New York State Department of Taxation and Finance

Instructions for Form MTA-9

Underpayment of Estimated Metropolitan Commuter Transportation Mobility Tax

By Self-Employed Individuals

MTA-9-I

General instructions

Who must pay the underpayment penalty

You may be charged a penalty if you did not pay enough estimated metropolitan commuter transportation mobility tax (MCTMT) by any of the due dates. This is true even if you are due a refund when you file your MCTMT return. The penalty is computed separately for each due date. Therefore, you may owe the penalty for an earlier payment due date, even if you paid enough MCTMT later to make up the underpayment.

In general, you may owe the penalty for 2011 if you did not pay:

- at least 90% (66⅔% for farmers and fishermen) of your MCTMT due for the tax year; **or**
- 100% of the MCTMT shown on your return for the prior tax year (110% of that amount if you are not a farmer or fisherman, and your net earnings from self-employment allocated to the MCTD as shown on your prior year's MCTMT return are more than $150,000); (you must have filed an MCTMT return for 2010 and it must have been for a full 12-month year); **or**
- 90% of the MCTMT computed by annualizing the income received for the months ending before the due date of the installment.

Use Schedule A to see if you prepaid enough of your required MCTMT. If you did not, use Schedule B or Schedule C to compute the penalty. The penalty for each installment is computed separately.

Penalty rate — The penalty rates will be based upon the federal short-term interest rates, and will be adjusted quarterly. The federal short-term rate for the first month of the previous calendar quarter, rounded to the nearest whole percent, will be used to set the rates for the next succeeding calendar quarter.

The federal short-term rate that applies during the third month following the tax year will also apply during the fourth month following the tax year.

The penalty rate will be the federal short-term rate plus five and one-half percentage points, but not less than 7.5%. The rates from April 30, 2011, through April 30, 2012, are as follows:

April 30 to June 30, 2011 - 7.5%
July 1 to September 30, 2011 - 7.5%
October 1 to December 31, 2011 - 7.5%
January 1 to April 30, 2012 - 7.5%

Period of underpayment — The penalty is applied to the number of days that the installment was not paid. Determine 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, to the last date in the penalty rate period, or to the next installment due date, whichever is earliest.

Note: If you qualified for a 90-day extension to pay your first installment because your spouse died within 30 days before the due date of that installment and you timely made that payment, the payment is deemed to have been made on the installment due date.

Farmers and fishermen — If your federal gross income from farming or fishing is at least two-thirds of your federal gross income for 2010 or 2011, you cannot use this form. The Tax Department will compute this penalty for you where appropriate.

Exceptions to penalty — No penalty will be due if:

- an installment of estimated MCTMT was due on or after an individual's death; **or**
- the underpayment was caused by a casualty, disaster, or other unusual circumstance; **or**
- you retired in 2010 or 2011 after reaching the age of 62, or you became disabled, and the underpayment was due to reasonable cause and not to willful neglect.

If you are requesting a waiver of the penalty, attach a statement to Form MTA-9 containing all the facts necessary to justify your request.

Specific instructions

See the instructions for your tax return for the *Privacy notification,* or if you need help contacting the Tax Department.

How to fill in the forms

Please follow these guidelines.

Use black ink only (no red or other color ink or pencils) to print or type all entries.

Do not write in dollar signs, commas, dashes, or decimal points when making entries. All necessary punctuation has been printed on the form.

Enter your name and social security number in the spaces at the top of the form as well as on any statement(s) you are required to attach to the form.

Schedule A

All filers must complete Schedule A.

Line 1 — Enter the MCTMT amount from line 2 of your 2011 Form MTA-6, *Metropolitan Commuter Transportation Mobility Tax Return*.

Line 3 — If you were not a farmer or fisherman and your net earnings from self-employment allocated to the MCTD shown on your prior year's MCTMT return were more than $150,000, enter 110% of the MCTMT shown on your prior year's MCTMT return. If you did not file a 2010 MCTMT return or if your 2010 tax year was for a period of less than 12 months, do not complete line 3. Instead, enter the line 2 amount on line 4.

Schedule B—Short method for computing the penalty

If you made no estimated MCTMT payments or made four equal estimated MCTMT payments for the 2011 tax year, complete lines 5 through 9 to compute the penalty due. Otherwise you must use the regular method in Schedule C.

Note: If any payment was made earlier than the due date, you may use the short method, but using it may cause you to pay a larger penalty than the regular method. If the payment was only a few days early, the difference is likely to be small.

You **may not** use the short method if either of the following applies:

1) you made any estimated MCTMT payments late: **or**
2) you use the annualized income installment method.

Line 8 — If the underpayment on line 6 was paid before April 30, 2012, determine the number of days the payment was made before April 30, 2012, and enter it in the computation for line 8.

