Use lines 1 through 10 of this worksheet as a guide in figuring the annualized net income of the spouse who does not have to complete Form IT-2105.9.

The tables and worksheet for figuring the family adjustment are included in the instructions for Forms IT-201 and IT-203. Use them to figure your family adjustment and enter it on line 11.

Line 12 — Filing status ①, ④ and ⑤ — Enter your line 10 amount on line 12. This is your New York taxable income.

Filing status ② — Subtract line 11 from line 10 and enter the result. This is your New York taxable income.

Filing status ③ — If your annualized net income (line 10) is more than your spouse's annualized net income, subtract line 11 from line 10. Your spouse must add lines 10 and 11 if he or she is required to file Form IT-2105.9. If the reverse is true, you must add lines 10 and 11 and your spouse (if required to file Form IT-2105.9) must subtract line 11 from line 10.

Line 16 — Credits that are based wholly or partly on income are figured on the annualized income for each period.

Example 2 — You are single and qualified to claim the household credit. Your total New York income (line 1) for the period 1/1/85-3/31/85 is \$5,000. You would use the annualized amount on line 3 (\$20,000) when figuring your household credit.

Other credits which should be figured on an annualized basis are the resident credit, child and dependent care credit and the real property tax credit. Credits that are not based on income are figured by applying the 1985 credit rate to the amount of the expenditure paid or incurred during the period. Examples of these credits are the investment credit and the solar and wind energy credit.

Line 18 — Enter in each column the total amount of other New York State taxes reported on line 58 of Form IT-201 or on line

58 of Form IT-203. Do not annualize these taxes.

Line 12 — Exception 4 — You do not have to pay the penalty if your 1985 tax payments are equal to or more than 90% of the tax on your taxable income for periods from January 1, 1985 to March 31, May 31 or August 31, 1985. Use the worksheet on page 5 to figure the amounts to be entered on line 12. Attach a schedule showing how you figured your total New York income for each period on line 1 of the worksheet. If you claim the standard deduction, refer to *Instructions for Exception 3 Worksheet, Line 7*, for the amounts that are allowed.

Part III — Figuring the Penalty

Complete this part only for periods in which there is an underpayment and none of the exceptions in Part II apply.

Line 15 — Line 15a is for figuring the number of days at the present penalty rate of 10%. Line 15b is for figuring the number of days at the new penalty rate if the rate changes on March 1, 1986.

Example 3 — You were required to file a 1985 declaration of estimated tax but did not do so. You do not meet any of the four exceptions in Part II, and the penalty rate changed on March 1, 1986. You would figure the number of days for the first payment due date (April 15, 1985) as follows

Line 15a — from April 15, 1985 to February 28, 1986 — 319 days

Line 15b — from February 28, 1986 to April 15, 1986 — 46 days

You would figure the days for the other payment due dates in a similar manner.

Line 16 — To compute the penalty on line 16a, multiply the number of days on line 15a (divided by 365) x 10% x the amount on line 13.

Example 4 — On line 13 you entered \$200 and on line 15a you entered 122 days. You would figure the amount to be entered on line 16a as follows:

$$122/365 \times 10\% \times \$200 = \$6.68$$

Complete line 16b (if the penalty rate changes on March 1, 1986) by multiplying the number of days on line 15b (divided by 365) times the new rate times the amount on line 13.

Enter the total of lines 16a and 16b on line 16c.

Line 20 — Add lines 17, 18 and 19 and enter the result on line 20. Check the box below line 79 on Form IT-201, or on line 74 on Form IT-203, and enter the amount of the

penalty in the space provided. If you owe tax, include the penalty in the amount that you pay.

If you show an overpayment on your return, do not reduce the overpayment by the amount of the penalty. As explained above, check the box and enter the amount of the penalty in the space provided. We will reduce your overpayment by the amount of the penalty and refund the difference to you. If you indicate that you want your overpayment applied to your 1986 estimated tax, we will apply the difference to your 1986 estimated tax.

Instructions for Page 2 — Figuring Your City of New York Penalty

Parts IV, V and VI — The method for figuring the penalty for an underpayment of City of New York taxes is the same as the method for figuring the New York State penalty. Therefore, the instructions for page 1 can be followed except for the following lines:

Line 1 — Enter the total of your City of New York taxes from lines 60 thru 62 of Form IT-201 or from line 60 of Form IT-203.

