



## Who must file a declaration of estimated tax and make quarterly installment payments

All general business corporations (including S corporations), banking, insurance, utility, and transportation and transmission corporations whose franchise tax, for the current tax year, can reasonably be expected to exceed \$1,000, must file a declaration of estimated franchise tax and make installment payments.

Any corporation doing business in the Metropolitan Commuter Transportation District that is required to make a declaration of estimated franchise tax must also make a declaration of estimated metropolitan transportation business tax (MTA surcharge) and make installment payments.

*Estimated tax* is the amount estimated to be the franchise tax and MTA surcharge for the current tax year minus the amount of estimated allowable tax credits for the current tax year.

Form CT-186-E filers: See *Computation of tax* in Form CT-186-E-I, *Instructions for Form CT-186-E*, for specific information about completing Form CT-400 or Form CT-400-MN.

## When to file a declaration of estimated tax

If you determine that the estimated franchise tax will exceed \$1,000 in the current tax year, file a declaration of estimated franchise tax and MTA surcharge on or before the 15th day of the sixth month of your tax year. If you determine, after that filing deadline, that you will have a tax liability of more than \$1,000, see 20 NYCRR 7-2.3.

See the chart on the back of this form if you need to determine your declaration of estimated tax and installment payment due dates.

## Amended declaration of estimated tax

If the estimated tax for the current year differs from the previous year's declaration, an amendment to the declaration may be made. This should be done on Form CT-400 and only on the installment due dates. For further information on declarations of estimated tax, see Subparts 7-2 and 7-3 of the regulations.

## Payment of estimated tax

**First installment** — If the franchise tax on your previous year's return or the tax shown on your application for extension of time for filing that return exceeds \$1,000, you must pay 25% of the tax with the return or extension.

**Life insurance companies:** If the franchise tax on your previous year's return or the tax shown on your application for extension of time to file exceeds \$1,000, you must pay 40% of the tax with the return or extension.

A 25% (40% for life insurance companies) first installment of the MTA surcharge is also required if your franchise tax is more than \$1,000 and you do business in the MCTD.

**Second, Third, and Fourth Installments** — To determine the estimated tax amount due in these installments, subtract the amount of the first installment payment from the estimated tax due and divide the result by three.

**Corporate partners** — Reduce the amount of each installment due by the amount of estimated tax that was paid on your behalf by a partnership on or before the installment due date.

Use Form CT-400 (or Form CT-400-MN) to make your second installment/declaration of estimated tax due on the 15th day of the sixth month of the current tax year. The third and fourth installments are due on the 15th day of the ninth and twelfth months of the current tax year.

## Penalties for underpayment of estimated tax

**A penalty may be imposed if you fail to file a declaration of estimated franchise tax or fail to pay all or any part of an installment payment of estimated franchise tax.**

## Exceptions to the underpayment penalty

You will not have to pay a penalty if you made all tax payments on time and they equal or exceed the amount that would have been required to be paid by each installment date if the estimated tax were an amount determined under any of the exceptions listed below.

Exceptions 1 and 2 **do not** apply to large corporations. A *large corporation* is one that had, or whose predecessor had, allocated entire net income of at least \$1 million for any of the three tax years preceding the tax year involved. A *large corporation*, for a non-life insurance corporation subject to tax under section 1502-a of Article 33 of the Tax Law, is one that had allocated entire net income of at least \$1 million for any of the three tax years immediately preceding the tax year involved, or had direct premiums,

subject to the premiums tax under section 1502-a of Article 33 of the Tax Law, exceeding \$3,750,000 for any of the three immediately preceding tax years beginning on or after January 1, 2003.

**Exception 1:** (*not to be used by large corporations*) This exception applies if the amount you paid is equal to or more than the tax reported on your prior year's return. You must have filed a franchise tax return showing a tax liability for the preceding tax year, and that year must have consisted of 12 months.

**Exception 2:** (*not to be used by large corporations*) This exception applies if the amount you paid is equal to or more than the tax computed by using the current year's rate, but based on the facts shown on the prior year's return and the law that applies to the prior year.

**Exception 3:** This exception applies if the estimated tax you paid was equal to or more than 91% (or 100% for large corporations) of the amount you would owe if your estimated tax were computed on annualized taxable income for the months preceding an installment date.

You may annualize income as follows:

- For the first 3, 4, or 5 months of the tax year, in the case of the installment required to be paid in the sixth month.
- For the first 6, 7, or 8 months of the tax year, in the case of the installment required to be paid in the ninth month.
- For the first 9, 10, or 11 months of the tax year, in the case of the installment required to be paid in the twelfth month.

