



# Instructions for Form MTA-9

## Underpayment of Estimated Metropolitan Commuter Transportation Mobility Tax

### By Self-Employed Individuals

**MTA-9-I**

## General instructions

### Who must pay the underpayment penalty

You may be charged a penalty if you did not pay enough estimated metropolitan commuter transportation mobility tax (MCTMT) by any of the due dates. This is true even if you are due a refund when you file your MCTMT return. The penalty is computed separately for each due date. Therefore, you may owe the penalty for an earlier payment due date, even if you paid enough MCTMT later to make up the underpayment.

In general, you may owe the penalty for 2009 if you did not pay at least 90% (66 2/3% for farmers and fisherman) of the amount of MCTMT due for 2009.

Use Schedule A to see if you prepaid enough of your required MCTMT. If you did not, use Schedule B or Schedule C to compute the penalty. The penalty for each installment is computed separately.

**Penalty rate** — The penalty rates will be based upon the federal short-term interest rates, and will be adjusted quarterly. The federal short-term rate for the first month of the previous calendar quarter, rounded to the nearest whole percent, will be used to set the rates for the next succeeding calendar quarter.

The federal short-term rate that applies during the third month following the tax year will also apply during the first 30 days of the fourth month following the tax year.

The penalty rate will be the federal short-term rate plus five and one-half percentage points, but not less than 7.5%. The rates from October 1, 2009, through April 30, 2010, are as follows:

October 31, 2009 to December 31, 2009 - 7.5%  
January 1, 2010 to April 30, 2010 - 7.5%

**Period of underpayment** — The penalty is applied to the number of days that the installment was not paid. Determine the period of the underpayment by counting the number of days after the due date of the installment to (and including) the date of payment, to the last date in the penalty rate period, or to the next installment due date, whichever is earliest.

**Farmers and fisherman** — If your federal gross income from farming or fishing is at least two-thirds of your federal gross income for 2008 or 2009, you cannot use this form. The Tax Department will compute this penalty for you where appropriate.

**Exceptions to penalty** — No penalty will be due if:

- an installment of estimated MCTMT was due on or after an individual's death; **or**
- the underpayment was caused by a casualty, disaster, or other unusual circumstance.

If you are requesting a waiver of the penalty, attach a statement to Form MTA-9 containing all the facts necessary to justify your request.

## Specific instructions

See the instructions for your tax return for the *Privacy notification*, or if you need help contacting the Tax Department.

Enter your name and social security number in the spaces at the top of the form as well as on any statement(s) you are required to attach to the form.

### Schedule A

All filers must complete Schedule A.

**Line 1** — Enter the MCTMT amount from line 2 of your 2009 Form MTA-6, *Metropolitan Commuter Transportation Mobility Tax Return*.

### Schedule B—Short method for computing the penalty

If you made no estimated MCTMT payments for the 2009 tax year and do not use the annualized income installment method, complete lines 3 through 5 to compute the penalty due. Otherwise, you must use the regular method in Schedule C.

**Line 4** — If the underpayment on line 2 was paid before April 30, 2010, determine the number of days the payment was made before April 30, 2010, and enter it in the computation for line 4.

**Example:** Assume you had a line 2 underpayment of \$2,000 and paid it on April 15, 2010. You would compute the amount for line 4 as follows: \$2,000 (amount on line 2) × 15 (number of days before April 30, 2010) × .00020 = \$6.00.

### Schedule C – Regular method

#### Part 1 – Computing your underpayment

**Line 6** — Enter on line 6 the amount of your required MCTMT installment for the due date shown in each column heading. Most taxpayers should multiply the amount on line 2 by 75% and enter the result in column A. Then multiply the amount on line 2 by 25% and enter the result in column B.

However, it may be to your benefit to compute your required installments by using the annualized income installment method explained below.

#### Annualized income installment method

If your income varied during the year because, for example, you received unexpected income in November or later, complete *Worksheet 1 – Annualized income installment method*, on page 3 of these instructions. If you use Worksheet 1 for any payment due date, you must use it for all payment due dates. To compute the amount of each required installment, the worksheet automatically selects the smaller of the annualized income installment or the regular installment (increased by the amount saved by using the annualized income installment method in computing earlier installments). Attach a copy of the worksheet to Form MTA-9.

