



Instructions for Form CT-222

Underpayment of Estimated Tax by a Corporation

CT-222-I

General information

You must file a declaration of estimated tax and make quarterly installment payments for any of the following if the applicable tax for the current tax year can reasonably be expected to be **more than \$1,000** after credits:

- business corporations (including S corporations),
- insurance corporations,
- utilities (including providers of telecommunication services), and
- transportation and transmission corporations.

For more information about estimated tax payments, see *Estimated tax requirements for corporations* on our website at www.tax.ny.gov. Also see Forms CT-300-I, *Instructions for Form CT-300*, and CT-400-I, *Instructions for Form CT-400*.

Metropolitan transportation business tax (MTA surcharge)

You must also make a declaration of estimated MTA surcharge and make quarterly installment payments for any corporation doing business in the Metropolitan Commuter Transportation District (MCTD) that is required to make a declaration of estimated tax.

Underpayment penalty

If you do not pay the required installment payments on time and in the correct amounts, you will have to pay an underpayment penalty for the period of underpayment per Tax Law § 1085(c).

You must calculate the penalty separately for each installment due date. If you paid enough tax later to make up the underpayment—you may owe a penalty for an earlier due date—even if you are due a refund when your tax return is filed. If you qualify for an exception per Tax Law § 1085(d) and (e), we may reduce or eliminate the penalty. The penalty is calculated for the period of underpayment at a rate set by Tax Law § 1096(e). Daily compounding of interest does not apply.

Partnerships, limited liability corporations, and New York S corporations

You are required to pay estimated taxes on behalf of nonresident individuals and C corporation partners, members, or shareholders on their distributive or pro rata share of the respective entity's income for any of the following that had income from New York sources:

- partnerships,
- limited liability companies (LLCs) that are treated as partnerships for federal purposes, and
- New York S corporations.

Use Form IT-2659, *Estimated Tax Penalties for Partnerships and New York S Corporations*, to determine if you underpaid estimated tax and to calculate the penalty due, if any.

Who must file

You do not have to file this form with your applicable tax return because New York State will calculate the amount of any penalty and notify you of any amount due. However, if the line 1 amount exceeds \$1,000, and any of the following four exceptions apply to reduce or eliminate your penalty, you **must** complete this form and attach it to your tax return (note that you may not apply exceptions to the mandatory first installment [MFI]):

1. the *adjusted seasonal installment method*—this exception only applies when the highest tax base, before credits, for the tax year for which the penalty is being calculated, is the business income base or one of the following bases:
 - fixed dollar minimum tax (Article 9-A)
 - entire net income (ENI) (Article 33)
 - tax on premiums (Article 33)
 - alternative tax (Article 33)
 - gross earnings or gross income (Article 9);
2. the *annualized income installment method* (this exception only applies when the highest tax base, before credits, for the tax year for which the penalty is being calculated, is one of the bases specified for the adjusted seasonal method above);
3. you are **not** a large corporation, and you are calculating your estimated tax based on the prior year's tax, provided that the prior year consisted of 12 months and your return showed a tax liability (also referred to as *the line 8 exception*);
4. you are **not** a large corporation, and you are calculating your estimated tax by applying to the tax base on which your current year's tax was paid, the facts shown on your return for, and the law applicable to, the preceding tax year, but using the rates applicable to the current year (also referred to as *the line 9 exception*).

A *large corporation* is one that had, or whose predecessor had, business income or allocated business income (if an Article 9-A filer) or ENI or allocated ENI (if an Article 33 filer) of at least \$1 million for any of the three tax years immediately preceding the tax year involved.

Article 33 filers: For a non-life insurance corporation subject to tax under Tax Law § 1502-a, a *large corporation* is one that had direct premiums, subject to the premiums tax under Tax Law § 1502-a, exceeding \$3.75 million for any of the three preceding tax years.

Exceptions:

- A corporation filing its first return is considered a small corporation.
- Article 9 filers are never considered large corporations.

Payment of estimated tax

MFI

Important: To avoid a penalty for underpayment of estimated tax regarding MFI, you must pay the required percentage of tax as detailed below.

