



# Instructions for Form MTA-505

## Metropolitan Commuter Transportation Mobility Tax Group Return for Partners

**MTA-505-I**

**⚠ Beginning January 1, 2014, if you are a partnership (including a limited liability partnership (LLP) and limited liability company (LLC) treated as a partnership) with New York resident and nonresident individual partners, and your business is approved to participate in the START-UP NY program, and is located within a tax-free NY area that is in the metropolitan commuter transportation district (MCTD), you **cannot file a group return**. Visit our Web site (at [www.tax.ny.gov](http://www.tax.ny.gov)) for important information on how to calculate and file the metropolitan commuter transportation mobility tax (MCTMT).**

### **⚠ Final year for filing Form MTA-505 is 2014**

Beginning with tax year 2015, self-employed individuals (including partners) will no longer have a separate MCTMT filing requirement. Therefore, partners will report their MCTMT partnership earnings on their personal income tax returns unless they file as group members on Form IT-203-GR, *Group Return for Nonresident Partners*.

Form MTA-505 and Form MTA-5, *Estimated Metropolitan Commuter Transportation Mobility Tax Payment Voucher*, will be obsolete after tax year 2014. A new schedule will be added to Form IT-203-GR to allow reporting of the MCTMT. Partnerships currently filing Form IT-203-GR will include any qualified nonresident partners (resident partners and grantor trusts are not eligible partners) on the new MCTMT schedule of Form IT-203-GR. If a partnership has more than 11 nonresident partners and is not currently filing Form IT-203-GR it should see Form IT-203-GR-I for additional eligibility requirements and how to apply to file as a group. Group estimated MCTMT payments will be made on Form IT-2105, *Estimated Tax Payment Voucher for Individuals*, beginning with the April 15, 2015, payment (previously April 30).

Visit our Web site for important MCTMT group return information.

### **General information**

A partnership (including an LLP and LLC treated as a partnership) that is doing business within the MCTD, may be granted approval to make group estimated MCTMT payments and file a group MCTMT return on behalf of its qualified New York State **resident and nonresident** partners or members. A partnership, LLP, or LLC may file on a group basis only if the partnership, LLP, or LLC has two or more qualified partners or members who elect to file on a group basis for each year. In addition, all qualified partners who elect to participate in the group filing must have the same accounting period. Hereafter, partners and members will be collectively referred to as partners. Partnerships, including LLPs and LLCs treated as partnerships, will be collectively referred to as partnerships.

Group estimated MCTMT payments and group MCTMT returns are considered to be a group of individual estimated tax payments and returns that meet each partner's estimated MCTMT payment and filing requirement. Accordingly, if a qualified partner elects to participate in the group, the partner is not required to make individual estimated MCTMT payments or file an individual MCTMT return.

### **Approval to file on a group basis**

A partnership that wishes to file on a group basis must have requested permission to do so by submitting an application on Form MTA-599, *Application for Permission to Make Metropolitan Commuter Transportation Mobility Tax Group Estimated Tax Payments and File a Group Return*. Form MTA-599 must have been submitted to: **NYS Tax Department, Taxpayer Contact Center – MTA Group Return, W A Harriman Campus, Albany NY 12227-0866**. Form MTA-599 must have been filed no later than 45 days before the due date of the first required **estimated MCTMT payment** for 2014. See *Need help?* on page 4 for information on how to get forms.

If approval was granted, the partnership was issued a special MCTMT identification number to be used only for making the group estimated MCTMT payments and filing the group MCTMT return. The Tax Department's approval to file on a group basis is contingent upon the receipt of the group return for the applicable tax year (for example, 2014), and is subject to revocation upon audit. An approval to file on a group basis will remain in effect through 2014 unless it is revoked. Annual approval was not required. However, see *Reinstatement*, below.

**You must obtain prior approval to file on a group basis.** If you file on a group basis without receiving the special MCTMT identification number that must be entered on the group estimated tax payments and group return, the group estimated tax payments and group return will not be processible, and the participating partners could be subject to underpayment, late filing, and late payment penalties.

