

Schedule
IT-2220

Indiana Department of Revenue

Penalty for Underpayment of Corporate Income Tax

For Tax Year Beginning AA _____ / _____ / 2008 and Ending BB _____ / _____ / _____

State Form 440(R7/8-08)

(See instructions on reverse side of this schedule)

Page attachment sequence #7

☐ Check box if using annualization method

Name of Corporation or Organization B	Federal Identification Number A
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Part I - How to Figure Underpayment of Corporate Tax

1. Enter Indiana adjusted gross income tax (if less than \$2,500, enter -0-)	1		
2. Enter total tax reduction credits excluding estimated taxes paid for the taxable period (cannot exceed amount on line 1)	2		
3. Subtract line 2 from line 1. If zero, stop; you do not owe an underpayment penalty	3		

Part II - How to Figure Exception to Underpayment Penalty

4. Do not use; for department use only	4		
5. Enter the portion of your prior year's final income tax liability, net of tax reduction credits (do not reduce by estimated taxes paid), that is relative to the number of months in the current taxable period. See instructions <i>Short period filers see note on reverse following line 18 instructions.</i>	5		
6. Do not use; for department use only	6		

Quarterly Estimated Tax Paid for Taxable Year

		(a) 1st quarter	(b) 2nd quarter	(c) 3rd quarter	(d) 4th quarter
7. Enter in columns (a) through (d) the quarterly installment dates corresponding to the 20th day of the 4th, 6th, 9th, and 12th months of the tax year	7	/ /	/ /	/ /	/ /
8. Enter estimated income tax paid / credited on or before the due date of the installment for each quarter	8				
9. Enter the overpayment, if any, from the preceding column that exceeds any remaining prior <underpayments> shown on line 12	9				
10. Add line 8 and line 9 for each column	10				
11. Divide line 5 by four or by the number of quarters in the tax period; enter result in columns (a) through (d)	11				
12. Subtract line 11 from line 10 for each quarter. If the result is a negative figure, you have not met any exception to the penalty for the quarter	12				

Part III - How to Figure Penalty

13. Enter the overpayment, if any, from the preceding column that exceeds any remaining prior <underpayments> shown on line 16	13				
14. Add line 8 in Part II, and line 13 above, for each quarter	14				
15. Divide line 3 in Part I by four or the number of quarters in the tax period, divisor cannot be less than 1; enter result in applicable columns	15				
16. Subtract line 15 from line 14. If the result is a negative figure, this is your <underpayment> for the quarter	16				
17. If line 12 shows zero or more for the quarter, the overpayment exception is met. Enter zero on line 17. Otherwise, compute 10% penalty on the <underpayment> shown on line 16 for each column. Enter the penalty, if any, for the quarter as a positive figure	17				
18. Add line 17, columns (a) through (d). This is your total underpayment penalty . Enter here and carry to the appropriate line of Form IT-20, IT-20S, or IT-20NP	18				



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Instructions for Schedule IT-2220 for 2008

Who Should File?

Schedule IT-2220 must be completed and enclosed with corporate Form IT-20, IT-20S, or IT-20NP anytime the corporation did not pay the required amount of adjusted gross income tax in any particular quarter, or the corporation meets an exception to the penalty for underpayment as provided for in Indiana Code 6-3-4-4.1.

NOTE: For taxable years beginning after Dec. 15, 2007, corporations required to make quarterly estimated payments are permitted to use the annualized income installment method calculated in the manner provided by IRC Section 6655(e) as applied to the corporation's adjusted gross income tax liability. Please provide your best calculation and enclose it with your return for our review.

Corporations having annual income tax liabilities exceeding \$2,500 are subject to an underpayment penalty if they fail to file estimated tax payments or fail to remit a sufficient amount on a quarterly basis.

Quarterly payments are due whenever the adjusted gross income tax liability exceeds \$2,500 for a taxable year.

The qualified estimated payments should equal 25 percent of the total income tax due for the year. To avoid the penalty, the quarterly estimate must equal at least 25 percent of the final income tax liability for the prior taxable year.

NOTE: If using the annualization method, check the box in the upper-left corner of the form to indicate this. Also enter the name of your corporation and its federal ID number. Do not complete any other lines on this form. Please provide your best calculation of your penalty and enclose it with your return for our review.

If you use the annualization method and calculate that you do owe a penalty, do not enter that amount on this form. Enter it on the appropriate line of Form IT-20, IT-20S, or IT-20NP. If you calculate that you owe no penalty, do not enter anything on this form or Form IT-20, IT-20S, or IT-20NP.

PART I - How to Figure Underpayment of Corporate Taxes

This schedule must be used by Form IT-20, IT-20S, and IT-20NP filers in determining whether the minimum amount of tax was paid timely.

