



CT-222 Underpayment of Estimated Tax by Corporations Tax Law - Articles 9, 9-A, 13-A, 32 and 33

For calendar year 1989 or fiscal year ended 1990

Name, Employer identification number, File number

Computation of Underpayments

Table with 5 rows for 1989 corporation franchise tax, 25% multiplier, 1988 tax, 25% multiplier, and subtraction.

Table with 4 columns (A First, B Second, C Third, D Fourth) and 12 rows for installment calculations.

Computation of Underpayment Penalty

Table with 4 columns (A, B, C, D) and 33 rows for penalty calculations including days and percentages.

\*For information as to applicable rate on or after December 31, 1989, see instructions.

## Instructions

Attach this form to your New York State franchise tax return.

### General Information

A corporation whose New York State franchise tax liability can reasonably be expected to exceed \$1,000 must make estimated tax payments during the year. Estimated franchise taxes are usually paid in four installments. The first installment is made with the prior year's tax return, if the tax exceeds \$1,000, and is equal to 25% of the prior year's franchise tax. The remaining three installments of estimated tax are due in the 6th, 9th and 12th month of the tax year. If the minimum amounts are not paid on time, an underpayment penalty may be imposed for the period of underpayment. Total estimated tax payments must equal 90% of the current year's tax.

### Exceptions

No penalty will be due on an installment if the total estimated tax payments made on or before the installment due date equals or exceeds the amount which would have been required to be paid on or before such date if the estimated tax were the smallest of:

- (1) Tax shown on return for preceding tax year (if it was a period of 12 months).
- (2) Tax equal to current tax rates applied to last year's facts and law.
- (3) 90% of the tax for the current year computed on an annualized basis.
- (4) 90% of the tax for the current year computed on a recurring seasonal income basis.
- (5) For tax periods beginning on or after January 1, 1990, a reduction in an estimated tax payment resulting from using annualized income or seasonal income exceptions (exceptions 3 and 4) must be made up in the next payment.

Exceptions (1) and (2) do not apply to *large* corporations. A large corporation is one that had (or its predecessor had) allocated taxable income of at least one million dollars for any of the three tax years immediately preceding the tax year involved.

Exception (3) applies if the estimated tax you paid was at least 90% of the amount you would owe if your estimated tax was computed on annualized taxable income for the months preceding an installment date.

You may annualize income as follows:

- a. For the first 3 months or the first 5 months of the tax 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 tax 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 tax 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).

Exception 4 applies if you have recurring seasonal income. Under this exception, you may annualize income 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).

For taxpayers with fiscal years ending after June 30, 1990, penalty for an underpayment of the estimated 15% tax surcharge **will not** be imposed on any installment due prior to September 15, 1990.

### Computation of Underpayments

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

**Line 7** - Determine the amount of each installment by subtracting from the total estimated tax, any payment made prior to the installment due date and divide the balance by the number of remaining installments. Indicate, by number, in the space provided, which exception to penalty has been used to compute installments.

### Computation of Underpayment Penalty

Complete lines 13 through 31 to determine the amount of penalty.

A penalty is due on each underpayment from the due date of the installment to the date it is paid or to the due date of the franchise tax return.

The penalty is computed for the period of underpayment at a rate set by Article 27, section 1096(e)(3). Daily compounding of interest does not apply.

For rates not printed, or for information or assistance, you may call 1 800 CALL TAX (1 800 225-5829); from outside New York State, call (518) 438-8581.

**Line 32** - In each column enter either the amount from line 31 or, if the installment payment (line 10) equals 80% or more of line 1 divided by 4, the amount in the corresponding column of line 31 multiplied by 75%.