

Indiana Department of Revenue
**2016 Annualized Income Schedule for the
Underpayment of Estimated Tax by Individuals**

Names(s) shown on Form IT-40/IT-40PNR/IT-40P _____

Your Social Security Number

Section I - Early Filers

Check box if you filed your 2016 tax return and paid the total tax due by Jan. 31, 2017.

Section II - Required Annual Payment

A. 2016 tax _____	A	<input type="text"/>	<input type="text"/>	00
B. 2016 credits (not including withholding credits or estimated tax) _____	B	<input type="text"/>	<input type="text"/>	00
C. Subtract line B from line A _____	C	<input type="text"/>	<input type="text"/>	00
D. Multiply line C by 90% (.90) _____	D	<input type="text"/>	<input type="text"/>	00
E. 2016 withholding tax credit _____	E	<input type="text"/>	<input type="text"/>	00
F. Subtract line E from line C - If less than \$1,000, STOP HERE! You do not owe a penalty _____	F	<input type="text"/>	<input type="text"/>	00
G. Prior year's tax (see instructions) _____	G	<input type="text"/>	<input type="text"/>	00
H. Minimum required annual payment - Enter the lesser of line D or line G (if G is N/A, enter amount from D) If less than or equal to the amount on line E, STOP HERE! You do not owe a penalty. _____	H	<input type="text"/>	<input type="text"/>	00

Section III - STOP! Complete lines 1 through 12 for Columns A through D first.

	Column A 1-1 to 3-31		Column B 1-1 to 5-31		Column C 1-1 to 8-31		Column D 1-1 to 12-31			
1. Indiana adjusted income for each period _____	1	<input type="text"/>	00	<input type="text"/>	00	<input type="text"/>	00	1	<input type="text"/>	00
2. Annualization amounts _____	2	<input type="text"/>	4.0	<input type="text"/>	2.4	<input type="text"/>	1.5	2	<input type="text"/>	1.0
3. Annualized income: Multiply line 1 by line 2 _____	3	<input type="text"/>	00	<input type="text"/>	00	<input type="text"/>	00	3	<input type="text"/>	00
4. Exemptions: Line 6 of Form IT-40 or IT-40PNR _____	4	<input type="text"/>	00	<input type="text"/>	00	<input type="text"/>	00	4	<input type="text"/>	00
5. Annualized state taxable income (line 3 minus line 4) _____	5	<input type="text"/>	00	<input type="text"/>	00	<input type="text"/>	00	5	<input type="text"/>	00
6. State income tax: Multiply line 5 by 3.3% (.033) _____	6	<input type="text"/>	00	<input type="text"/>	00	<input type="text"/>	00	6	<input type="text"/>	00
7. County income tax: See instructions _____	7	<input type="text"/>	00	<input type="text"/>	00	<input type="text"/>	00	7	<input type="text"/>	00
8. Annualized total tax: Add lines 6 and 7 _____	8	<input type="text"/>	00	<input type="text"/>	00	<input type="text"/>	00	8	<input type="text"/>	00
9. Credits: See instructions _____	9	<input type="text"/>	00	<input type="text"/>	00	<input type="text"/>	00	9	<input type="text"/>	00
10. Annualized tax: Subtract line 9 from line 8. If less than zero, enter -0- _____	10	<input type="text"/>	00	<input type="text"/>	00	<input type="text"/>	00	10	<input type="text"/>	00
11. Applicable installment percentages _____	11	<input type="text"/>	.225	<input type="text"/>	.450	<input type="text"/>	.675	11	<input type="text"/>	.900
12. Installment amount due: Multiply line 10 by line 11 _____	12	<input type="text"/>	00	<input type="text"/>	00	<input type="text"/>	00	12	<input type="text"/>	00



Schedule IT-2210A
Section III cont'd...