### **Reinstatement**

If a partnership that has received permission to file on a group basis decides not to file on a group basis for 2014, it must notify the Tax Department of its decision in writing at the address previously stated for filing Form MTA-599. The notice must show the name and address of the partnership and the special MCTMT identification number. In addition, if the partnership wishes to file on a group basis for a subsequent tax year, it must meet the eligibility requirements to file Form IT-203-GR, *Group Return for Nonresident Partners*, request permission to file a group return on Form TR-99, *Application for Permission to File a Group Return*, and upon approval, be assigned a special New York State identification number to be used only for filing the group return. (**This number will be different than the MCTMT identification number.**)

### **Group agent and powers of attorney**

A partnership that requested approval to file on a group basis must appoint one partner as the *group agent*. The group agent must have legal authority to act as an agent in matters relating to the group estimated MCTMT payments and group MCTMT return for all partners participating in the group. The group agent is required to maintain records relating to the portion of the total estimated tax paid on behalf of each partner and to sign the group return. Any communications from the Tax Department will be sent to the group agent. Any notices required by law (for example, a notice of deficiency or a notice and demand) will be sent to the group agent as well as to the individual partner involved. The group agent will be personally liable for only those penalties relating to making or signing an erroneous, false, or fraudulent return, but only if the agent was actually responsible for the error.

Form MTA-599 must have been accompanied by an individual power of attorney for each qualified partner (however, see *Note* below for filing Form DTF-350, *Group Affidavit*) the group agent knows, at the time of application, will be participating in the group. The power of attorney must authorize the group agent to represent the participating partner in making group estimated tax payments and filing the group return. If, after the application date, an additional partner elects to participate in the group, a power of attorney for that partner must be attached to the first group return on which the partner is included. If a partnership requests reinstatement of approval to file on a group basis (see *Reinstatement*, above), the partnership must also resubmit powers of attorney as previously described.

If the partnership changes its group agent, it must notify the Tax Department immediately at the previously-stated address. The notice must also be accompanied by new powers of attorney for all participating partners (however, see *Note* below).

**Note:** Form DTF-350, filed in accordance with the instructions for that form, may be submitted instead of individual powers of attorney.

### **Qualified partner**

A **qualified partner** is a partner who is a New York State **resident or nonresident** individual who meets both of the following conditions:

- The partner must have no net earnings from self-employment allocated to the MCTD other than (1) the partner's net earnings from self-employment allocated to the MCTD from the partnership, or (2) net earnings from self-employment allocated to the MCTD from another partnership where the partner is included in that partnership's MCTMT group filing.
- The partner must waive the **\$50,000** net earnings from self-employment allocated to the MCTD income threshold for imposing the tax.

If the partnership has a grantor trust as a partner, the grantor of the trust may elect to participate in the group filings if the grantor meets the conditions to be a qualified partner.

### **Electing to participate in the group**

A qualified partner elects to participate in the group estimated MCTMT payments and group MCTMT return by informing the group agent that he or she wishes to participate and by executing a power of attorney as described on page 1. The election must be made by the thirtieth day of the fourth month following the close of the tax year for which the election is made. However, a partner who has made any individual estimated MCTMT payments for 2014 cannot be included on the group return for 2014. In addition, if a qualified partner is a partner in another partnership that conducts business in the MCTD, the partner must be included in both partnerships' group MCTMT filings. The partner's inclusion in the group filing constitutes notice to the Tax Department that the partner is electing to participate in the group filing.

A partner who elects to participate in the group filing may not change that election after the thirtieth day of the fourth month after the close of the tax year. However, if it is later determined that a partner included in the group filing did not meet the definition of a qualified partner for the tax year, the partner must file an individual MCTMT return.

### **Estimated MCTMT payments**

The group estimated MCTMT payments for 2014 were filed using Form MTA-5, *Estimated Metropolitan Commuter Transportation Mobility Tax Payment Voucher*. The group estimated tax payments were due on April 30, July 31, and October 31, 2014, and February 2, 2015. The group agent must

maintain records to show the portion of the total that was paid on behalf of each participating partner.

For the partner to avoid a penalty for underpayment of the MCTMT for the tax year, the partner's total amount of MCTMT payment(s) must be:

- at least 90% (66% for farmers and fishermen) of the amount of the partner's MCTMT due for the tax year; or
- 100% of the MCTMT reported for the partner for the prior tax year (110% of that amount if the partner is not a farmer or a fisherman and the partner's net earnings from self-employment allocated to the MCTD for the prior year are more than \$150,000) based on a return covering 12 months.

If a qualified partner or partners who were included in the group estimated tax payments decide not to participate in the group return, the group agent should notify the Tax Department no later than March 1 of the year in which the return is due. This notification must contain the following information for each partner:

- the name and address of the partnership;
- the special MCTMT identification number assigned to the partnership;
- the partner's name, address, and social security number;
- the amount of MCTMT paid on the partner's behalf; and
- a request that the payment or payments be switched to an individual estimated MCTMT account in the partner's name.

If the partnership subsequently decides not to file a group return for the tax year, the above partner information should be provided for each partner no later than March 1 of the year in which the return is due. The **notification** must be mailed to: **NYS Tax Department, Estimated MCTMT Unit, W A Harriman Campus, Albany NY 12227-0865**.