Line 9 — In the space to the right of the dollar sign, enter the total of your City of New York taxes from lines 56 through 59 of your 1984 Form IT-201 or from line 56 of Form IT-203.

Line 11 — Use the Exception 3 Worksheet on page 6 to figure the amount(s) to be entered on line 11. If you completed the New York State worksheet for exception 3 on page 4, you can transfer the figures from lines 1 through 10 to the City of New York worksheet.

If you are figuring a penalty based upon an underpayment of the City of New York nonresident earnings tax, skip lines 1 thru 11 of the worksheet and start with line 12.

Line 12 — Use the Exception 4 Worksheet on page 6 to figure the amount(s) to be entered on line 12. If you completed the New York State worksheet for exception 4 on page 5, you can transfer the figures from lines 1 through 5 to the City of New York worksheet.

If you are figuring a penalty based upon an underpayment of the City of New York nonresident earnings tax, skip lines 1 thru 6 of the worksheet and start with line 7.

Instructions for Page 2 — Figuring Your City of New York Penalty

Parts VII, VIII and IX — The method for figuring the penalty for an underpayment of City of Yonkers taxes is the same as the method for figuring the New York State penalty. Therefore, the instructions for page 1 can be followed except for the following lines:

Line 1 — Enter the total of your City of Yonkers taxes from lines 63 through 65 of Form IT-201 or from line 61 of Form IT-203.

Line 9 — In the space to the right of the dollar sign, enter the total of your City of Yonkers taxes from lines 60 through 62 of your 1984 Form IT-201 or from line 57 of Form IT-203.

Line 11 — Use the Exception 3 Worksheet on page 7 to figure the amount(s) to be entered on line 11.

Line 12 — Use the Exception 4 Worksheet on page 7 to figure the amount(s) to be entered on line 12.

Exception 3 Worksheet — New York State		(1) 1/1/85 to 3/31/85	(2) 1/1/85 to 5/31/85	(3) 1/1/85 to 8/31/85
1) Total New York income for period shown (attach schedule)	1			
2) Annualization amounts	2	4	2.4	1.5
3) Annualized total New York income (multiply line 1 by line 2)	3			
4) Itemized deductions for period shown (If you do not itemize deductions, skip lines 4, 5 and 6)	4			
5) Annualization amounts	5	4	2.4	1.5
6) Multiply line 4 by line 5	6			
7) Standard deduction (see instructions)	7			
8) Subtract line 6 or line 7 from line 3	8			
9) Multiply \$850 by the number of personal exemptions that you are entitled to claim on the due date for each period	9			
10) Annualized net income (subtract line 9 from line 8)	10			
11) Family adjustment (see instructions)	11			
12) Annualized taxable income (line 10 and add or subtract line 11; see instructions)	12			
13) Figure the tax on the amount on line 12, using the tax rate schedule or the maximum tax rate	13			
14) Tax on family adjustment — filing status 2 only; all others enter "0" (see instructions)	14			
15) Add lines 13 and 14	15			
16) Enter the applicable portion of any credits claimed on lines 54, 56 and 69 of Form IT-201 or on lines 54 and 56 of Form IT-203 (see instructions)	16			
17) Subtract line 16 from line 15	17			
18) For each period, enter the total amount of other New York State taxes reported on line 58 of Form IT-201 or on line 58 of Form IT-203	18			
19) Total annualized tax (add lines 17 and 18)	19			
20) Percentage to be reported on Form IT-2105.9, Part II, line 11	20	.20	.40	.60
21) Multiply line 19 by line 20 — enter the result here and on Form IT-2105.9, Part II line 11, in the proper column	21			

For your notes and computations:

Exception 4 Worksheet — New York State		(1) 1/1/85 to 3/31/85	(2) 1/1/85 to 5/31/85	(3) 1/1/85 to 8/31/85
1) Total New York income for period shown (<i>attach schedule</i>)	1			
2) Itemized deductions or standard deduction for period shown (<i>see instructions</i>)	2			
3) Subtract line 2 from line 1	3			
4) Multiply \$850 by the number of personal exemptions that you are entitled to claim for each period	4			
5) Subtract line 4 from line 3	5			
6) Family adjustment (<i>see instructions</i>)	6			
7) Taxable income (<i>line 5 and add or subtract line 6; see instructions</i>)	7			
8) Figure the tax on the amount on line 7, using the tax rate schedule or the maximum tax rate	8			
9) Tax on family adjustment — filing status 2 only; • all others enter "0" (<i>see instructions</i>)	9			
10) Add lines 8 and 9	10			
11) For each period, enter the total of the applicable portion of any credits claimed on lines 54, 56 and 69 of Form IT-201 or on lines 54 and 56 of Form IT-203	11			
12) Subtract line 11 from line 10	12			
13) For each period, enter the applicable amount of other New York State taxes reported on line 58 of Form IT-201 or on line 58 of Form IT-203	13			
14) Add lines 12 and 13	14			
15) Percentage to be reported on Form IT-2105.9, Part II, line 12	15	.90	.90	.90
16) Multiply line 14 by line 15 — enter the result here and on Form IT-2105.9, Part II line 12, in the proper column	16			