Column A
1-1 to 3-31

Column B
1-1 to 5-31

Column C
1-1 to 8-31

Column D
1-1 to 12-31

12a. Enter amounts carried from the front page, line 12 _____

12a	00	00	00
-----	----	----	----

STOP! Complete lines 13 through 25 for each column, beginning with Column A, before going to the next column.

13. Amount from line 19 of all preceding columns (see instructions) _____

13		00	00
----	--	----	----

14. Total Tax: Subtract line 13 from line 12a. If less than zero, leave blank _____

14	00	00	00
----	----	----	----

15. Minimum tax due: Enter 25% (.25) of line H from Section II _____

15	00	00	00
----	----	----	----

16. Enter the amount from line 18 of the preceding column _____

16		00	00
----	--	----	----

17. Total minimum tax: Add lines 15 and 16 _____

17	00	00	00
----	----	----	----

18. Subtract line 14 from line 17. If less than zero, leave blank _____

18	00	00	00
----	----	----	----

19. Actual estimated tax due: Enter the lesser of line 14 or line 17 here. Carry to line 13 of the next column _____

19	00	00	00
----	----	----	----

20. Indiana state income tax withheld _____

20	00	00	00
----	----	----	----

21. Indiana county income tax withheld _____

21	00	00	00
----	----	----	----

22. Estimated tax payments _____

22	00	00	00
----	----	----	----

23. Total amount paid: Add lines 20 through 22 _____

23	00	00	00
----	----	----	----

24. Overpayment: If line 23 is greater than line 19, enter the difference here _____

24	00	00	00
----	----	----	----

25. Underpayment: If line 19 is greater than line 23, enter the difference here _____

25	00	00	00
----	----	----	----

26. Add line 25, Columns A + B + C + D and enter the total here _____

26	00		
----	----	--	--

27. Penalty due. Multiply line 26 by 10% (.10) and enter total here and on line 20 of Form IT-40/IT40PNR, or on line 28 of Form IT-40P _____

27	00		
----	----	--	--



2410000000

Annualized Income Schedule for the Underpayment of Estimated Tax by Individuals

Who Should File Schedule IT-2210A?

Most taxpayers have state and county income taxes withheld from their income by their employers; therefore, the income taxes are usually paid in “even” amounts throughout the year. However, if you are self-employed, earn seasonal income, have income which does not have state and county income taxes withheld, or expect to owe more than \$1,000 of state and/or county income taxes at the time you file your annual income tax return, you might be required to pay estimated taxes during the tax year. Either Schedule IT-2210 or Schedule IT-2210A are used to determine if you paid enough estimated taxes each period. If you did not, then you can figure the penalty you might owe for the underpayment of the estimated taxes.

Schedule IT-2210A or Schedule IT-2210: Which one to use

You should use Schedule IT-2210A to: 1) figure your penalty, or 2) to show you paid enough estimated tax for a period if you received seasonal income (such as Christmas tree sales, fireworks sales, etc.), or a lump sum distribution, and you made any estimated tax payments that coincide with the receipt of that income. If the income you received (on which no Indiana income tax is withheld) is *evenly* distributed during the year, such as pension income, then you should file Schedule IT-2210 instead.

Farmers and Fishermen: If at least two-thirds of your income for 2015 or 2016 was from farming or fishing, you have only one payment due date for 2016 estimated tax – Jan. 17, 2017.

To show you meet this two-thirds rule, do not file this schedule. Instead, you must file Schedule IT-2210, and complete the Section D – Short Method. Get Schedule IT-2210 at www.in.gov/dor/5506.htm.

Section I - Early Filers

If you file your individual income tax return and pay the tax due by Jan. 31, 2017, you will not be required to make a 4th installment estimated tax payment. For additional information see the instructions for line 22.

Section II - Required Annual Payments

Section II will determine if you should have paid estimated taxes during the year and the minimum amount required.