Corporations subject to tax under Tax Law §§ 184, 186-a, and 186-e; Article 9-A; or Article 33

If your second preceding year's franchise, excise, or gross receipts tax after credits exceeded \$1,000, you were required to pay 25%, or 40% (as applicable), of that tax using Form CT-300. If you are a domestic, foreign, or life insurance corporation subject to tax under Tax Law § 1510(b)(1), and the tax after credits exceeds \$1,000, the percentage is 40%.

However, if you do **not** have a second preceding tax year because a return was not required to be filed, you are **not** required to file Form CT-300. You **must** still make a declaration of estimated tax and pay the remaining installments of estimated tax using Form CT-400, *Estimated Tax for Corporations*, when the requirement to do so is met.

MTA surcharge

If your corporation is subject to the MTA surcharge, you are also required to make an MFI payment of estimated MTA surcharge. The MFI is due on or before the 15th day of the third month following the close of each tax year.

New York S corporations and Article 9, former § 186 filers

For a tax year for which you **did not** file for the preceding tax year a request for extension of time for filing, if your franchise, excise, or gross receipts tax after credits is **more** than \$1,000 on the return for the tax year preceding the year for which the MFI is required, you must have paid 25% or 40% (as applicable) of that tax with that return.

For a tax year for which you **did** file for the preceding tax year a request for extension of time for filing, if the lesser of the following two amounts is **more** than \$1,000, you must have paid 25% or 40% (as applicable) of that lesser amount with the request for extension:

- not less than 90% of the tax after credits as finally determined for the year for which the extension of time for filing was requested; or
- not less than 100% of the tax shown, after credits, on the return for the year preceding the year for which the extension of time for filing was requested, if that preceding year was a tax year of 12 months.

MTA surcharge

If you are liable for the MTA surcharge, you are required to make an MFI payment for the MTA surcharge when an MFI is required for your franchise, excise, or gross receipts tax. The required MFI for the MTA surcharge for a tax year for which you **did not** file for the preceding tax year a request for extension of time for filing is 25% or 40% of the MTA surcharge reported on the MTA return for that preceding year.

The required MFI for the MTA surcharge for a tax year for which you **did** file for the preceding tax year a request for extension of time for filing is 25% or 40% of the lesser of the following two amounts:

- not less than 90% of the MTA surcharge as finally determined for the year for which the extension of time for filing was requested; or
- not less than 100% of the MTA surcharge on the MTA return for the year preceding the year for which the extension of time for filing was requested, if that preceding year was a tax year of 12 months.

Second, third, and fourth installments of estimated tax and estimated MTA surcharge

These installments are due on the 15th day of the 6th, 9th, and 12th months of your tax year. The amount of each installment is 33⅓% of the estimated tax minus the MFI. However, corporations that are **not large corporations** are allowed to make second, third, and fourth installments so that each of those installments is 33⅓% of 91% of the estimated tax minus the MFI. The estimated tax is the tax, minus allowable credits, shown on the return for the year for which the estimated tax payments were made (or if no return was filed, the tax for that year) unless an exception applies. This amount is referred to in this form as the *current year amount*.

If you use either exception number 1 or 2 under *Who must file* to reduce the amount of a second, third, or fourth installment that would otherwise be due, the reduction must be recaptured by increasing the amount of the next installment by the amount of the reduction when the next installment is either an amount determined without using any exception, or an amount determined using exception number 3 or 4 under *Who must file*.

You must increase subsequent installments to the extent that the reduction has not previously been recaptured. Use Schedule A, Part 3 to calculate this recapture.

How to use Form CT-222

Complete Part 1 to determine the annual payment. Use Part 1 to determine the least of the following annual payment amounts:

- the *current year amount* from line 2;
- the *line 8 exception* amount from line 3; or
- the *line 9 exception* amount from line 4.

Use Part 2 to inform us which exceptions you are using to reduce or eliminate the underpayment penalty.

Complete the remainder of the form to determine which, if any, exceptions apply, and to calculate the amount of any penalty on an underpayment of an installment amount.

