



Indiana Department Of Revenue  
**1996 Underpayment of  
Estimated Tax By Individuals**

Your First Name	Middle Initial	Last Name	Social Security Number
			- -
Spouse's First Name	Middle Initial	Last Name	Social Security Number
			- -

**Section A - Farmers and Fishermen Only - See Instructions**

Annual Gross Income from All Sources	Two-Thirds of Gross Income	Gross Income from Farming and Fishing
1995 <input type="text"/>	X 66.7% = <input type="text"/>	<input type="text"/>
1996 <input type="text"/>	X 66.7% = <input type="text"/>	<input type="text"/>

**Section B  
Early Filers**  
Check box if you filed your 1996 tax return and paid the total tax due by January 31, 1997.

**Section C - Required Annual Payment**

1. 1996 tax .....	1	<input type="text"/>
2. 1996 credits (not including withholding credits or estimated tax) .....	2	<input type="text"/>
3. Subtract Line 2 from Line 1 .....	3	<input type="text"/>
4. Multiply the amount on Line 3 by 90% (.90) .....	4	<input type="text"/>
5. 1996 withholding tax credit .....	5	<input type="text"/>
6. Subtract Line 5 from Line 3 <b>If less than \$100, STOP HERE! You do not owe a penalty</b> .....	6	<input type="text"/>
7. Prior year's tax - <b>Read instructions</b> .....	7	<input type="text"/>
8. Minimum required annual payment - Enter the lesser of Line 4 or Line 7 .....	8	<input type="text"/>

**Section D - Short Method - Read the instructions to determine if you can use the short method**

9. Enter the withholding tax credit amount from Line 5 above .....	9	<input type="text"/>
10. Enter the total amount, if any, of estimated tax payments you made for tax year 1996 .....	10	<input type="text"/>
11. Add Lines 9 and 10 .....	11	<input type="text"/>
12. Total Underpayment. Subtract Line 11 from Line 8. If zero or less <b>STOP HERE! You do not owe a penalty.</b> Attach this schedule to your tax return .....	12	<input type="text"/>
13. Multiply Line 12 by 10% (.10). Enter this amount on Line 29 of Form IT-40 or Line 26 of Form IT-40PNR .....	13	<input type="text"/>

**Installment Period Due Dates**

	A 1st Installment April 15, 1996	B 2nd Installment June 17, 1996	C 3rd Installment September 16, 1996	D 4th Installment January 15, 1997
<b>Section E - Regular Method</b>				
14. Minimum required installment payment - Divide amount on Line 8 by 4 .....	14 <input type="text"/>	<input type="text"/>	<input type="text"/>	14 <input type="text"/>
15. 1996 withholding - Divide Line 5 by 4 .....	15 <input type="text"/>	<input type="text"/>	<input type="text"/>	15 <input type="text"/>
<b>STOP! Complete Lines 16 through 19 for each column before going to the next column.</b>				
16. 1996 estimated taxes paid per period .....	16 <input type="text"/>	<input type="text"/>	<input type="text"/>	16 <input type="text"/>
17. Total installment payments (Add Lines 15 and 16) .....	17 <input type="text"/>	<input type="text"/>	<input type="text"/>	17 <input type="text"/>
18. Installment period overpayment .....	18 <input type="text"/>	<input type="text"/>	<input type="text"/>	18 <input type="text"/>
19. Installment period underpayment .....	19 <input type="text"/>	<input type="text"/>	<input type="text"/>	19 <input type="text"/>
20. Total underpayment - Add Line 19, Columns A + B + C + D and enter total here .....	20 <input type="text"/>			
21. Underpayment penalty - Multiply Line 20 by 10% (.10). Enter this amount on Line 29 of Form IT-40 or Line 26 of Form IT-40PNR .....	21 <input type="text"/>			

## Indiana Department of Revenue Underpayment of Estimated Tax by Individuals

**WHAT** is the purpose of Schedule IT-2210? This schedule is used for TWO reasons:

1. To help you figure any penalty you owe for not paying enough income tax throughout the year; **or**
  2. To show you paid enough tax throughout the year to be exempt from the penalty.
- to include your spouse's income on a joint return, your pro rata share of S Corporation or partnership income, etc. **Both** 1 and 2 below apply to you, then you won't owe a penalty for underpaying estimated tax:
1. Your gross income from farming and fishing is at least two-thirds of your annual gross income for 1995 or 1996; **and**
  2. You filed your Indiana return and paid all the tax due by **March 3, 1997**.