Line A: 2016 Tax: Add together the state adjusted gross income tax and county income tax from lines 8 and 9 of Form IT-40 or Form IT-40PNR, plus any recapture of any CollegeChoice 529 credit from line 4 of Indiana’s Schedule 4 or Schedule E. Enter the total here.

Line B: 2016 Credits: Add together any credits from lines 4 through 8 of Indiana’s Schedule 5 or Schedule F, plus any offset credits from line 13 of Form IT-40 or IT-40PNR. Enter the total here.

Line D: To determine 90 percent of your total expected tax, multiply line 3 by 90 percent (.90).

Note: If at least two-thirds of your gross income is from farming or fishing, multiply line 3 by .667.

Line E: 2016 Withholding: Add together any state and county withholding amounts from lines 1 and 2 of Indiana’s Schedule 5 or Schedule F. Enter the total here.

Line F: Subtract line 5 from line 3. If this amount is less than \$1,000, you **do not** owe a penalty. **Stop** here and **attach a copy of this schedule** to your individual income tax return.

Line G: Prior Year’s Tax Exception: See if you are eligible for any of the following exceptions.

- If you filed a 2015 IT-40, add the tax from lines 8 and 9; subtract the total of the credits on line 13 plus any amounts on Schedule 5, lines 4 through 8. Enter the result here.
Note: See **CAUTION** box on page 2.

- If you filed a 2015 IT-40PNR as a **full-year nonresident**, add the tax from lines 8 and 9; subtract the total of the credits on line 13 plus any amounts on Schedule F, lines 4 through 8. Enter the result here.
Note: See **CAUTION** box on page 2.

- If you filed a 2015 Form IT-40PNR as a **part-year resident** of Indiana, you must figure the tax for that year on an annualized basis. See the instruction and **Example for when 2015 IT-40PNR was filed as a part-year resident** on page 2.

Line H: Minimum required annual payment: Enter the lesser of line D or line G. If the line G entry is N/A, enter the amount from line D on this line.

Section III - Annualized Method STOP! Complete lines 1 through 25 for each column, beginning with Column A, before going to the next column.

Line 1: 2016 Indiana Adjusted Income: You must use the amount from Form IT-40 or from Form IT-40PNR, line 5, and figure how much of this income was earned during each period. Note that each column includes the income totals from all previous columns. See the example at the top of the next page.

Line 4: Exemptions: Enter the total amount of exemptions shown on line 6 of Form IT-40 or Form IT-40PNR. Enter the total amount in each column.

Line 5: Annualized State Taxable Income: Subtract line 4 from line 3. If the difference is a negative number, put no entry on this line.

Line 7: County Income Tax: Multiply the amount on line 5 by your resident county tax rate from line 2 of your county tax schedule (CT-40 or CT-40PNR) **or** multiply the amount on line 5 that is principal employment income (less allowable exemptions) by the nonresident county tax rate from Section 2, line 6, of Schedule CT-40PNR.

Line 9: Credits: Enter the applicable portion of credits from lines 4 through 8 of Indiana’s Schedule 5 or Schedule F, plus any offset credits from line 13 of Form IT-40 or Form IT-40PNR, for each period.

Example: If you made a contribution to a college in July, include this credit in Column C and Column D.

Line 13: Enter the amount (if any) from line 19 of all preceding columns. Example: To complete line 13, Column D, add line 19 amounts from Columns A, B and C. Enter this amount in Column D.

Line 15: Minimum Tax Due: Enter 25 percent of line H (from Section II) in each column.

Line 16: Tax Carryover: Enter the amount from line 18 of the preceding column. This line keeps track of the portion of your average tax that was not imposed for the previous period.

Line 19: Actual Estimated Tax Due: Enter the smaller amount from line 14 or line 17 on this line. This is the actual amount of estimated tax you should have paid for this period. Also, enter this amount on line 13 of the next column. (Because this is subtracted in columns B, C, and D, you will not pay a penalty on the same underpayment twice.)