If any exceptions apply, mark an **X** in the applicable boxes in Part 2. If you marked any box in Part 2, attach Form CT-222 to your tax return. Also mark the box on the appropriate line on your tax return to inform us you are filing Form CT-222.

Complete Schedule A, Parts 1 and 3 if only the box on line 6 is marked. Complete Schedule A, Parts 2 and 3 if only the box on line 7 is marked. Complete Schedule A, Parts 1, 2, and 3 if both boxes on lines 6 and 7 are marked. Complete Schedule B if the box on line 9 is marked.

Line instructions

Part 2: Reasons for filing

Lines 6 and 7—Adjusted seasonal installment method and annualized income installment method

If your income varied during the year because, for example, you operated your business on a seasonal basis, you may be able to reduce or eliminate the amount of one or more required installments by using either the adjusted seasonal installment method or the annualized income installment method, as applicable for each installment. The adjusted seasonal method does not apply when you have less than three tax years filed with New York State.

Example: *A ski shop, which receives most of its income during the winter months, may benefit from using one or both of these methods to figure its required installments. The annualized income installment or adjusted seasonal installment may be less than the installment under the least of the current year amount, line 8 exception, or line 9 exception.*

Note: To learn when you may use these methods, see *Who must file*.

Part 3: Calculating the underpayment

For lines 11 through 19, complete one column before going to the next column.

Line 10

You are generally required to enter the 15th day of the 3rd, 6th, 9th, and 12th months of your tax year.

Line 11

For column A:

Corporations subject to tax under Article 9 §§ 184, 186-a, and 186-e; Article 9-A; or Article 33: If calculating the penalty for corporation franchise, excise, or gross receipts tax, enter the amount from the Form CT-300, line 2, column **A**, that was used to satisfy the MFI for the tax year for which you are calculating the penalty.

If you are calculating the penalty for MTA surcharge, enter the amount from the Form CT-300, line 4, column **B**, that was used to satisfy the MFI for the tax year for which you are calculating the penalty.

New York S corporations and Article 9, former § 186 filers:

If you did not file a request for extension of time for filing for the tax year preceding the tax year for which the penalty is being calculated, then multiply line 3 by 25% (0.25) or 40% (0.40), as applicable.

If line 3:

- is more than \$1,000, but does not exceed \$100,000, multiply by 25% (0.25);
- is more than \$100,000 multiply by 40% (0.40);
- is more than \$1,000, and you are subject to tax under § 1510(b)(1) multiply by 40% (0.40).

If you are a *large corporation* and line 3 is not completed, multiply the applicable percentage by the amount that would have been entered on line 3. If your tax due for the previous tax year was less than \$1,000, enter **0**.

If you **did** file a request for extension of time for filing for the tax year preceding the tax year for which the MFI is required, enter from that extension request the amount reported as the first installment of estimated tax for the next tax year. If no MFI was required on the extension request, enter **0**.

If the box on line 8 or 9, but not line 6 or 7, is marked, subtract column A from line 5 and divide by three. Enter this result in columns B, C, and D. If either of the boxes on line 6 or line 7 is marked, complete the applicable parts of Schedule A and enter the amounts from line 93 in columns B, C, and D.

For the exceptions on lines 6, 7, and 9, calculate the installments without regard to any increase in the rates applicable to the tax year that may have become effective after the first day of the seventh month of that year.

Line 12

Enter the estimated tax payments made by you for your tax year as indicated in the *Column A* and *Columns B, C, and D* instructions. Include any amounts paid on time on your behalf by a partnership. If an installment is due on a Saturday, Sunday, or legal holiday, payments made on the next day that is not a Saturday, Sunday, or legal holiday are considered made on the due date to the extent the payment is applied against that required installment.

Column A: Enter payments made or credited, by the due date shown on line 10, column A. Also enter this amount on line 16, column A.

Columns B, C, and D: Enter payments made by the due date shown on line 10 for that column and after the due date shown on line 10 of the preceding column. Do **not** include overpayments of tax from prior installment periods.

