



Partners, Members, or Shareholders Underpayment Penalty Calculation

Part I—Required Annual Payment

- 1 Current year estimated pass-through entity tax (PTET).....
- 2 Nonrefundable Credits
- 3 Current year PTET after Credits. Subtract line 2 from line 1. This is the total of your required PTET
Estimated Installments Due.....

Part II—Figuring the Underpayment

- 4 **Installment Due Dates (see instructions)**.....
- 5 **Required PTET Installments**—Enter 25% (.25) of
line 3 in each column
- 6 Estimated PTET tax paid or credited for each period.
For column A only, enter the amount from line 6 on line
10

	A	B	C	D

Complete lines 7 through 13 of one column before going to next column.

- 7 Enter amount, if any, from line 13 of the preceding
column.....
- 8 Add lines 6 and 7 in each column
- 9 Enter the amounts from lines 11 and 12 of the preceding
column.....
- 10 Subtract line 9 from line 8. If zero or less, enter zero.
For column A only, enter the amount from line 6.
- 11 If the amount on line 10 is zero, subtract line 8 from line
9. Otherwise, enter zero.
- 12 **PTET Underpayment.** If line 10 is less than or equal to
line 5, subtract line 10 from line 5. Then, go to line 7 of
the next column. Otherwise, go to line 13
- 13 **PTET Overpayment.** If line 5 is less than line 10,
subtract line 5 from line 10. Then, go to line 7 of the
next column

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Part III—Figuring the PTET Underpayment Penalty

	A	B	C	D
14 Enter the date when the specific PTET installment is paid in full or the 15th day of the 4th month after the close of the tax year, whichever date is earlier, in each column.....				
15 Number of days from the due date of the installment on line 4 to the date shown on line 14 in each column.....				
16 Number of days on line 15 after 04/15/2024 and before 01/01/2025 in each column.....				
17 Line 12 $\times \left(\frac{\text{Line 16}}{365} \right) \times 11\%$				
18 Number of days on line 15 after 12/31/2024 and before the day after the due date of the return or 01/01/2026, whichever date is earlier, in each column.....				
19 Line 12 $\times \left(\frac{\text{Line 18}}{365} \right) \times$ Insert 2025 RATE				
20 Number of days on line 15 after 12/31/2025 and before 03/16/2026 or the day after the due date of the return, whichever date is earlier, in each column.....				
21 Line 12 $\times \left(\frac{\text{Line 20}}{365} \right) \times$ <i>2026 Tax Due Penalty Rate</i>				
22 Add lines 17, 19, and 21 in each column.....				
23 PTET Penalty. Add columns A through D of line 22. Enter the total in column D and add to or enter on Form 740-PTET line as specified in the instructions.....				

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Specific Line-by-Line Instructions for Pass-Through Entity Tax (PTET) Underpayment Penalty Calculations

Partners, Members, or Shareholders

Part I—Required Annual Payment

Line 1—Enter the current year estimated pass-through entity tax (PTET).

Line 2—Enter nonrefundable credits.

Line 3—Subtract Line 2 from Line 1. This is the total of your required PTET estimated installments due.

Part II—Figuring the Underpayment

Line 4—Enter the installment due dates based on your tax year and the criteria provided below:

Enter the 15th day of the 4th, 6th, and 9th months of the tax year and the 15th day of the month following the close of the tax year.

Line 5—Enter 25% (.25) of Line 3 in each column.

Line 6—Enter estimated PTET tax paid or credited for each period. For column A only, enter the amount from Line 6 on Line 10.

Complete Lines 7 through 13 of one column before going to the next column

Line 7—Enter amount, if any, from Line 13 of the preceding column.

Line 8—Add Lines 6 and 7 in each column.

Line 9—Add amounts from Lines 11 and 12 of the preceding column.

Line 10—Subtract Line 9 from Line 8. If zero or less, enter zero. For column A only, enter the amount from Line 6.

Line 11—If the amount on Line 10 is zero, subtract Line 8 from Line 9. Otherwise, enter zero.

Line 12—If Line 10 is less than or equal to Line 5, subtract Line 10 from Line 5. Then, go to Line 7 of the next column. Otherwise, go to Line 13. **This is your PTET Underpayment.**

Line 13—If Line 5 is less than Line 10, subtract Line 5 from Line 10. Then, go to Line 7 of the next column. **This is your PTET overpayment.**

Part III—Figuring the PTET Underpayment Penalty

Line 14—Enter the date when the specific PTET installment is paid in full or the 15th day of the 4th month after the close of the tax year, whichever date is earlier, in each column.

Line 15—Enter the number of days from the due date of installment on Line 4 to the date shown on Line 14 in each column.

Line 16—Enter the number of days on Line 15 after 04/15/2024 and before 01/01/2025 in each column.

$$\text{Line 17—} \quad \text{Line 12} \times \left(\frac{\text{Line 16}}{365} \right) \times 11\%$$

Line 18—Enter the number of days on Line 15 after 12/31/2024 and before the day after the due date of the return or 01/01/2026, whichever date is earlier, in each column.

$$\text{Line 19—} \quad \text{Line 12} \times \left(\frac{\text{Line 18}}{365} \right) \times \text{Insert 2025 RATE}$$

Line 20—For September through November 2024 fiscal year end taxpayers, enter the number of days on Line 15 after 12/31/2025 and before 03/16/2026 or the day after the due date of the return, whichever date is earlier, in each column.

$$\text{Line 21—} \quad \text{Line 12} \times \left(\frac{\text{Line 20}}{365} \right) \times \text{2026 Tax Due Penalty Rate}$$

NOTE: The tax due penalty rate is the same as the year's tax due interest rate. The 2026 tax due interest rate will be made public in early October 2025.

Line 22—Add Lines 17, 19, and 21 in each column.

Line 23—Add Columns A through D, Line 22. Enter the total in Column D. If there is an income tax overpayment on Line 18 of Form 740-PTET, add amount from Line 23 to Form 740-PTET, Line 20. If there is an income tax due on line 15 of Form 740-PTET, enter the amount from Line 23 on Form 740-PTET, Line 16.

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