This transfer of estimated tax payments could take two to three weeks to become effective. If the partner files an individual MCTMT return before the transfer becomes effective, the partner will not get credit for these payments when the return is processed, and a tax due notice will be issued to the partner. Therefore, the partner may wish to request an extension of time to file the partner's individual MCTMT return to ensure that the estimated tax payments made on the partner's behalf have been properly credited to the partner's individual MCTMT estimated tax account before the partner's individual return is filed.

### **Amended return**

To amend a previously filed MCTMT group return, complete new Forms MTA-505 and MTA-505-ATT using the corrected information, and mark an **X** in the *Amended return* box on Form MTA-505 and the *Amended* box on Form MTA-505-ATT.

An amended group MCTMT return must be filed if an amended federal return is filed by the partnership that changes any items used in calculating net earnings from self-employment allocated to the MCTD reported on the original group return. An amended group return must also be filed if a federal audit of the partnership changes any items used in calculating net earnings from self-employment allocated to the MCTD reported on the original group return. An amended group return must be filed within 90 days of the date the federal amended partnership return is filed, or, in the case of a federal audit, within 90 days after the final determination of the change. Attach a copy of the federal report of examination changes and a signed statement by the group agent indicating you concede the federal audit changes. If the partnership does **not** concede the federal audit changes, attach a signed statement explaining why.

## Specific instructions/Form MTA-505

### 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, or decimal points when making entries. All necessary punctuation has been printed on the form.

### Name and address

Enter in the spaces at the top of the return the legal name, trade name (if any), address, and employer identification number (EIN) of the partnership exactly as these items will appear on its New York State partnership return, Form IT-204, *Partnership Return*. In addition, enter the special MCTMT identification number in the box indicated.

**Final return box –** Mark an **X** in the box **only** if your partnership **ceased doing business** activity in the MCTD even though this will be the final year for filing Form MTA-505 because partners will report their MCTMT partnership earnings on their personal income tax returns beginning tax year 2015, unless they file as group members on Form IT-203-GR.

**Note:** You must complete **Form MTA-505-ATT** before you can complete lines 1 through 5 of Form MTA-505.

**Line 4 –** If you owe more than one dollar, attach your payment to the front of this return. Make your check or money order payable in U.S. funds to **Commissioner of Taxation and Finance**, and write your special MCTMT identification number and **2014 MTA-505** on it. Do not send cash. See *Where to file* below.

**Fee for payments returned by banks –** The law allows the Tax Department to charge a \$50 fee when a check, money order, or electronic payment is returned by a bank for nonpayment. However, if an electronic payment is returned as a result of an error by the bank or the department, the department won't charge the fee. If your payment is returned, we will send a separate bill for \$50 for each return or other tax document associated with the returned payment.

**Line 5 –** The amount overpaid, as well as any balance in your group estimated MCTMT account as of the time of filing your 2014 group MCTMT return, will be refunded since separate group MCTMT payments will not be allowed for 2015.

A partnership filing a group return must attach to its Form IT-204 a list showing the name (in alphabetical order) and social security number of each partner who will be included on the group MCTMT return.

### Third-party designee

If you want to authorize another individual (third-party designee) to discuss this tax return with the New York State Tax Department, mark an **X** in the **Yes** box in the third-party designee area of your return. Also print the designee's name, phone number, and any five-digit number the designee chooses as his or her personal identification number (PIN). If you want to authorize the paid preparer who signed your return to discuss the return with the Tax Department, print the preparer's name in the space for the designee's name and enter the preparer's phone number in the space for the designee's phone number. You do not have to provide the other information requested. If you do not want to authorize another person, mark an **X** in the **No** box.

If you mark the **Yes** box, you are authorizing the Tax Department to discuss with the designee any questions related to this return. You are also authorizing the designee to give and receive confidential taxpayer information relating to:

- this return, including missing information,
- any notices or bills arising from this filing that you share with the designee (they will not be sent to the designee),
- any payments and collection activity arising from this filing, and
- the status of your return or refund.

This authorization will not expire but will only cover matters relating to this return. If you decide to revoke this designee's authority at any time, call us (see *Need help?*).

You are not authorizing the designee to receive your refund, bind you to anything (including any additional tax liability), or otherwise represent you before the Tax Department. If you want someone to represent you or perform services for you beyond the scope of the third-party designee, you must designate the person using another method such as Form DTF-280, *Tax Information Authorization*, or a power of attorney.