Line 20: Indiana State Tax Withheld: Divide the amount from line 1 of Indiana's Schedule 5 or Schedule F by four and enter the result in each column.

Note: If your withholding should change during the year, please show the increase or decrease in the period when the change occurred.

Line 21: Indiana County Tax Withheld: Divide the amount from line 2 of Indiana's Schedule 5 or Schedule F by four and enter the result in each column. See note above.

Example for when 2015 IT-40PNR was filed as a part-year resident: If you filed a 2015 IT-40PNR as a part-year resident of Indiana, you must figure the tax for that year on an annualized basis. You can accomplish this by multiplying the IT-40PNR line 1 income by 12 and dividing the result by the number of months you were an Indiana resident. Then figure the state tax and county tax, if applicable, by 1) subtracting your 2016 exemptions from the result and 2) multiplying that total by the combined state and applicable county tax rate(s) from your 2016 Indiana individual income tax return. See the example below.
Note: See **CAUTION** box below.

Example:

- Jane moved to Indiana on Sept. 15, 2015, so she was a resident for 3.5 months.
- Her 2015 IT-40PNR line 1 income is \$10,000.
- Her 2016 total exemptions are \$3,500.
- The 2016 adjusted gross income tax rate is 3.3% (.033). Her 2016 county tax rate is 1% (for a 4.3% [.043] combined state and county tax rate.)

Use Steps 1 - 4 below to figure her prior year's tax exception for line G of the IT-2210A.

$$\begin{array}{r} \text{Step 1} \quad \$ 10,000 \quad \text{2015 Indiana income} \\ \quad \quad \times \quad 12 \quad \text{months} \\ \hline \quad \quad \$ 120,000 \quad \text{annualized income} \end{array}$$

$$\begin{array}{r} \text{Step 2} \quad \$ 120,000 \quad \text{annualized income} \\ \quad \quad \div \quad 3.5 \quad \text{months of 2015 residency} \\ \hline \quad \quad 34,286 \end{array}$$

$$\begin{array}{r} \text{Step 3} \quad \$ 34,286 \\ \quad \quad - \quad 3,500 \quad \text{2016 exemptions} \\ \hline \quad \quad 30,786 \end{array}$$

$$\begin{array}{r} \text{Step 4} \quad \$ 30,786 \\ \quad \quad \times \quad 4.3\% \quad \text{2016 combined state and county tax rate} \\ \hline \quad \quad \$ 1,324^* \end{array}$$

* The \$1,324 Step 4 amount should be entered as an exception on line G of Jane's Schedule IT-2210A.

CAUTION: If your 2015 state taxable income (line 7 of Form IT-40 or Form IT-40PNR) is more than \$150,000 (\$75,000 if your filing status is married filing separately), you must enter **110%** of last year's tax (instead of 100%) on line G.

Example: Chris and Kate's 2015 state taxable income from line 7 of Form IT-40 is \$158,000. They must take the following steps to arrive at the exception amount for line 7:

$$\begin{array}{r} \text{a) 2015 IT-40 total income tax (line 8 plus line 9)} \dots\dots\dots \$ 6,952 \\ \text{b) 2015 IT-40 credits (line 13 plus line 14 plus} \\ \quad \text{Schedule 5, lines 4 through 8)} \dots\dots\dots - 1,952 \\ \text{c) Subtotal} \dots\dots\dots \$ 5,000 \\ \text{d) Exception to the penalty percentage} \dots\dots\dots \times 110\% \\ \text{e) Amount for line 7 of Schedule IT-2210} \dots\dots\dots \$ 5,500 \end{array}$$

Note: If Chris and Kate's 2015 state taxable income is less than \$150,000, they would enter \$5,000 instead of \$5,500 on line G.

