**NYC-221 2006**

**UNINCORPORATED BUSINESS TAX**

**ATTACH TO YOUR TAX RETURN**

For CALENDAR YEAR 2006 or FISCAL YEAR beginning ____________, 2006 and ending ____________

Print or Type ▼

Name

<table>
<thead>
<tr>
<th>SOCIAL SECURITY NUMBER</th>
<th>OR</th>
<th>EMPLOYER IDENTIFICATION NUMBER</th>
</tr>
</thead>
</table>

**Computation of Underpayment**

1. 2006 tax (from NYC-202, Schedule A, line 21, or NYC-204, Schedule A, line 23) .............................................. 1.
2. Credits (from NYC-202, Schedule A, lines 22a, 22b, 22c and 22d or NYC-204, Schedule A, lines 24a, 24b, 24c and 24d) ...... 2.
3. Line 1 less line 2 ........................................................................................................................................... 3.
4. 90% of line 3 ............................................................................................................................................... 4.

- Divide amount of line 4 by the number of installments required for the year. Enter the result in the appropriate columns 5.
- Amount paid or credited for each period ................................................................................................. 6.
- Overpayment of previous installment (see instructions) ........................................................................ 7.
- Total of lines 6 and 7 .............................................................................................................................. 8.
- Overpayment (line 8 less line 5) ............................................................................................................. 9.
- Underpayment (line 5 less line 8) .......................................................................................................... 10.

**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 4th, 6th and 9th months of the taxable year and the 15th day of the first month of the succeeding taxable year.  

- EXCEPTION 1 - Prior year’s tax (2005) $(see instructions)
- EXCEPTION 2 - Tax on prior year’s facts and law using 2006 rates (attach computation)  (see instructions)
- EXCEPTION 3 - Tax on annualized 2006 income (attach computation)  (see instructions)
- EXCEPTION 4 - Tax on 2006 income over short periods (attach computation)  (see instructions)
- EXCEPTION 5 - Tax on recurring seasonal 2006 income (attached computation)  (see instructions)
### Computation of Penalty

<table>
<thead>
<tr>
<th></th>
<th>FIRST</th>
<th>SECOND</th>
<th>THIRD</th>
<th>FOURTH</th>
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</thead>
<tbody>
<tr>
<td>11.</td>
<td>Enter the date of payment or the 15th day of the 4th month after the close of the taxable year, whichever is earlier.</td>
<td></td>
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<tr>
<td>12.</td>
<td>Number of days from due date of installment to the date shown on line 11</td>
<td></td>
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<tr>
<td>13.</td>
<td>Number of days on line 12 after 4/15/2006 and before 7/1/2006</td>
<td></td>
<td></td>
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<tr>
<td>14.</td>
<td>Number of days on line 12 after 6/30/2006 and before 10/1/2006</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>15.</td>
<td>Number of days on line 12 after 9/30/2006 and before 1/1/2007</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>16.</td>
<td>Number of days on line 12 after 12/31/2006 and before 4/1/2007</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>17.</td>
<td>Number of days on line 12 after 3/31/2007 and before 7/1/2007</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>18.</td>
<td>Number of days on line 12 after 6/30/2007 and before 10/1/2007</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>19.</td>
<td>Number of days on line 12 after 9/30/2007 and before 1/1/2008</td>
<td></td>
<td></td>
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<tr>
<td>20.</td>
<td>Number of days on line 12 after 12/31/2007 and before 3/15/2008</td>
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<tr>
<td>21.</td>
<td>Number of days on line 13 x 9% x amount on line 10</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>22.</td>
<td>Number of days on line 14 x 10% x amount on line 10</td>
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<td></td>
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<tr>
<td>23.</td>
<td>Number of days on line 15 x 10% x amount on line 10</td>
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<tr>
<td>24.</td>
<td>Number of days on line 16 x * x amount on line 10</td>
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<td>25.</td>
<td>Number of days on line 17 x * x amount on line 10</td>
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<td>26.</td>
<td>Number of days on line 18 x * x amount on line 10</td>
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<tr>
<td>27.</td>
<td>Number of days on line 19 x * x amount on line 10</td>
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<tr>
<td>28.</td>
<td>Number of days on line 20 x * x amount on line 10</td>
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<tr>
<td>29.</td>
<td>Add lines 21 through 28</td>
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<td>30.</td>
<td>To complete this line, refer to the instructions for line 30</td>
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<tr>
<td>31.</td>
<td>Add the amounts on line 29 (or line 30, if applicable) for quarters 1 through 4. Enter total and transfer amount to Form NYC-202, Schedule A, line 27c or Form NYC-204, Schedule A, line 29c (see instructions for line 30)</td>
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*For the applicable rate of interest after 12-31-06, call: (212) 504-4036 or consult the Department of Finance website at nyc.gov/finance*
PURPOSE OF FORM
Form NYC-221 will enable taxpayers subject to the Unincorporated Business Tax 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 taxpayer subject to the Unincorporated Business Tax must file a Declaration of Estimated Tax (Form NYC-5UB for partnerships and Form NYC-5UBTI for all other taxpayers) if its estimated tax can reasonably be expected to exceed $1,800. 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-5UB or Form NYC-5UBTI for details.)

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

EXCEPTIONS THAT AVOID THE UNDERPAYMENT PENALTY
No penalty will be imposed for an underpaid installment on line 10 if the total amount of all payments made by the installment date equals or exceeds any amount determined for the same period under any of the following exceptions. (Refer to Section 11-525 of the NYC Administrative Code.)

A different exception may be applied to each underpayment. If no exception applies, complete lines 11 through 31 to determine the amount of the penalty.

NOTE
Large unincorporated businesses (those which had unincorporated business taxable income allocated to the City of $1 million or more in any of the three years immediately preceding the current year) may not use exceptions 1 or 2. Such unincorporated businesses may only use exceptions 3, 4 and 5.

Exception 1
Prior Year’s Tax
This exception applies if a taxpayer paid estimated taxes equal to the tax reported on its prior year’s return. To qualify for this exception, the taxpayer 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 taxpayer paid an amount of estimated tax computed by applying the current year’s rates to facts shown on the return for, and under the law applicable to, the prior taxable year.

Exception 3
Tax On Annualized Income
This exception applies if a taxpayer paid 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 taxpayer may annualize its income:

a) for the first 3 months if the installment was required to be paid in the 4th month;

b) for the first 5 months if the installment was required to be paid in the 6th month; and
c) for the first 8 months if the installment was required to be paid in the 9th 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, or 8, as the case may be). (Refer to Section 11-525(d)(1)(C).

**Exception 4**

**Tax on 2006 Income Over Periods of less than 12 Months**

This exception applies if a taxpayer's estimated tax payments equal or exceed 90% of the tax on its taxable income for the periods starting from the beginning of the taxable year to the end of the month preceding that in which an installment is due. To see if this exception applies, a taxpayer should figure the taxable income from the beginning of the taxable year to the end of the month preceding that in which an installment is due and then compute the tax on that amount as though it represented the taxable income for 2006. (Refer to Section 11-525(d)(2).

**LINE 7**

**OVERPAYMENT OF PREVIOUS INSTALLMENT**

An overpayment on line 9 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 9.

**LINE 30**

**PENALTY FOR UNDERPAYMENT OF ESTIMATED TAX**

In columns 1 through 4 of line 30, for those installment payments (line 8) that equal 80% or more of line 3 divided by 4, multiply the penalty shown in each applicable column by 75% Enter this result in the applicable column on line 30. Combine these revised amounts with the remaining amounts on line 29 for any quarter for which no amount appears on line 30 and enter the total on line 31.