### Signature

This form must be signed by the group agent on behalf of the participating partners. If you use a paid preparer, he or she must also sign the return and complete the other information in the paid preparer's section of the return.

### Paid preparer's responsibilities

Under the law, all paid preparers must sign and complete the paid preparer section of the form. Paid preparers may be subject to civil and/or criminal sanctions if they fail to complete this section in full.

When completing this section, you must enter your New York tax preparer registration identification number (NYTPRIN) if you are required to have one. Also, you must enter your federal preparer tax identification number (PTIN) if you have one; if not, you must enter your social security number.

### When to file

File your 2014 Form MTA-505 on or before April 30, 2015. If you file late, you may have to pay penalties and interest.

### Extension of time to file

If you cannot meet the filing deadline, you may request an extension of time to file the group return using Form MTA-7, *Application for Automatic Six-Month Extension of Time to File a Metropolitan Commuter Transportation Mobility Tax Return*. Form MTA-7 must show the special MCTMT identification number assigned to the partnership. The partnership must also attach to Form MTA-7 a list showing each participating partner's name (in either alphabetical or social security number order), address, and social security number.

### Where to file

Mail the completed group return to:

MCTMT PROCESSING CENTER  
PO BOX 4141  
BINGHAMTON NY 13902-4141

### Private delivery services

If you choose, you may use a private delivery service, instead of the U.S. Postal Service, to mail in your form and tax payment. However, if, at a later date, you need to establish the date you filed or paid your tax, you cannot use the date recorded by a private delivery service **unless** you used a delivery service that has been designated by the U.S. Secretary of the Treasury.

or the Commissioner of Taxation and Finance. (Currently designated delivery services are listed in Publication 55, *Designated Private Delivery Services*. See *Need help?* below for information on obtaining forms and publications.) If you have used a designated private delivery service and need to establish the date you filed your form, contact that private delivery service for instructions on how to obtain written proof of the date your form was given to the delivery service for delivery. If you use **any** private delivery service, whether it is a designated service or not, send the forms covered by these instructions to: JPMorgan Chase, MCTMT Processing Center-505, 33 Lewis Road, Binghamton NY 13905-1040.

### Need help?



Visit our Web site at [www.tax.ny.gov](http://www.tax.ny.gov)

- get information and manage your taxes online
- check for new online services and features



MCT Mobility Tax Information Center: (518) 485-2392

To order MCTMT forms: (518) 485-2392



Text Telephone (TTY) Hotline  
(for persons with hearing and speech disabilities using a TTY): (518) 485-5082

### Specific instructions/Form MTA-505-ATT

If you are filing a group MCTMT return, you must complete Form MTA-505-ATT and attach it to Form MTA-505. Use as many copies of Form MTA-505-ATT as you need to list all qualified partners participating in the MCTMT group return. (If a partner is a grantor trust, enter the name and social security number of the grantor that is participating in the group MCTMT filings. Do not enter the name or EIN of the grantor trust.) Enter the grand totals from all sheets on the last Form MTA-505-ATT.

### Completing Form MTA-505-ATT

**Column C** – Use Worksheet 1, *Partner's net earnings from self-employment allocated to the MCTD*, to determine the amount to enter in column C for each partner.

**Column E** – Enter each partner's estimated MCTMT paid and/or amount paid with Form MTA-7.

**Column H** – Mark an **X** in this column if the partner is participating in another group MCTMT return.

### Worksheet 1

#### Partner's net earnings from self-employment allocated to the MCTD

1. Partner's share of net earnings from self-employment (*from Form IT-204-IP, line 15, column B*) ..... 1. \_\_\_\_\_
2. Partner's share of separately stated items (*see instructions*) ..... 2. \_\_\_\_\_
3. Subtract line 2 from line 1 ..... 3. \_\_\_\_\_
4. Multiply line 3 by 92.35% (.9235) ..... 4. \_\_\_\_\_
5. MCTD allocation percentage (*from Form IT-204-IP, line 29b*) ..... 5. \_\_\_\_\_
6. Multiply line 4 by line 5; enter here and on Form MTA-505-ATT, column C ..... 6. \_\_\_\_\_

### Instructions for Worksheet 1

**Line 2** – Enter the amount of any separately stated items used in the partner's calculation of net earnings from self-employment (for example, IRC section 179 expense).

### Privacy notification

New York State Law requires all government agencies that maintain a system of records to provide notification of the legal authority for any request, the principal purpose(s) for which the information is to be collected, and where it will be maintained. To view this information, visit our Web site, or, if you do not have Internet access, call and request Publication 54, *Privacy Notification*. See *Need help?* for the Web address and telephone number.