**WHY** is a penalty charged? The Indiana income tax system is a "pay as you go" system. Most taxpayers have enough taxes withheld from their income throughout the year to cover their year-end total tax due. However, if you don't have taxes withheld from your income, or if you don't have enough tax withheld from your income, you will probably owe a penalty for underpayment.

If you meet both of these tests, complete **only** Section A of Schedule IT-2210 to show you meet this exception. If you don't meet both of these tests, complete this schedule to determine if you owe a penalty. (If you meet test 1, but not test 2, you might benefit from annualizing your income. Contact the Department for Schedule IT-2210A.)

**WHO** should use Schedule IT-2210? You should complete this schedule if :

1. The amount you owe, after credits, is \$100 or more for the year. Look at Line 27 on the IT-40 or Line 24 on the IT-40PNR; **or**
  2. You underpaid the minimum amount due for one or more of the installment periods.
- SECTION B - Early Filers**  
If you file your individual income tax return and pay the tax due by January 31, 1997, you will not be required to make a 4th installment estimated tax payment. For additional information see the instructions for Line 16.

**HOW** much is the penalty? The penalty is 10% of the underpayment for each installment period underpaid. That is why Section E of this schedule is set up by periods and should be filled out one column at a time.

**SECTION C - Required Annual Payments**  
Section C will determine if you should have paid estimated taxes during the year and the minimum amount required.

**WHAT DO I NEED** to complete this form? You'll need a copy of:

1. Your completed 1996 IT-40 or IT-40PNR;
  2. Your 1995 IT-40 or IT-40PNR; **and**
  3. Records of actual estimated tax payments you made for 1996.
- LINE 1:** 1996 Tax: Enter the state adjusted gross income tax and county income tax from your individual income tax return. Add Line 13 (state adjusted gross income tax), and Line 14 (county income tax) from the IT-40 or Lines 10 and 11 from the IT-40PNR and enter the total here.
- LINE 2:** 1996 Credits: Enter all your credits except withholding and estimated tax payments. Add Line 21 (Unified Tax Credit for the Elderly) and Line 22 (Other Indiana Credits) from the IT-40 or Lines 18 and 19 from the IT-40PNR and enter the total here.

**WHAT ELSE** do I need to know about this schedule?

- If you are a farmer or fisherman, you should look at Section A.
  - All taxpayers need to know about the short method of figuring your penalty available in Section D.
  - If you received seasonal income (i.e. you had fireworks sales, you worked during a Christmas season, harvest season, etc.) that is not evenly distributed throughout the year, you might want to complete Schedule IT-2210A, Annualized Income Schedule. Annualizing could possibly reduce your required installment tax payments. Contact the Department at (317) 486-5103 to get Schedule IT-2210A.
- LINE 3:** To determine 90% of your total expected tax, multiply Line 3 by 90% (.90).
- LINE 4:** To determine 90% of your total expected tax, multiply Line 3 by 90% (.90).
- LINE 5:** 1996 Withholding: Your 1996 state and county income taxes withheld from your earnings should equal the combined Line 18 (Indiana State Tax Withheld) and Line 19 (County Tax Withheld) amounts from the IT-40 or Lines 15 and 16 from the IT-40PNR. Enter the total here.
- LINE 6:** Subtract Line 5 from Line 3. If this amount is less than \$100, you **do not** owe a penalty. **Stop here and attach a copy of this schedule** to your individual income tax return.

**Following are line by line instructions.**

### SECTION A - Farmers and Fishermen Rules

Because farmers and fishermen are allowed special considerations at the federal level, Indiana also allows these considerations. All federal guidelines apply for Indiana purposes; therefore, remember and

**LINE 7:** Prior Year's Tax Exception: If you filed a 1995 IT-40 as a **full year resident**, from that return add Lines 16 and 17 (your income tax) and subtract the totals of Lines 23, 24 and 25 (your credits). Enter the result here **See Caution on next page**. If you filed a 1995 IT-40PNR as a **full-year nonresident**, add Lines 18 and 19 from that return and subtract the total of the Lines 25, 26, and 27 credits. Enter the result here **See Caution on next page**.

If you filed a 1995 IT-40PNR as **part-year resident** of Indiana, you can't use last year's taxes as an exception to the penalty. Therefore, enter N/A (Not Applicable) on this line and carry the amount from Line 4 to Line 8.