Example: Jean and Jerry's 2016 Indiana adjusted income was figured using the following information:

Jean's wage income earned evenly throughout the year.....	\$ 30,000
Jerry's net income from fireworks sales earned in June and July.....	22,000
Total joint interest income (\$50 received monthly)	600
Renter's <i>deduction</i> for renting all year	<u>-2,500</u>
Indiana adjusted income for 2016	*\$ 50,100

They will have to figure how much wage and interest income was earned on a monthly basis, and how much renter's deduction is available for each month. Then they can figure the portion of their Indiana adjusted income for each of the time periods shown on line 1, Columns A - D.

*This \$50,100 amount will be entered on line 1, Column D of their Schedule IT-2210A.

Figure their Indiana adjusted income for:

- The period 1-1-16 through 3-31-16 (first 3 months (mos) of the year):
 3 mos/12 mos (or .25) x \$30,000 wage \$7,500
 \$50 a month interest x 3 months 150
 3 mos/12 mos (or .25) x \$2,500 renter's *deduction* -625
 Line 1, Column A Indiana Adjusted Income \$7,025
- The period 1-1-16 through 5-31-16 (first 5 months (mos) of the year):
 5 mos/12 mos (or .42) x \$30,000 wage \$12,600
 \$50 a month interest x 5 months 250
 5 mos/12 mos (or .42) x \$2,500 renter's *deduction* -1,050
 Line 1, Column B Indiana Adjusted Income \$11,800
- The period 1-1-16 through 8-31-16 (first 8 months (mos) of the year):
 8 mos/12 mos (or .67) x \$30,000 wage \$20,100
 \$50 a month interest x 8 months 400
 Jerry's net income (all received in June and July) 22,000
 8 mos/12 mos (or .67) x \$2,500 renter's *deduction* -1,675
 Line 1, Column C Indiana Adjusted Income \$40,825

Line 22: 2016 Estimated Tax Payments: Enter the amount of estimated taxes paid per each installment period.

- Column A – Enter estimated tax payments made from Jan. 1, 2016 through April 15, 2016.
- Column B – Enter estimated tax payments made from April 16, 2016 through June 15, 2016.
- Column C – Enter estimated tax payments made from June 16, 2016 through Sept. 15, 2016.
- Column D – Enter estimated tax payments made from Sept. 16, 2016 through Jan. 15, 2016.

Note for Early Filers: If you file your individual income tax return and pay the *total* tax due by Feb. 1, 2017, you will not be required to make a 4th installment estimated tax payment. You should include on line 22, Column D, the amount of tax you paid with your tax return (Form IT-40 or Form IT-40PNR) minus any household employment tax, use tax, recapture of Indiana's CollegeChoice 529 plan credit and/or the amount shown on the return to be applied to your 2017 estimated tax account.

Line 24: Installment Period Overpayment: If the total payment (line 23) is more than the required payment due (line 19) for an installment period, enter the difference on this line. This amount should then be added to line 22 in the next column **after** subtracting any underpayment(s) shown on line 25 in the previous column(s).

Example: Mike had a \$100 underpayment on line 25, Column A. He had a \$130 *overpayment* on line 24, Column B. The net overpayment from the first two installment periods is \$30 (\$130 - \$100). He'll add this net overpayment to any estimated tax paid for the third installment period on line 22, Column C.

Note: If, after subtracting any previous underpayments, this amount is *less than zero*, no overpayment will be available to carry over to the next installment period.

Also, **do not** carryover a negative figure if this amount is less than zero. For example, a first period underpayment of \$80 plus a second period overpayment of \$50 results in a \$30 net underpayment. This amount is not to be used to decrease any credits for the next installment period.

Line 25: Underpayment: If line 23 is less than line 19, enter the difference on this line.

Line 26: Add lines 25A + 25B + 25C + 25D and enter the total here.

Line 27: Penalty for the underpayment of estimated tax: Multiply line 26 by 10 percent (.10). Enter the amount here and on line 20 of your Form IT-40 or Form IT-40PNR.

Be sure to keep Schedule IT-2210A with your records as the Department may request it at a later date.