NEW YORK CITY DEPARTMENT OF FINANCE

**NYC Finance**

**NYC 222**

# UNDERPAYMENT OF ESTIMATED TAX BY CORPORATIONS

**ATTACH TO YOUR TAX RETURN**

**2009**

For CALENDAR YEAR 2009 or FISCAL YEAR beginning _____, 2009 and ending _____

Print or Type ▼

| Name: | EMPLOYER IDENTIFICATION NUMBER |
|---|---|

## Computation of Underpayment

| | | |
|---|---|---|
| 1. | 2009 tax (from NYC-3L, Sch. A, line 6; NYC-4S, Sch. A, line 5; NYC-4S-EZ, Sch. A, line 3; or NYC-3A, Sch. A, line 8) ..**1.** | |
| 2. | Sales tax addback (from NYC-3L, Schedule A, line 12 or NYC-3A, Schedule A, line 14) ...........................**2.** | |
| 3. | Total of lines 1 and 2 ....................................................................................................**3.** | |
| 4. | Credits (from NYC-3L, Schedule A, lines 7, 8a, 8b, 9a and 9b or NYC-3A, Schedule A, lines 9, 10a, 10b, 11a and 11b) ...**4.** | |
| 5. | Line 3 less line 4 ........................................................................................................**5.** | |
| 6. | 90% of line 5...............................................................................................................**6.** | |

| **Enter quarterly due dates of installments** → | 1 - FIRST | 2 - SECOND | 3 - THIRD | 4 - FOURTH |
|---|---|---|---|---|
| 7. 2008 Tax .........................................**7.** | | | | |
| 8. Enter 25% of line 7 if over $1000 or, if Form NYC-EXT was filed for 2008, enter amount paid on Form NYC-EXT, line 2 ......................**8.** | | | | |
| 9. Line 6 less line 8 ...............................**9.** | | | | |
| 10. Enter amount of the installments due in Quarters 2, 3 and 4 *(see inst.)* .....................................**10.** | | | | |
| 11. Amount paid or credited for each period ............................................**11.** | | | | |
| 12. Overpayment of previous installment *(see instructions)* ..........................................................**12.** | | | | |
| 13. Total of lines 11 and 12 ....................................................................**13.** | | | | |
| 14. OVERPAYMENT — Quarter 1-line 13 less line 8 / Quarters 2, 3 and 4-line 13 less line 10 → **14.** | | | | |
| 15. UNDERPAYMENT — Quarter 1-line 8 less line 13 / Quarters 2, 3 and 4-line 10 less line 13 → **15.** | | | | |

→ *COMPUTATION CONTINUES ON PAGE 2*

## Exceptions that Avoid the Underpayment Penalty

| Total cumulative amount paid or credited from the beginning of the taxable year through the installment dates that correspond to the 15th day of the 3rd, 6th, 9th and 12th months of the taxable year _____ | 1 -FIRST QUARTER | 2 -SECOND QUARTER | 3 -THIRD QUARTER | 4 -FOURTH QUARTER |
|---|---|---|---|---|
| ▲ EXCEPTION 1- Prior year's tax (2008) $ _____ <br> *( see instructions)* | | 50% of 2008 tax | 75% of 2008 tax | 100% of 2008 tax |
| ▲ EXCEPTION 2- Tax on prior year's facts and law using 2009 rates <br> *( attach computation) (see instructions)* | | Enter 50% of tax | Enter 75% of tax | Enter 100% of tax |
| ▲ EXCEPTION 3- Tax on annualized 2009 income <br> *( attach computation) (see instructions)* | | Enter 45% of tax | Enter 67.50% of tax | Enter 90% of tax |
| ▲ EXCEPTION 4- Tax on recurring seasonal 2009 income <br> *(attach computation) (see instructions)* | | | | |

