### Computation of Underpayment


2. Credits (from NYC-202 or NYC-202EIN, 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.

5. Divide amount of line 4 by the number of installments required for the year. Enter the result in the appropriate columns................. 5.

6. Amount paid or credited for each period ............................................ 6.

7. Overpayment of previous installment (see instructions)................. 7.

8. Total of lines 6 and 7 ........................................................................................................................................................................ 8.

9. Overpayment (line 8 less line 5) ........................................................ 9.

10. 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 (2013) (see instructions) ...........................................................

- **EXCEPTION 2** - Tax on prior year's facts and law using 2014 rates (attach computation) (see instructions) .......................................................

- **EXCEPTION 3** - Tax on annualized 2014 income (attach computation) (see instructions) .................................................................

- **EXCEPTION 4** - Tax on 2014 income over short periods (attach computation) (see instructions) ..........................................................

- **EXCEPTION 5** - Tax on recurring seasonal 2014 income (attach computation) (see instructions) .........................................................
### COMPUTATION OF PENALTY

<table>
<thead>
<tr>
<th></th>
<th>FIRST</th>
<th>SECOND</th>
<th>THIRD</th>
<th>FOURTH</th>
</tr>
</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>
<td></td>
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</tr>
<tr>
<td>12.</td>
<td>Number of days from due date of installment to the date shown on line 11</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>13.</td>
<td>Number of days on line 12 after 4/15/2014 and before 7/1/2014</td>
<td></td>
<td></td>
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<tr>
<td>14.</td>
<td>Number of days on line 12 after 6/30/2014 and before 10/1/2014</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>15.</td>
<td>Number of days on line 12 after 9/30/2014 and before 1/1/2015</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>16.</td>
<td>Number of days on line 12 after 12/31/2014 and before 4/1/2015</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>17.</td>
<td>Number of days on line 12 after 3/31/2015 and before 7/1/2015</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>18.</td>
<td>Number of days on line 12 after 6/30/2015 and before 10/1/2015</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>19.</td>
<td>Number of days on line 12 after 9/30/2015 and before 1/1/2016</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>20.</td>
<td>Number of days on line 12 after 12/31/2015 and before 3/15/2016</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>21.</td>
<td>Number of days on line 13 x 7.5% x amount on line 10</td>
<td></td>
<td></td>
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<tr>
<td>22.</td>
<td>Number of days on line 14 x 7.5% x amount on line 10</td>
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<tr>
<td>23.</td>
<td>Number of days on line 15 x 7.5% 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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<tr>
<td>25.</td>
<td>Number of days on line 17 x % x amount on line 10</td>
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<tr>
<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>
<tr>
<td>29.</td>
<td>Add lines 21 through 28</td>
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</tr>
<tr>
<td>30.</td>
<td>To complete this line, refer to the instructions for line 30</td>
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</tr>
<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 or NYC-202EIN, Schedule A, line 27c or Form NYC-204, Schedule A, line 29c (see instructions for line 30)</td>
<td></td>
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<td></td>
</tr>
</tbody>
</table>

*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 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 $3,400. 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
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.

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 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 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 2014 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 2014. *(Refer to Section 11-525(d)(2).*

**Exception 5**
**Additional Exception For Recurring Seasonal Income**

This exception applies to an unincorporated business 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 11-525(d)(1)(D) of the NYC Administrative Code. Attach your computation to the form.)*

**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.

**PAGE 2**
**COMPUTATION OF PENALTY**

If no exception applies, complete lines 11 through 31 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 12, at a rate set periodically by the New York City Department of Finance. For information regarding interest rates, call 311. If calling from outside of the five NYC boroughs, please call 212-NEW-YORK (212-639-9675), or consult the Finance website at:

nyc.gov/finance