> **Example:** *Assume you had a line 6 underpayment of $2,000 and paid it on April 15, 2012. You would compute the amount for line 8 as follows: $2,000 (amount on line 6) × 15 (number of days before April 30, 2012) × .00020 = $6.00.*

Schedule C – Regular method

Part 1 — Computing your underpayment

Line 10 — Enter on line 10 the amount of your required MCTMT installment for the due date shown in each column heading. For most taxpayers, this is the line 4 amount divided by four.

However, it may be to your benefit to compute your required installments by using the annualized income installment method explained below.

Annualized income installment method

If your income varied during the year because, for example, you received unexpected income in April or later, complete *Worksheet 1 – Annualized income installment.* If you use Worksheet 1 for any payment due date, you must use it for all payment due dates. To compute the amount of each required installment, the worksheet automatically selects the smaller of the annualized income installment or the regular installment (increased by the amount saved by using the annualized income installment method in computing earlier installments). Attach a copy of the worksheet to Form MTA-9.

Line 11 — Enter the total estimated MCTMT paid for each period.

Note: If you qualified for a 90-day extension to pay your first installment because your spouse died within 30 days before the due date of that installment and you timely made that payment, the payment is deemed to have been made on the installment due date.

Instead of making the estimated MCTMT payment due January 31, 2012, you can file your MCTMT return and pay all the MCTMT due by January 31, 2012. If you do this, enter the amount of tax you pay with your return on line 11, column D.

Line 12 — Enter any overpayment (or underpayment) from the prior payment period.

Line 13 — In column A, enter the amount from line 11. In the other columns, if line 12 is an overpayment, add lines 11 and 12. If line 12 is an underpayment, subtract line 12 from line 11.

Line 14 — If line 10 is greater than line 13, subtract line 13 from line 10. The result is an underpayment that should also be entered on line 15 for the same payment due date, and on line 12 for the next payment due date. If line 13 is greater than line 10, subtract line 10 from line 13. The result is an overpayment that should also be entered on line 12 for the next payment due date.

If line 13 is a negative amount, your total underpayment at line 14 is the installment due at line 10 plus the line 13 amount.

Part 2 — Computing the penalty

Compute the penalty by applying the applicable rate against each underpayment shown on line 15. The penalty is computed for the number of days that the underpayment remained unpaid, or to the next payment due date, whichever is earlier.

The rates are established at various times through the year. During 2011 there was one rate in effect over four periods.

Use lines 16 through 23 to compute the portion of the penalty attributable to different installment periods. For example, use lines 16 and 17 to compute the penalty for the first installment period at 7.5%. Use the factor .01890 at line 16 to compute the penalty for the first installment if payment is made on July 31. If the payment is made before July 31, compute the factor using the number of days the underpayment remained unpaid for the first installment. Use line 17 to compute the actual penalty amount by multiplying the underpayment by the factor.

Read the instructions and examples for lines 16 and 17 before completing Schedule C, Part 2.

List your payments for 2011

Before beginning to compute your penalty in Schedule C, Part 2, it will be helpful to organize and list the payments you made for 2011 in the manner presented in the tables on page 3.

In each table list only the payments made during the date range shown in that table heading.

Note: If you qualified for a 90-day extension to pay your first installment because your spouse died within 30 days before the due date of that installment and you timely made that payment, the payment is deemed to have been made on the installment due date.

Also, for Table 4, any MCTMT that you pay with your MCTMT return is considered a payment for this purpose and should be listed. Use the date you file your return as the payment date, unless you file late. In that case, use April 30, 2012.

Table 1 — Payments after April 30, 2011, through July 31, 2011

(a) Date	(b) Payments

Table 2 — Payments after July 31, 2011, through October 31, 2011

(a) Date	(b) Payments

Table 3 — Payments after October 31, 2011, through January 31, 2012

(a) Date	(b) Payments

Table 4 — Payments after January 31, 2012, through April 30, 2012

(a) Date	(b) Payments

Use the following instructions to compute the penalty in Schedule C, Part 2.

Complete only those lines from line 16 through line 23 for periods in which there are underpayments.

First installment — column A, lines 16 and 17

Line 16 — Enter on line 16, column A, the factor .01890 if no payment was made before July 31, 2011. If any payment was made before July 31, 2011, compute the number of days from April 30, 2011, to the date the payment was made and divide by 365. Then multiply the result by the interest rate shown to compute the factor to enter on line 16.

Note: If you qualified for a 90-day extension to pay your first installment because your spouse died within 30 days before the due date of that installment and you timely made that payment, the payment is deemed to have been made on the installment due date.

Line 17 — Compute line 17 by multiplying the underpayment on line 15 by the factor on line 16.

If there are no payments listed in Table 1, the *underpayment* is the entire balance shown on line 15, column A, because the entire underpayment was unpaid for the whole installment period.

> **Example 1:** *Assume you had an underpayment on line 15, column A, of $1,000 and that you had no payments listed in Table 1 above. Because the underpayment remained unpaid for the entire first installment period (92 days), you would compute the penalty on the underpayment using the factor shown and enter .01890 on line 16. You would enter $18.90 ($1,000 × .01890) on line 17.*

Note: When dividing the number of days by 365 (or 366), carry the result to four decimal places but when computing the factor, carry the result to five decimal places. Do not round off in either calculation.

