

Partners, Members, or Shareholders Underpayment Penalty Calculation

Part I—Required Annual Payment

Do you owe this penalty?

(a) Enter the liability from the 2024 Form 740–PTET.

(b) Enter current year estimated PTET payments.

If (b) equals or exceeds, (a) **STOP HERE**

1

Current year estimated pass-through entity tax (PTET).....

2

Reserved for future use.....

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

	A	B	C	D
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				

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				

Pass-through entities that have made the election for the pass-through entity tax are required to make estimated tax payments if the tax liability is reasonably expected to exceed \$500 in accordance with KRS 141.305. Form PTET-P should be used to calculate the penalty for the underpayment of estimated taxes. The penalty does not apply if prepaid tax equals or exceeds the prior year's pass-through entity tax liability.

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—Line is reserved for future use.

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, 9th, and 12th months 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 04/15/2025 and before 01/01/2026 in each column.

$$\text{Line 17—} \quad \text{Line 12} \quad \times \left(\frac{\text{Line 16}}{365} \right) \times 10\%$$

Line 18—Enter the number of days on Line 15 after 12/31/2025 and before the day after the due date of the return or 01/01/2027, whichever date is earlier, in each column.

$$\text{Line 19—} \quad \text{Line 12} \quad \times \left(\frac{\text{Line 18}}{365} \right) \times 9\%$$

Line 20—For September through November 2025 fiscal year end taxpayers, enter the number of days on Line 15 after 12/31/2026 and before 03/16/2027 or the day after the due date of the return, whichever date is earlier, in each column.

$$\text{Line 21—} \quad \text{Line 12} \quad \times \left(\frac{\text{Line 20}}{365} \right) \times \begin{matrix} 2027 \text{ Tax} \\ \text{Due Penalty} \\ \text{Rate} \end{matrix}$$

NOTE: The tax due penalty rate is the same as the year's tax due interest rate. The 2027 tax due interest rate will be made public in early October 2026.

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.