We will apply a payment of estimated tax against underpayments or required installments in the order the installments are required to be paid, regardless of the installment to which the payment pertains.

Example: Calendar-year taxpayer

	First	Second	Third	Fourth
<i>Due date</i>	3/15	6/15	9/15	12/15
<i>25% of prior year tax or MTA surcharge</i>	2,000			
<i>Installment amount due</i>	2,000	1,000	1,000	1,000
<i>Paid on time or credited</i>	2,000	0	500*	1,000**
<i>Underpayment</i>	0	1,000	500	0

*Paid \$1,500 on 9/15; \$1,000 applied to 6/15 installment; \$500 applied to 9/15 installment. Therefore, penalty is due on \$1,000 from 6/15 to 9/15.

**Paid \$1,500 on 12/15; \$500 applied to 9/15 installment; \$1,000 applied to 12/15 installment. Therefore, penalty is due on \$500 from 9/15 to 12/15.

Line 18

Complete lines 20 through 45 to determine the amount of the penalty on any underpayments shown.

Part 4: Calculation of the underpayment penalty

Calculate the penalty for the period of underpayment using the underpayment rate determined under Tax Law § 1096(e). The period of underpayment runs from the installment due date to the earlier of the date the underpayment is actually paid **in full** or the 15th day of the 4th month after the close of the tax year.

Example: A corporation underpaid the 3/15 installment by \$1,000. The 6/15 installment requires a payment of \$2,500. On 6/10, the corporation deposits \$2,500 to cover the 6/15 installment. However, \$1,000 of this payment is applied against the 3/15 installment. The penalty for the 3/15 installment is figured from 3/15 to 6/10 (88 days). Therefore, 6/10 would be entered in line 20, column A. The remaining \$1,500 is applied to the 6/15 installment as if it were made on 6/15.

If you have made more than one payment for a required installment, attach a separate calculation for each payment.

Line 41

1. In each of columns B, C, and D:
2. Add the amount on line 12 to the amount on line 13.
3. If the resulting sum for a column **equals or exceeds** the amount calculated on line 45, multiply line 40 by 75% (0.75), and enter the result.

If the resulting sum **does not exceed** the amount on line 45, enter the amount from line 40.

Note: The 75% provision does not apply to the MFI (column A).

Schedule A

See *Who must file* for when the adjusted seasonal installment method or the annualized income installment method may be used. The same requirements apply for using either method for MTA surcharge purposes.

Use Schedule A to calculate one or more required installments when you use the adjusted seasonal installment method or annualized income installment method. If Schedule A is used for any payment due date, you must complete it for all payment

due dates. To arrive at the amount of each required installment, Schedule A automatically selects the smallest of:

- the adjusted seasonal installment (if applicable);
- the annualized income installment (if applicable);
- the installment under the least of the current year, line 8 exception, or line 9 exception (increased by any recapture of a reduction in a required installment, when applicable).

Follow the steps below to determine which parts of Schedule A you must complete:

- If you are using only the adjusted seasonal installment method, mark an **X** in the box on line 6 and complete Schedule A, Parts 1 and 3.
- If you are using only the annualized income installment method, mark an **X** in the box on line 7 and complete Schedule A, Parts 2 and 3.
- If you are using both methods, mark an **X** in the boxes on lines 6 and 7 and complete all three parts in Schedule A.

Schedule A, Part 1: Adjusted seasonal installment method

You can use the adjusted seasonal installment method only if your base period percentage for any six consecutive months is 70% or more. When the base period percentage is 70% or more, you may also use the adjusted seasonal installment method for MTA surcharge purposes. The base period percentage for any period of six consecutive months is the average of the three percentages calculated by dividing business income, for the corresponding six consecutive month period in each of the three preceding tax years, by the total business income for each of the three preceding tax years. For purposes of calculating the base period percentage, instead of business income, you must use one of the tax bases under *Who must file*, when that other base is the highest tax base, before credits, for the tax year for which the penalty is being calculated. Calculate the base period percentage using the six-month period in which you normally receive the largest part of your taxable income.