For your notes and computations:

Exception 3 Worksheet — City of New York		(1) 1/1/85 to 3/31/85	(2) 1/1/85 to 5/31/85	(3) 1/1/85 to 8/31/85
1) Total City of New York income for period shown	1			
2) Annualization amounts	2	4	2.4	1.5
3) Annualized total City of New York income (multiply line 1 by line 2)	3			
4) Itemized deductions for period shown (If you do not itemize deductions, skip line 4, 5 and 6)	4			
5) Annualization amounts	5	4	2.4	1.5
6) Multiply line 4 by line 5	6			
7) Standard deduction	7			
8) Subtract line 6 or line 7 from line 3	8			
9) Multiply \$850 by the number of personal exemptions that you are entitled to claim on the due date for each period	9			
10) Annualized taxable income (subtract line 9 from line 8)	10			
11) Figure the tax on the amount on line 10, using the City of New York resident tax rate schedule	11			
12) For each period, enter the total amount of other City of New York taxes reported on lines 61 and 62 of Form IT-201 or on line 60 of Form IT-203	12			
13) Total annualized tax (add lines 11 and 12)	13			
14) Percentage to be reported on Form IT-2105.9, Part V, line 11	14	.20	.40	.60
15) Multiply line 13 by line 14 — enter the result here and on Form IT-2105.9, Part V, line 11, in the proper column	15			

Exception 4 Worksheet — City of New York		(1) 1/1/85 to 3/31/85	(2) 1/1/85 to 5/31/85	(3) 1/1/85 to 8/31/85
1) Total City of New York income for period shown	1			
2) Itemized deductions or standard deduction for period shown	2			
3) Subtract line 2 from line 1	3			
4) Multiply \$850 by the number of personal exemptions that you are entitled to claim for each period	4			
5) Subtract line 4 from line 3	5			
6) Figure the tax on the amount on line 5, using the City of New York resident tax rate schedule	6			
7) For each period, enter the applicable amount of other City of New York taxes reported on lines 61 and 62 of Form IT-201 or on line 60 of Form IT-203	7			
8) Add lines 6 and 7	8			
9) Percentage to be reported on Form IT-2105.9, Part V, line 12	9	.90	.90	.90
10) Multiply line 8 by line 9 — enter the result here and on Form IT-2105.9, Part V, line 12, in the proper column	10			

Exception 3 Worksheet — City of Yonkers		(1) 1/1/85 to 3/31/85	(2) 1/1/85 to 5/31/85	(3) 1/1/85 to 8/31/85
1) Enter amount from page 4, Exception 3 Worksheet, line 21	1			
2) Percentage to be reported on Form IT-2105.9, Part VIII, line 11	2	.15	.15	.15
3) Multiply line 1 by line 2 — enter the result here and on Form IT-2105.9, Part VIII, line 11	3			

Exception 4 Worksheet — City of Yonkers		(1) 1/1/85 to 3/31/85	(2) 1/1/85 to 5/31/85	(3) 1/1/85 to 8/31/85
1) Enter amount from page 5, Exception 4 Worksheet, line 16	1			
2) Percentage to be reported on Form IT-2105.9, Part VIII, line 12	2	.15	.15	.15
3) Multiply line 1 by line 2 — enter the result here and on Form IT-2105.9, Part VIII, line 12	3			

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For information, call 1-518-438-8581

For forms and publications, call 1-518-438-1073

IF YOU NEED TO WRITE INSTEAD OF CALLING, PLEASE ADDRESS YOUR LETTER TO:

New York State Department of Taxation and Finance
 Taxpayer Assistance Bureau
 W. A. Harriman Campus
 Albany, New York 12227