**CAUTION:** If your 1995 Indiana adjusted gross income (Line 11 of Forms IT-40 or IT-40PNR) was more than \$150,000 (\$75,000 for married individuals filing separately), you must enter **10%** of last year's tax (instead of 100%).

**Example:** Jim and Rita's 1995 Indiana adjusted gross income from Line 11 of Form IT-40 was \$158,000. They would take the following steps to arrive at the exception amount for Line 7:

1995 IT-40 total income tax (Lines 16 and 17).....	\$6732
1995 IT-40 credits (Lines 23, 24 and 25).....	1732
1995 IT-40 total income tax due (before estimated tax and withholding credits).....	\$5000
Exception to the penalty percentage.....	x 110%
Amount for Line 7 of Schedule IT-2210.....	\$5500

**Note:** If Jim and Rita's 1995 Indiana adjusted gross income had been less than \$150,000, they would have entered \$5000 instead of \$5500 on Line 7.

**LINE 8:** Minimum Required Annual Payment: Enter the lesser of Line 4 or Line 7. If the Line 7 entry is N/A, enter the amount from Line 4 on this line. Continue to Section C or Section D, whichever applies.

**SECTION D - Short Method**

You can use the short method **only if:**

- you made no estimated tax payments **or**
- you paid estimated tax in four equal amounts by the due dates.

You **can't** use the short method if either of the following applies:

- you made any estimated tax payments late **or**
- you made estimated payments in unequal amounts.

**SECTION E - Regular Method**

Use the regular method if you aren't eligible to use the short method.

If you are a fiscal year taxpayer, you may change the dates in Columns A through D to correspond with your fiscal year.

**LINE 14:** Minimum Required Installment: Divide the amount on Line 8 by 4 and enter the result in each column.

If you are filing this year as a part-year resident on Form IT-40PNR, you must divide Line 8 by the number of installment periods during which you were a resident of Indiana.

**Installment periods are:**

- 1st Period: January 1 to March 31
- 2nd Period: April 1 to May 31
- 3rd Period: June 1 to August 31
- 4th Period: September 1 to December 31

**LINE 15:** 1996 Withholding: To determine your installment period withholding credit, divide the amount on Line 5 into fourths (by 4) and enter the result in each column.

**STOP: Complete Lines 16 through 19 for one column before going to the next column.**

**LINE 16:** 1996 Estimated Taxes Paid: Enter the actual amount of estimated tax you timely paid for each installment period. Payments made after the due dates at the top of each column are to be reported in the next column.

**Example:** Joe paid \$800 in estimated taxes for 1996. His 1st installment payment of \$200 was not made until May 1 (after the April 15th due date). His 2nd installment payment of \$200 was made on time by the due date of June 17th. The 1st installment payment in Column A on Line 15 will be -0- and the 2nd installment payment in Column B on Line 15 will be \$400.

**Note for Early Filers:** If you file your individual income tax return and pay the tax due by January 31, 1997, you will not be required to make a 4th installment estimated tax payment. You should include on line 16, Column D, the amount of tax you paid with your tax return (Form IT-40 or IT-40PNR).

**LINE 17:** Total Installment Payments: To determine your total installment payments, add Lines 15 and 16 in each column and enter that column's total here.

**LINE 18:** Installment Period Overpayment: If the total payment (Line 17) is more than the required payment due (Line 14) for an installment period, enter the difference on this line. This amount should then be added to Line 16 in the next column **after** subtracting any underpayment(s) shown on Line 19 in the previous column(s). Note: if, after subtracting any underpayments, this amount is less than zero, no overpayment will be available to carry over to the next installment period. Also **do not** carry over a negative figure if this amount is less than zero.

**Example:** Dana had a \$100 underpayment on Line 19, Column A. She had a \$130 *overpayment* on Line 18, Column B. The net overpayment from the first two installment periods is \$30 (\$130 - \$100). She will add this net overpayment to any estimated tax paid for the third installment period on Line 16, Column C.

**LINE 19:** Installment Period Underpayment: If the total payment (Line 17) is less than the required tax (Line 14) for an installment period, enter the difference on this line.

**LINE 20:** Total Underpayment: Add the amounts from Line 19, Columns A, B, C, and D, and enter the total here.

**LINE 21:** Underpayment Penalty: To determine the amount of underpayment penalty you owe, multiply Line 20 by 10% (.10) and enter the amount here.

This amount must also be entered on Line 29 of your 1996 IT-40 or Line 26 of your 1996 IT-40PNR.

**Attach a copy of Schedule IT-2210 to your tax return.**