**Line 7** — Enter the total estimated MCTMT paid for each period.

Instead of making the estimated MCTMT payment due February 1, 2010, you can file your MCTMT return and pay all the MCTMT due by February 1, 2010. If you do this, enter the amount of tax you pay with your return on line 7, column B.

**Line 8** — Enter any overpayment (or underpayment) from the prior payment period.

**Line 9** — In column A, enter the amount from line 7. In column B, if line 8 is an overpayment, add lines 7 and 8. If line 8 is an underpayment, subtract line 8 from line 7.

**Line 10** — If line 6 is greater than line 9, subtract line 9 from line 6. The result is an underpayment that should also be entered on line 11 for the same payment due date, and on line 8 for the next payment due date. If line 9 is greater than line 6, subtract line 6 from line 9. The result is an overpayment that should also be entered on line 8 for the next payment due date.

If line 9 is a negative amount, your total underpayment at line 10 is the installment due at line 6 plus the line 9 amount.

**Part 2 — Computing the penalty**

Compute the penalty by applying the applicable rate against each underpayment shown on line 11. The penalty is computed for the number of days that the underpayment remained unpaid, or to the next payment due date, whichever is earlier.

The rates are established at various times through the year. During 2009 there was one rate in effect for two periods.

Use lines 12 through 15 to compute the portion of the penalty attributable to different installment periods. For example, use lines 12 and 13 to compute the penalty for the first installment period at 7.5%. Use the factor .01890 at line 13 to compute the penalty for the first installment if payment is made on January 31, 2010. If the payment is made before January 31, 2010, compute the factor using the number of days the underpayment remained unpaid for the first installment. Use line 13 to compute the actual penalty amount by multiplying the underpayment by the factor.

Read the instructions and examples for lines 12 and 13 beginning on this page before completing Schedule C, Part 2.

**List your payments for 2009**

Before beginning to compute your penalty in Schedule C, Part 2, it will be helpful to organize and list the payments you made for 2009 in the manner presented in the tables on this page.

In each table list only the payments made during the date range shown in that table heading. Also, for Table 2, any MCTMT that you pay with your MCTMT return is considered a payment for this purpose and should be listed. Use the date you file your return as the payment date, unless you file late. In that case, use April 30, 2010.

**Table 1** — Payments after October 31, 2009, through January 31, 2010

(a) Date	(b) Payments

**Table 2** — Payments after January 31, 2010, through April 30, 2010

(a) Date	(b) Payments

Use the following instructions to compute the penalty in Schedule C, Part 2.

Complete only those lines from line 12 through line 15 for periods in which there are underpayments.

**First installment — column A, lines 12 and 13**

**Line 12** — Enter on line 12, column A, the factor .01890 if no payment was made before January 31, 2010. If any payment was made before January 31, 2010, compute the number of days from October 31, 2009, to the date the payment was made and divide by 365. Then multiply the result by the interest rate shown to compute the factor to enter on line 12.

**Line 13** — Compute line 13 by multiplying the underpayment on line 11 by the factor on line 12.

**Example 1:** Assume you had an underpayment on line 11, column A, of \$1,000 and that you had no payments listed in Table 1 above. Because the underpayment remained unpaid for the entire first installment period (92 days), you would compute the penalty on the underpayment using the factor shown and enter .01890 on line 12. You would enter \$18.90 ( $\$1,000 \times .01890$ ) on line 13.

**Note:** When dividing the number of days by 365, carry the result to four decimal places but when computing the factor, carry the result to five decimal places. Do not round off in either calculation.

**Example:**  $85 \div 365 = .2328 \times 6\% = .01396$

**If there is a payment listed in Table 1**, on a separate sheet of paper apply the payment to the underpayment shown on line 11. The *underpayment* for the computation on line 13 will be the amount of the payment that you applied to the line 11 underpayment. If the payment is more than the underpayment, apply only an amount equal to the underpayment and use that amount for the line 13 computation.