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| **C o m p u t a t i o n   o f   P e n a l t y** | 1 - FIRST | 2 - SECOND | 3 - THIRD | 4 - FOURTH |
|---|---|---|---|---|
| **16.** Enter the date of payment or the 15th day of the 3rd month after the close of the taxable year, whichever is earlier .................**16.** | | | | |
| **17.** Number of days from due date of installment to the date shown on line 16 ............................................................**17.** | | | | |
| **18.** Number of days on line 17 *after* 3/15/2009 and *before* 4/1/2009 ...**18.** | | | | |
| **19.** Number of days on line 17 *after* 3/31/2009 and *before* 7/11/2009 .**19.** | | | | |
| **20.** Number of days on line 17 *after* 7/10/2009 and *before* 10/1/2009 .**20.** | | | | |
| **21.** Number of days on line 17 *after* 9/30/2009 and *before* 1/1/2010 ...**21.** | | | | |
| **22.** Number of days on line 17 *after* 12/31/2009 and *before* 4/1/2010 .**22.** | | | | |
| **23.** Number of days on line 17 *after* 3/31/2010 and *before* 7/1/2010 ...**23.** | | | | |
| **24.** Number of days on line 17 *after* 6/30/2010 and *before* 10/1/2010 .**24.** | | | | |
| **25.** Number of days on line 17 *after* 9/30/2010 and *before* 1/1/2011 ...**25.** | | | | |
| **26.** Number of days on line 17 *after* 12/31/2010 and *before* 3/15/2011 ....**26.** | | | | |
| **27.** $\dfrac{\text{Number of days on line 18 x 7\% x amount on line 15}}{365}$ ...............**27.** | | | | |
| **28.** $\dfrac{\text{Number of days on line 19 x 6\% x amount on line 15}}{365}$ ...............**28.** | | | | |
| **29.** $\dfrac{\text{Number of days on line 20 x 8\% x amount on line 15}}{365}$ ...............**29.** | | | | |
| **30.** $\dfrac{\text{Number of days on line 21 x 8\% x amount on line 15}}{365}$ ...............**30.** | | | | |
| **31.** $\dfrac{\text{Number of days on line 22 x * \% x amount on line 15}}{365}$ ...............**31.** | | | | |
| **32.** $\dfrac{\text{Number of days on line 23 x * \% x amount on line 15}}{365}$ ...............**32.** | | | | |
| **33.** $\dfrac{\text{Number of days on line 24 x * \% x amount on line 15}}{365}$ ...............**33.** | | | | |
| **34.** $\dfrac{\text{Number of days on line 25 x * \% x amount on line 15}}{365}$ ...............**34.** | | | | |
| **35.** $\dfrac{\text{Number of days on line 26 x * \% x amount on line 15}}{365}$ ...............**35.** | | | | |
| **36.** Add lines 27 through 35 ..............................................................**36.** | | | | |
| **37.** To complete this line, refer to the instructions for line 37 ...............**37.** | | | | |
| **38.** Add the amounts on line 36 (or line 37, if applicable) for quarters 1 through 4. Enter total and transfer amount to Form NYC-4S, Schedule A, line 11c or Form NYC-3L, Schedule A, line 17c or Form NYC-3A, sch. A, line 19c.*(see instructions for line 37)* ...........**38.** | | | | |

**\*For information regarding interest rates, call 311.**
**If calling from outside of the five NYC boroughs, please call 212-NEW-YORK (212-639-9675).**
**You may also consult the Finance website at nyc.gov/finance**

**LEGISLATIVE HIGHLIGHTS**

**Interest rates on underpayments may now be set by the Commissioner for the remainder of a current tax quarter, effective immediately. In addition, effective July 11, 2009, the rate of interest on underpayments of estimated General Corporation Tax has been increased from the federal short-term rate plus five percent to the federal short-term rate plus seven percent. See section 49 of Chapter 201 of the Laws of 2009.**

**PURPOSE OF FORM**
Form NYC-222 will enable corporations to determine if they paid the correct amount of estimated tax by the proper due date. If the minimum amount was not paid timely, an underpayment penalty may be imposed for the period underpaid. This form helps you to determine whether or not you are subject to this penalty.

**ESTIMATED TAX**
Every corporation subject to the New York City General Corporation Tax must pay with its return (Form NYC-3L, NYC-3A or Form NYC-4S or NYC-4S-EZ), or with its Application for Automatic Extension (Form NYC-EXT or for years before 2008, Form NYC-6), an amount equal to 25% of its preceding year's tax if the preceding year's tax computed after all allowable credits is more than $1,000.

In addition, corporations must file a Declaration of Estimated Tax (Form NYC-400) if the estimated tax for the current taxable year after all allowable credits can reasonably be expected to exceed $1,000. The due date for the declaration and the dates for paying the installments of estimated tax depend upon when the requirements for making a declaration are first met. *(Refer to Form NYC-400 for details.)*

**NOTE**
If any date falls on a Saturday, Sunday or legal holiday, substitute the next regular workday.

**NOTE**
A corporation is not excused from filing a declaration and paying estimated taxes for the current year merely because its tax liability for the preceding year was $1,000 or less or it did not file a return for the preceding year. However, if the preceding year's tax was less than $1,000, the taxpayer was not required to make the 25% prepayment based on the preceding year's tax at the time it filed its return (or its application for extension of time for the filing of the return) for that year.

