



# Instructions for Form CT-2658

## Report of Estimated Tax for Corporate Partners

### General information

Tax Law section 658(c)(4) requires the following entities that have income derived from New York sources to make estimated tax payments on behalf of partners or shareholders who are nonresident individuals or C corporations (any corporation other than a federal S corporation):

- New York S corporations;
- Partnerships (other than publicly traded partnerships as defined in Internal Revenue Code section 7704);
- Limited liability companies (LLCs) or limited liability partnerships (LLPs) that are treated as partnerships for federal income tax purposes.

### Who must file Form CT-2658

Partnerships must file Form CT-2658 to make estimated tax payments on behalf of partners that are C corporations. Partnerships that have income derived from New York sources must make estimated tax payments on behalf of any partner that is a corporation, unless the partnership receives information from the corporation that the corporation is a federal S corporation.

**Exceptions:** Estimated tax payments are not required for any partner whose New York State estimated tax required to be paid for the tax year by the partnership is \$300 or less.

### Exemption certificates

Estimated tax payments are not required for any partner that files Form CT-2658-E, *Certificate of Exemption from Partnership Estimated Tax Paid on Behalf of Corporate Partners*, with the partnership certifying one of the following:

- The corporation is exempt from any tax imposed by New York State Tax Law, Articles 9, 9-A, 32 and 33; **or**
- The corporation will comply in its corporate capacity with all New York State corporation estimated tax payment provisions and tax return filing requirements.

For more information, see Form CT-2658-E.

**Partnerships:** Do not submit copies of Forms CT-2658-E to the Tax Department. The partnership may rely on these forms to exempt the partner from the estimated tax provisions. The partnership must maintain copies of Forms CT-2658-E for its records.

**Note: To make estimated tax payments on behalf of partners who are nonresident individuals, use Form IT-2658, Report of Estimated Tax for Nonresident Individual Partners and Shareholders, and Form IT-2658-ATT, Attachment to Report of Estimated Tax for Nonresident Individual Partners and Shareholders.**

**Additional sheets** — If the partnership is making a payment of estimated tax on behalf of more than eight corporate partners, list the additional partners on Form(s) CT-2658-ATT, *Attachment to Report of Estimated Tax for Corporate Partners*. Follow the instructions for Form CT-2658 to complete Form CT-2658-ATT. Be sure to attach Form(s) CT-2658-ATT to Form CT-2658.

Partnerships may use computer-generated forms to report estimated tax payments for partners as required on Form CT-2658. For more detailed information, see Form TR-2658, *Revised Standards for Computer-Generated Form IT-2658-ATT and Form CT-2658-ATT*.

*New York source income* is income, gain, loss, or deduction and any related Tax Law section 612 modifications derived from or connected with New York State sources. For purposes of these estimated tax rules, the New York source income of a C corporation is computed as if the C corporation were a nonresident individual.

See Form IT-204-I, *Instructions for Form IT-204, Partnership Return*, to determine if the partnership has income from New York sources. In addition, use Form IT-204-I to determine the portion of a nonresident partner's distributive share of partnership income (including New York State Tax Law section 612 modifications) that is derived from New York sources.

*Estimated tax* for corporate partners means a corporate partner's distributive share of the partnership's income derived from New York sources for the year, multiplied by the highest rate of tax under Tax Law section 210(1)(a) for the year (7.1% for 2009), and reduced by the corporate partner's distributive share of any allowable credits from the partnership.

For a fiscal-year partnership, base the payments for 2009 on the partner's distributive share of partnership income for the fiscal year that ends in calendar year 2009.

The payment of estimated tax by the partnership on behalf of a partner is treated as a payment of estimated tax made by the partner at the time the payment is made by the partnership. The partners may take into account any payments made on their behalf by the partnership in determining how much estimated tax they must pay.

Estimated tax payments are only required for partners who are C corporations or nonresident individuals. Estimated tax payments are not required for partners who are resident individuals, partnerships, S corporations, estates, or trusts.

If the partnership overpays estimated tax for the year, a refund will be issued to the entity only if the entity can establish that the overpayment was attributable to payments made on behalf of a partner for whom it was not required to pay estimated tax (for example, the entity erroneously made a payment for a partner that is a trust).

### When to make estimated tax payments

The partnership estimated tax payments are due on April 15, 2009, June 15, 2009, September 15, 2009, and January 15, 2010. The payments must be made by these dates whether the partnership or the C corporation partner files its returns on a calendar-year basis or a fiscal-year basis. The partnership can pay the entire estimated tax for the year with the first payment or pay four equal installments.

With respect to the payments due April 15, 2009, and January 15, 2010, the partnership may send its Forms CT-2658 and payments on March 16, 2009, and December 15, 2009, rather than on April 15, 2009, and January 15, 2010. The corporate partner can then take the partnership payments into account when they compute the corporation's March 16 and December 15 installments.

**Notification to partners** — Every partnership required to pay estimated tax on behalf of its partners must issue a statement to the partners showing the amount of estimated taxes paid on their behalf. The statement must be furnished within 30 days after the estimated tax is paid. There is no specific form for this notification process. The partnership may choose the method of notifying its partners of the payment. However, the partnership cannot use federal Form W-2, *Wage and Tax Statement*, or any other form or document that would indicate that the payment is income tax withheld. The statement must show that the payment is to be treated as a payment of estimated tax when the partners file their New York returns.

### Penalties

**Failure to pay estimated tax on behalf of a partner** — If a partnership is required to pay estimated tax on behalf of a partner and fails to do so, the partnership will pay a penalty of \$50 per partner for each failure, unless it is shown that the failure is due to reasonable cause and not due to willful neglect.