**If there are no payments listed in Table 1**, the *underpayment* is the entire balance shown on line 11, column A, because the entire underpayment was unpaid for the whole installment period.

**Example 2:** Assume you had an underpayment on line 11, column A, of \$1,000 and that your first payment in Table 1 was made on November 20, 2009, in the amount of \$1,000. You would compute the penalty on the underpayment by computing the factor as follows:  $20 \div 365$  (20 is the number of days from October 31 to November 20) multiplied by 7.5% equals .00410. Enter .00410 on line 12. You would enter \$4.10 ( $\$1,000 \times .00410$ ) on line 13.

If there are additional payments listed in Table 1 and the first payment was not enough to reduce the underpayment to zero, you must make a separate computation for each payment listed until the underpayment is reduced to zero. If there is still an underpayment balance after applying all of the payments, you must compute the penalty on the balance of the underpayment as explained in Example 3 below.

**Example 3:** Assume you had an underpayment on line 11, column A, of \$1,000 and that your first payment in Table 1 was made on November 9, 2009, in the amount of \$600. Because the payment did not reduce the underpayment to zero, you would compute the penalty on the underpayment by computing the factors as follows:  $9 \div 365$  (9 is the number of days from October 31 to November 9) multiplied by 7.5% equals .00184. Enter .00184 on line 12; as there are no other payments listed in Table 1, you would have a second computation to compute the factor on the remaining underpayment of \$400 as follows: enter .01890 (factor for period October 31, 2009 to January 31, 2010) on line 12. You would enter \$1.10 ( $\$600 \times .00184$ ) and \$7.56 ( $\$400 \times .01890$ ) on line 13.

**Column B**

In column B, compute the penalty on any underpayment shown on line 11. Compute the penalty for the period in the same manner as in column A.

**Second installment — column B, lines 14 and 15**

**Line 14** — Enter on line 14, column B, the factor .01828 if no payment was made before April 30, 2010. If any payment was made after January 31, 2010, but before April 30, 2010, compute the number of days from January 31, 2010, to the date the payment was made and divide by 365. Then multiply the result by the interest rate to compute the factor to enter on line 14.

**Line 15** — Compute line 15 by multiplying the underpayment on line 11 by the factor on line 14.

**Worksheet 1 – Annualized income installment**

**Line 1** — Attach a statement showing how you computed your net earnings from self-employment allocated to the MCTD for each period shown.

**Worksheet 1 — Annualized income installment** (Complete one column through line 13 before completing the next column.)

	a 1/1/09 - 9/30/09	b 1/1/09 - 12/31/09
<b>1</b> Net earnings from self-employment allocated to the MCTD for period shown (see instructions above) .....	<b>1.</b>	
<b>2</b> Annualization amounts.....	<b>2.</b> 1.34	<b>1</b>
<b>3</b> Multiply line 1 by line 2.....	<b>3.</b>	
<b>4</b> Divide line 3 by twelve.....	<b>4.</b>	
<b>5</b> Multiply line 4 by ten .....	<b>5.</b>	
<b>6</b> Annualized MCTMT (multiply line 5 by .34% (.0034)) .....	<b>6.</b>	
<b>7</b> Percentage .....	<b>7.</b> 67.5%	<b>90%</b>
<b>8</b> Multiply line 6 by line 7.....	<b>8.</b>	
<b>9</b> Enter the amount from line 13 from the preceding column .....	<b>9.</b>	
<b>10</b> Subtract line 9 from line 8. If less than zero, enter 0.....	<b>10.</b>	
<b>11</b> For column a, multiply the amount from Form MTA-9, line 2, by .75. For column b, multiply the amount from Form MTA-9, line 2, by .25 and add the amount from this worksheet, line 12, column a. ....	<b>11.</b>	
<b>12</b> If line 11 is more than line 10, subtract line 10 from line 11. Otherwise, enter 0 .....	<b>12.</b>	
<b>13 Required installments.</b> Enter the smaller of line 10 or line 11 here and on Form MTA-9, line 6 .....	<b>13.</b>	