1. Enter the total Indiana adjusted gross income tax for your taxable year from Form IT-20, IT-20S, or IT-20NP.

2. Enter your total tax reduction (nonrefundable) credits (college credit, neighborhood assistance credit, etc.) reported on Form IT-20 or IT-20NP. **Do not** enter estimated tax payments, extension payments, or prior year's overpayment credit. The total of the tax reduction credits can never exceed the total tax on line 1.

3. Subtract line 2 from line 1. This is your current year's tax liability. If it is zero, **STOP.** You do not owe any underpayment penalty.

PART II - How to Figure Exception to Underpayment Penalty

IC 6-3-4-4.1(e) prescribes two exceptions to the penalty for underpayment. If required to pay quarterly, the estimate should include at least 25 percent of the final income tax liability for the previous tax year.

Special Note for Final Short/Fiscal Year Filers: If the previous year was for a period of less than 12 months, the exception may be met by demonstrating what the liability would have been if a 12-month return had been filed. For example, if the previous year was for six months, double the total tax for that year and enter 25 percent of this total. If last year's tax was zero, enter zero on line 9.

5. Enter the proportional amount of your prior year's final income tax liability (total tax less nonrefundable credits and any withholding and other tax credits) before applying estimated tax credits, that is relative to the number of months in the current taxable period.

7. Enter in columns (a) through (d) the quarterly installment due dates corresponding to the estimated income tax payments for your tax year. If filing on a calendar year basis, the installment due dates for corporate income tax payments are April 20, June 20, Sept. 20, and Dec. 20 of the taxable year. Fiscal year and short tax year filers must remit by the 20th day of the fourth, sixth, ninth, and twelfth months of their taxable year. Short-period filers see the note following line 18 instructions.

8. Enter the amount of estimated income tax paid by the due date of the installment for each quarter. Payments made after the quarterly due date must be reported in the following quarter when paid. If you are carrying forward an overpayment credit from the previous year, add that amount to the installment amount paid for the first available quarter to which the carryover credit is posted. Do not include any credits claimed on line 2. **STOP.** Complete lines 9 through 12 in each column before proceeding to the next column.

9. Enter the remaining overpayment, if any, from line 12 of the preceding quarter, as adjusted after deducting any previous <underpayment> balance.

11. Divide line 5 by the number of quarters in the taxable period. The divisor cannot be less than one. Enter the result in each column. **Note:** Short period filers must apply the instructions following line 18 instructions.

12. Subtract line 11 from line 10 for each column. If line 10 is less than line 11, enter the resulting underpayment in <brackets>. If line 11 is equal to or greater than line 10, the difference is an overpayment and you have met an exception to the penalty for the quarter. See instructions for line 9.

After you complete all four columns, if none of the quarters shows an underpayment, stop here and enclose this schedule with your return. Otherwise, proceed to Part III to recalculate your actual underpayment.

PART III - How to Figure the Penalty

The penalty for the underpayment of estimated taxes is assessed on a quarterly basis on the difference between the amount paid for each quarter and 25 percent of the final tax liability for the current year. **If any underpayment is shown on line 12, continue by completing lines 13 through 17 in each column before proceeding to the next column.**

13. Enter the remaining overpayment, if any, from line 16 of the preceding quarter, as adjusted after deducting any previous <underpayment> balance.

15. Enter the current year's quarterly tax due: divide line 3, in Part I, by the number of quarters in the taxable period. The divisor cannot be less than one. Enter the result in each column. See note for short period returns.

16. Subtract line 15 from line 14. If line 14 is less than line 15, enter the resulting underpayment in <brackets>. If line 14 is greater than line 15, carry the difference as an overpayment to line 13 of the next column after deducting any remaining <underpayments> shown on line 16 of the preceding columns.

17. Multiply the amount of <underpayment> on line 16 for each column by 10 percent if an exception to the penalty for the quarter was not met on line 12. Enter zero on line 17 if line 12 is zero or greater for the quarter.

18. Add the amounts on line 17 for all quarters and enter the result. This is your total underpayment penalty due. Carry this amount to the appropriate line on the front of Form IT-20, IT-20NP, or IT-20S.

Short Period Returns: Lines 11 and 15 must be changed to correspond with your short period estimated return. Do not enter 25 percent of line 3; instead, divide line 3 by 3 for returns consisting of three full quarterly periods. Divide line 3 by 2 for returns consisting of two full quarterly periods. Use the entire amount from line 3 for returns consisting of one, or less than one, quarterly period. For lines 7 through 17, complete only those columns corresponding with the number of full quarters being filed.