**Underpayment of estimated tax** — In the case of an underpayment of estimated tax by the partnership, a penalty as determined under Tax Law section 685(c) will be added to the estimated tax required to be paid.

In general, the partnership may owe the penalty if the total estimated tax paid on behalf of all nonresident individuals and corporate partners is not equal to or greater than the smaller of:

- 1) 90% of the estimated tax required to be paid for 2009; **or**
- 2) 100% of the estimated tax required to be paid on behalf of partners for 2008 (110% of that amount if the partnership is not primarily engaged in farming or fishing and the New York source income allocated to nonresident individuals and C corporations is more than \$150,000).

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**Note:** This total estimated tax paid calculation is used only to determine if the partnership owes a penalty for underpayment of tax. It does not take into account whether the partnership properly allocated the total payments among the corporate and nonresident individual partners.

In addition to the penalties that may be imposed upon the partnership, the partners may be subject to penalties on their corporate franchise tax returns if they have not paid sufficient estimated tax for the year.

**Specific instructions**

Mark an **X** in the appropriate box to indicate the date for which the estimated tax payments are being made.

Enter the partnership's legal name, business name if different, address, and employer identification number (EIN). Please provide a contact name and phone number.

Enter the total number of corporate partners for which estimated tax payments are being made with Form CT-2658 and attached Form(s) CT-2658-ATT. Enter the total New York source income of the partnership and the total estimated tax paid on behalf of corporate partners.

**Allocation of estimated tax to corporate partners**

Enter each corporate partner's legal name and business address. Please provide a contact name and phone number, if known, for each partner.

**Foreign addresses** — Enter the information in the following order: city, province or state, and then country (all in the city, state, and ZIP code area). Follow the country's practice for entering the postal code. **Do not abbreviate the country name.**

**Partner's EIN** — Enter each corporate partner's EIN.

**Percentage of ownership** — Enter each corporate partner's ownership percentage in the partnership. Round the percentage to four decimal places only. If the actual percentage of ownership is less than .0001, round the percentage to 000.0001. If the current-year percentage is not available, enter the prior-year percentage.

**New York source income** — Enter each corporate partner's New York source income on which the estimated tax payments are based.

**Amount of estimated tax paid** — You can use the estimated share of 2009 income and credits from the partnership to determine each corporate partner's estimated tax to be paid on the partner's behalf, or you can use the actual amounts from 2008. However, if the C corporation was not a partner of the partnership for 2008, you must use the 2009 estimated amounts to compute the estimated tax to be paid on the corporate partner's behalf. Use the following worksheet to determine the amount of estimated tax to be paid for each corporate partner.

Estimated tax worksheet	
1. Enter the partner's estimated (2009) or actual (2008) distributive share of income earned from New York sources .....	1. _____
2. Multiply line 1 by 7.1% (.071).....	2. _____
3. Enter the estimated (2009) or actual (2008) partnership credits the partner will be entitled to claim .....	3. _____
4. Subtract line 3 from line 2 .....	4. _____
5. Amount of estimated tax to be paid (divide line 4 by four).....	5. _____

Credit cards cannot be used to pay the amount of estimated tax due with this return.

**Note:** If the partnership is also required to file Form IT-2658, a separate payment must be sent with Form IT-2658 to the address provided in the instructions for that form. Do not combine the amounts from Form CT-2658 and Form IT-2658 in a single payment, and do not send both forms to the same address.

**Where to mail your return**

Mail Form CT-2658, Form(s) CT-2658-ATT, and payment to:

**NYS ESTIMATED CORPORATION TAX  
PROCESSING UNIT  
PO BOX 4136  
BINGHAMTON NY 13902-4136**

**Private delivery services** — If you choose, you may use a private delivery service, instead of the U.S. Postal Service, to mail in your return and tax payment. 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?* below for information on obtaining 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. If you use **any** private delivery service, whether it is a designated service or not, send the forms covered by these instructions to: return to: JPMorgan Chase, NYS Estimated Corporation Tax, 33 Lewis Road, Binghamton NY 13905-1040.

**Privacy notification** — The Commissioner of Taxation and Finance may collect and maintain personal information pursuant to the New York State Tax Law, including but not limited to, sections 5-a, 171, 171-a, 287, 308, 429, 475, 505, 697, 1096, 1142, and 1415 of that Law; and may require disclosure of social security numbers pursuant to 42 USC 405(c)(2)(C)(i).

This information will be used to determine and administer tax liabilities and, when authorized by law, for certain tax offset and exchange of tax information programs as well as for any other lawful purpose.

Information concerning quarterly wages paid to employees is provided to certain state agencies for purposes of fraud prevention, support enforcement, evaluation of the effectiveness of certain employment and training programs and other purposes authorized by law.

Failure to provide the required information may subject you to civil or criminal penalties, or both, under the Tax Law.

This information is maintained by the Director of Records Management and Data Entry, NYS Tax Department, W A Harriman Campus, Albany NY 12227; telephone 1 800 225-5829. From areas outside the United States and outside Canada, call (518) 485-6800.

**Need help?**

	<b>Internet access:</b> <a href="http://www.nystax.gov">www.nystax.gov</a> (for information, forms, and publications)	
	<b>Fax-on-demand forms:</b>	1 800 748-3676
	<b>Corporation Tax Information Center:</b>	1 888 698-2908
	<b>Personal Income Tax Information Center:</b>	1 800 225-5829
	From areas outside the U.S. and outside Canada: (518) 485-6800	