To annualize, multiply taxable income for the period by **12** and divide the result by the number of months in the period (3, 4, 5, 6, 7, etc.).

**Exception 4:** This exception 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 three preceding tax years.

To avoid underpayment penalties, you must make up a reduction in estimated taxes resulting from using annualized income or seasonal income by increasing the amount of the next installment determined under any other exception method by the amount of such reduction.

For additional information about computing seasonal income, see Article 27, section 1085(d)(4).

## Specific instructions

There are two versions of the estimated tax form. Complete the version that was mailed to you or that you obtained, according to the following instructions.

### Preprinted version — Form CT-400

In the *Return type* box, enter the form number (without using slashes or dashes) of either your last New York State franchise tax return or, if you will be changing return type, the state franchise tax return form number you expect to file. In addition to your name, address, and business identification number, an installment due date is printed on each of the Form CT-400s you receive. Please use the form with the proper due date for the payment you are making. Mail the completed form with your payment to the address listed under *Where to mail your return* on the back of these instructions.

### Manual version — Form CT-400-MN

In the appropriate spaces provided on the form, enter your business information. You may obtain the file number and return type (form number) from your last New York State franchise tax return, or enter the state franchise tax return form number you expect to file, if different. Do not enter slashes or dashes when entering the form number in the *Return type* box. Enter the month and year (in MM/YY format) that your tax year ends in the *Tax year ending* box. Use the chart on the back of these instructions to determine your installment due date and enter it in the box.

**Note:** To avoid delays in processing your estimated tax, you **must** enter a form number in the *Return type* box.

### Both versions

Box 1 Enter the amount of your installment payment for your franchise tax.

Box 2 Enter the amount of your installment payment for your metropolitan transportation business tax (MTA surcharge), if applicable.

Box 3 Add the amounts in boxes 1 and 2. Make your check for this amount payable to: **New York State Corporation Tax**. Write your employer identification number on your check.

Box 4 Enter the amount of your estimated franchise tax for the current tax year.

Box 5 Enter the amount of your estimated metropolitan transportation business tax (MTA surcharge) for the current tax year.

**Private delivery services** — If you choose, you may use a private delivery service, instead of the U.S. Postal Service, to file your return and pay tax. However, if, at a later date, you need to establish the date you filed your return 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?* on this page for information on ordering forms and publications.) If you have used a designated private delivery service and need to establish the date you filed your return, contact that private delivery service for instructions on how to obtain written proof of the date your return was given to the delivery service for delivery.

**Change of business information**

If there have been any changes in your business name, identification number, mailing or business address, telephone number, or owner/officer information, you must report any changes on Form DTF-95, *Business Tax Account Update*. If only your business address has changed, you may use Form DTF-96, *Report of Address Change for Business Accounts*. You can get these forms from our Web site, or by fax or phone. See *Need help?* for the Web address and phone number.

Record of estimated tax payments					
Installment payment number	Date	Check number	A Amount	B Overpayment from last year	C Total column A + column B
1*					
2					
3					
4					
<b>Total</b> .....					

\* Paid with prior year tax return or extension

**Return and payment due dates for Articles 9 (sections 184, 186, 186-a, and 186-e), 9-A, 32, and 33 taxpayers**

If the due date falls on a Saturday, Sunday, or legal holiday, the payment and/or return are due on the next business day.

If your year ends on:	Your tax return and first installment are due on:	Subsequent payments and installment payments are due on:		
		Second installment	Third installment	Fourth installment
January 31	April 15	July 15	October 15	January 15
February 28	May 15	August 15	November 15	February 15
March 31	June 15	September 15	December 15	March 15
April 30	July 15	October 15	January 15	April 15
May 31	August 15	November 15	February 15	May 15
June 30	September 15	December 15	March 15	June 15
July 31	October 15	January 15	April 15	July 15
August 31	November 15	February 15	May 15	August 15
September 30	December 15	March 15	June 15	September 15
October 31	January 15	April 15	July 15	October 15
November 30	February 15	May 15	August 15	November 15
December 31	March 15	June 15	September 15	December 15

**Note:** All Article 9 (sections 184, 186, 186-a, and 186-e) taxpayers file on a calendar-year basis and **must** file tax returns and declarations of estimated tax based on the calendar year, regardless of their federal tax filing period.