Example: *An amusement park with a 2025 calendar tax year is taxed on the business income base and receives the largest part of its taxable income during the six-month period from May through October. To arrive at its base period percentage for this six-month period in 2025, the amusement park calculates its business income for each May through October period in 2022, 2023, and 2024. It then divides the business income for each May through October period by the total business income for that particular tax year. Assume the resulting percentages are: 69% for May through October 2022, 74% for May through October 2023, and 67% for May through October 2024. Because the average of 69%, 74%, and 67% is 70%, the base period percentage for May through October is 70%. Therefore, the amusement park qualifies for the adjusted seasonal installment method.*

Line 61

For MTA surcharge purposes:

- Calculate the franchise, gross receipts, or excise tax on the line 60 amount.
- Multiply the tax by the MCTD allocation percentage.
- Multiply the result from step 2 by the applicable MTA surcharge tax rate.

Certain Article 9 and Article 33 filers: When appropriate, apply the worksheet from your MTA surcharge return to the line 60 tax amount **before** multiplying by the MCTD allocation percentage.

Line 68

Enter any other tax amounts that are part of the calculation of the total tax amount on line 1. Examples include, but are not limited to, the tax on subsidiary capital and the tax on premiums for Form CT-33 or CT-33-A filers.

Schedule A, Part 2: Annualized income installment method

Line 74: Annualized periods

Enter in columns B, C, and D, the annualization periods for the option shown in the tables below. For example, if you elected option 1, enter the annualization periods 4, 7, and 10, in columns B, C, and D, respectively.

	2nd installment	3rd installment	4th installment
Standard option	3	6	9
Option 1	4	7	10
Option 2	5	8	11

Use option 1 or option 2 only if you elected to do so by filing Form CT-222.1, *Election to Use Different Annualization Periods for Corporate Estimated Tax*, by the due date of your declaration of estimated tax. Once made, you cannot revoke the election for that tax year.

Line 75

Enter all items of receipts, income, and expenses included in your calculation of tax that you received for the months entered for each annualization period in columns B, C, and D on line 74.

Line 76

Enter in columns B, C, and D, respectively, the annualization amounts shown in the table below for the option used for line 74. For example, if you elected option 1, enter the annualization amounts 3, 1.71429, and 1.2, in columns B, C, and D, respectively.

	2nd installment	3rd installment	4th installment
Standard option	4	2	1.33333
Option 1	3	1.71429	1.2
Option 2	2.4	1.5	1.09091

Line 78

For MTA surcharge purposes:

- Calculate the franchise, gross receipts, or excise tax on the line 77 amount.
- Multiply the tax by the MCTD allocation percentage.
- Multiply the result from step 2 by the applicable MTA surcharge tax rate.

Certain Article 9 and Article 33 filers: When appropriate, apply the worksheet from your MTA surcharge return to the line 77 tax amount **before** multiplying by the MCTD allocation percentage.

Line 79

Enter any other tax amounts that are part of the calculation of the total tax amount on line 1. Examples include, but are not limited to, the tax on subsidiary capital and the tax on premiums for Form CT-33 or CT-33-A filers.

Line 81

Enter the credits you are entitled to for the months shown in each column on line 74. Do not annualize any credit. However, when calculating the credits, annualize any item of income or deduction used to calculate the credit.

Schedule B**Line 9 exception**

Calculate this exception using only the tax base that was used to calculate the current year's tax. For example, if the highest liability before credits for 2025 is the business income base, then complete line 94 and skip line 95. Article 9 and 33 filers make substitutions where necessary (for example, to include the correct applicable tax base).

Certain Article 9 and Article 33 filers: When using this exception for MTA surcharge purposes for lines 94 and 95, when appropriate, instead of multiplying the applicable 2024 tax base by the applicable 2025 rate, apply the appropriate MTA surcharge return worksheet to the applicable 2024 tax base.

Line 98

Enter any other tax amounts that are part of the calculation of the total tax amount on line 1; for example, the tax on premiums for Form CT-33 or CT-33-A filers.

Need help? and Privacy notification

See Form CT-1, *Supplement to Corporation Tax Instructions*.