> **Example:** *85 ÷ 365 = .2328 × 7.5% = .01746*

If there is a payment listed in Table 1, on a separate sheet of paper apply the payment to the underpayment shown on line 15. The *underpayment* for the computation on line 17 will be the amount of the payment that you applied to the line 15 underpayment. If the payment is more than the underpayment, apply only an amount equal to the underpayment and use that amount for the line 17 computation.

> **Example 2:** *Assume you had an underpayment on line 15, column A, of $1,000 and that your first payment in Table 1 was made on May 20, 2011, in the amount of $1,000. You would compute the penalty on the underpayment by computing the factor as follows: 20 ÷ 365 (20 is the number of days from April 30 to May 20) multiplied by 7.5% equals .00410. Enter .00410 on line 16. You would enter $4.10 ($1,000 × .00410) on line 17.*

If there are additional payments listed in Table 1 and the first payment was not enough to reduce the underpayment to zero, you must make a separate computation for each payment listed until the underpayment is reduced to zero. If there is still an underpayment balance after applying all of the payments, you must compute the penalty on the balance of the underpayment as explained in Example 3 below.

> **Example 3:** *Assume you had an underpayment on line 15, column A, of $1,000 and that your first payment in Table 1 was made on May 9, 2011, in the amount of $600. Because the payment did not reduce the underpayment to zero, you would compute the penalty on the underpayment by computing the factors as follows: 9 ÷ 365 (9 is the number of days from April 30 to May 9) multiplied by 7.5% equals .00184. Enter .00184 on line 16; as there are no other payments listed in Table 1, you would have a second computation to compute the factor on the remaining underpayment of $400 as follows: enter .01890 (factor for period April 30, 2011 to July 31, 2011) on line 16. You would enter $1.10 ($600 × .00184) and $7.56 ($400 × .01890) on line 17.*

Columns B through D

In columns B through D, compute the penalty on any underpayment shown on line 15. Compute the penalty for each period in the same manner as in column A.

Second installment — column B, lines 18 and 19

Line 18 — Enter on line 18, column B, the factor .01890 if no payment was made before October 31, 2011. If any payment was made after July 31, 2011, but before October 31, 2011, compute the number of days from July 31, 2011, to the date the payment was made and divide by 365. Then multiply the result by the interest rate to compute the factor to enter on line 18.

Line 19 — Compute line 19 by multiplying the underpayment on line 15 by the factor on line 18.

Third installment — column C, lines 20 and 21

Line 20 — Enter on line 20, column C, the factor .01887 if no payment was made before January 31, 2012. If any payment was made after October 31, 2011, but before December 31, 2011, compute the number of days from October 31, 2011, to the date the payment was made and divide by 365. If any payment was made after December 31, 2011, but before January 31, 2012, compute the number of days from

January 1, 2012, to the date the payment was made and divide by 366. Then multiply the result by the interest rate to compute the factor to enter on line 20.

Line 21 — Compute line 21 by multiplying the underpayment on line 15 by the factor on line 20.

Fourth installment — column D, lines 22 and 23

Line 22 — Enter on line 22, column D, the factor .01844 if no payment was made before April 30, 2012. If any payment was made after January 31, 2012, but before April 30, 2012, compute the number of days from January 31, 2012, to the date the payment was made and divide by 366. Then multiply the result by the interest rate to compute the factor to enter on line 22.

Line 23 — Compute line 23 by multiplying the underpayment on line 15 by the factor on line 22.

Worksheet 1 – Annualized income installment

Line 1 — Attach a statement showing how you computed your net earnings from self-employment allocated to the MCTD for each period shown.

Worksheet 1 — Annualized income installment *(Complete one column through line 11 before completing the next column.)*

			a 1/1/11 - 3/31/11	b 1/1/11 - 6/30/11	c 1/1/11 - 9/30/11	d 1/1/11 - 12/31/11
1	Net earnings from self-employment allocated to the MCTD for period shown *(see instructions above)*	1.				
2	Annualization amounts	2.	4	2	1.34	1
3	Multiply line 1 by line 2	3.				
4	Annualized MCTMT *(multiply line 3 by .34% (.0034))*	4.				
5	Percentage	5.	22.5%	45%	67.5%	90%
6	Multiply line 4 by line 5	6.				
7	Add the combined amounts of line 11 from all preceding columns	7.				
8	Subtract line 7 from line 6. If less than zero, enter ***0***	8.				
9	For each payment period, divide the Form MTA-9, line 4 amount by four, and add the amount from this worksheet, line 10, preceding column	9.				
10	If line 9 is more than line 8, subtract line 8 from line 9. Otherwise, enter ***0***	10.				
11	**Required installments.** Enter the smaller of line 8 or line 9 here and on Form MTA-9, line 10	11.				