**EXCEPTIONS THAT AVOID THE UNDERPAYMENT PENALTY**
A corporation does not have to pay a penalty if the total amount of all payments made on or before each installment date equals or exceeds the amount that would have been required to be paid by that installment date if the estimated tax were an amount determined under any of the four exceptions listed below. *(Refer to Section 11-676 of the NYC Administrative Code.)*

A different exception may be applied to each underpayment. If no exception applies, complete lines 16 through 38 to determine the amount of the penalty.

**NOTE**
Large corporations (corporations that had allocated taxable income or entire net income of $1 million or more in any of the three years preceding the current year) may not use exceptions 1 or 2. Such corporations may only use the exception for annualized income, or the exception for recurring seasonal income (exceptions 3 or 4, respectively).

**Exception 1**
Prior Year's Tax
This exception applies if a corporation paid estimated taxes equal to the tax reported on its prior year's return. To qualify for this exception, the corporation must have filed an income tax return showing a tax liability for the prior taxable year, and that taxable year consisted of 12 months.

**Exception 2**
Tax Based On Prior Year's Facts and Law Using Current Year's Rates
This exception applies if a corporation paid an amount of estimated tax equal to a tax computed by applying the current year's rates to the facts shown on the return for, and under the law applicable to, the prior taxable year. **The term "current year's rate" is any of the four methods of calculating the General Corporation Tax, including the minimum tax.**

**Exception 3**
Tax On Annualized Income
This exception applies if a corpora-

tion made an estimated tax payment of at least 90% of the amount it would owe if its estimated tax were a tax computed on annualized taxable income for the months preceding an installment date.

A corporation may annualize its income:

a)   for the first 3 months, or for the first 5 months if the installment was required to be paid in the 6th month;

b)   for the first 6 months, or for the first 8 months if the installment was required to be paid in the 9th month; and

c)   for the first 9 months, or for the first 11 months if the installment was required to be paid in the 12th month.

To annualize, multiply taxable income for the period by 12 and divide the resulting amount by the number of months in the period (3, 5, 6, 8, 9 or 11 as the case may be). *(Refer to Section 11-676.4(c).*

### Exception 4
### Additional Exception for Recurring Seasonal Income

This exception applies to a corporation with recurring seasonal income. Under this exception, income may be annualized 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 this exception, refer to Section 11-676.4(d) of the NYC Administrative Code. Attach your computation to this form.)*

## AUTOMATIC EXTENSION FILERS

Corporations who filed an Application for Automatic Extension (Form NYC-6 or for 2008 and after, NYC-EXT) for the previous year or who were required to make less than four payments on account of estimated tax for the current year may find that the stated percentages on the Exception Worksheet on page 1 do not accurately reflect the computation of the exceptions. Such taxpayers should compute these exceptions on a separate rider and attach it to this form.

## LINE 10
## AMOUNT OF INSTALLMENTS DUE

Divide the amount on line 9 by the number of remaining installments required for the year. Enter the result in the appropriate columns, 2 through 4.

## LINE 12
## OVERPAYMENT OF PREVIOUS INSTALLMENT

An overpayment on line 14 in excess of prior underpayments is to be applied as a credit against the next installment. A payment of estimated tax on any installment date is considered a payment of any previous underpayment only to the extent of the excess of the payment over the amount of the installment as computed on line 14.

## PAGE 2
## COMPUTATION OF PENALTY

If no exception applies, complete lines 16 through 38 to determine the amount of the penalty for each installment. If you made more than one payment for a given installment, attach a separate computation for each payment. The penalty is computed for the period of underpayment, line 17, at a rate set periodically by the New York City Department of Finance.

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**nyc.gov/finance**

## LINE 37
## PENALTY FOR UNDERPAYMENT OF ESTIMATED TAX

In columns 1 through 4 of line 37, for those installment payments (line 13) that equal 80% or more of line 5 divided by 4, multiply the penalty shown on line 36 in each applicable column by 75%. Enter this result in the applicable column on line 37. Combine these revised amounts with the remaining amounts on line 36 for any quarter for which no amount appears on line 37 and enter the total on line 38.