Schedule
IT-2210
Revised 7/98
SF# 46002

Indiana Department Of Revenue
1998 Underpayment of Estimated Tax By Individuals
Attach to Form IT-40, IT-40PNR or IT-40P

Attachment
Sequence No. **06**

Your first name and last name	Your Social Security Number		
Spouse's first name and last name (if filing a joint return)	Spouse's 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
1997		X 66.7%=		
1998		X 66.7%=		

Section B: Early Filers

Check box if you filed your 1998 tax return and paid the total tax due by February 1, 1999. ☐

Section C - Required Annual Payment

1. 1998 tax **1**
2. 1998 credits (not including withholding credits or estimated tax payments)................... **2**
3. Subtract line 2 from line 1 .... **3**
4. Multiply the amount on line 3 by 90% (.90)... **4**
5. 1998 withholding tax credit **5**
6. Subtract line 5 from line 3 - **If less than $400, STOP HERE! You do not owe a penalty** **6**
7. Prior year's tax - **Read instructions** **7**
8. Minimum required annual payment - Enter the lesser of line 4 or line 7 - **If less than or equal to the amount on line 5, STOP HERE! You do not owe a penalty** **8**

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**
10. Enter the total amount, if any, of estimated tax payments you made for tax year 1998 .... **10**
11. Add lines 9 and 10 .... **11**
12. Total Underpayment. Subtract line 11 from line 8. If zero or less, **STOP HERE!** You do not owe a penalty. Attach this schedule to your tax return **12**
13. Multiply line 12 by 10% (.10). Enter this amount on line 30 of Form IT-40 or line 28 of Form IT-40PNR **13**

Installment Period Due Dates

Section E - Regular Method

		A 1st Installment April 15, 1998	B 2nd Installment June 15, 1998	C 3rd Installment September 15, 1998	D 4th Installment January 15, 1999
14. Minimum required installment payment: divide amount on line 8 by 4	14				14
15. 1998 withholding-Divide line 5 by 4	15				15

STOP! Complete lines 16 through 19 for each column before going to the next one.

		A	B	C	D
16. 1998 estimated taxes paid per period	16				16
17. Total installment payments (Add lines 15 and 16)	17				17
18. Installment period overpayment	18				18
19. Installment period underpayment ...	19				19

20. Total underpayment - Add line 19, Columns A + B + C + D and enter total here **20**
21. Underpayment penalty - Multiply line 20 by 10% (.10). Enter this amount on line 30 of Form IT-40 or line 28 of Form IT-40PNR **21**

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.

WHY is a penalty charged? The Indiana income tax system is a "pay as you go" system. Many 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 may owe a penalty for underpaying estimated tax.

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

• the amount you owe for tax year 1998, after credits, is $400 or more for the year. Look at line 32 on the IT-40 or line 30 on the IT-40PNR; **or**

• you underpaid the minimum amount due for one or more of the installment periods.

Note: Form IT-40P filers must see special instructions on page 3.

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.

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

• your completed 1998 IT-40 or IT-40PNR;
• your 1997 IT-40 or IT-40PNR; **and**
• records of actual estimated tax payments you made for 1998.

WHAT ELSE do I need to know about this schedule?

• If you are a farmer or fisherman, you should review 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. Annualization could possibly reduce your required installment tax payments. Contact the Department at (317) 486-5103 to get Schedule IT-2210A.

SECTION A - Farmers and Fishermen
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 to include your spouse's income on a joint return, your pro rata share of S Corporation or partnership income, etc. If **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 1997 or 1998; **and**

2. you filed your Indiana return and paid all the tax due by **March 1, 1999.**

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.)

SECTION B - Early Filers
If you file your individual income tax return and pay the tax due by February 1, 1999, you will not be required to make a 4th installment estimated tax payment. For additional information see the instructions for line 16.

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

Line 1: 1998 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 11 and 12 from the IT-40PNR and enter the total here.

Line 2: 1998 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 19 and 20 from the IT-40PNR and enter the total here.

Line 4: To determine 90% of your total expected tax, multiply line 3 by 90% (.90).

Line 5: 1998 Withholding: Your 1998 Indiana 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 16 and 17 from the IT-40PNR. Enter the total here.

Line 6: Subtract line 5 from line 3. If this amount is less than $400, you **do not** owe a penalty. **Stop** here and **attach a copy of this schedule** to your individual income tax return.

Line 7: Prior Year's Tax Exception:
• If you filed a 1997 IT-40, add lines 13 and 14 (your state and county income tax) from that return and subtract the total of lines 21 and 22 from that return. Enter the result here.

• If you filed a 1997 IT-40PNR as a **full-year nonresident**, add lines 10 and 11 from that return and subtract the total of the lines 18 and 19 from that return. Enter the result here.

• If you filed a 1997 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 1998 exemptions from the result and 2) multiplying that total by the combined state and applicable county tax rate(s) from your 1998 Indiana individual income tax return. See the example below.

Example:
- Jane moved out of Indiana on April 15, 1998, so she was a resident for 3.5 months.
- Her 1998 IT-40PNR line 1 income is $10,000.
- Her 1998 total prorated exemptions are $2,500.
- The 1998 adjusted gross income tax rate is 3.4% (.034). Her 1998 county tax rate is 1% (for a 4.4% combined state and county tax rate).

Use Steps 1 - 4 below to figure her prior year's tax exception for line 7 of the IT-2210.

Step 1 $ 10,000   1998 Indiana income
　　　　　　x　　12　　　months
　　　　　　$ 120,000   annualized income

Step 2 $ 120,000   annualized income
　　　　　　÷　　3.5　　 months (1998 residency)
　　　　　　$ 34,286

Step 3 $ 34,286
　　　　　- $ 2,500　　 (1998 exemptions)
　　　　　　$ 31,786

Step 4 $ 31,786
　　　　　　x　 4.4%　　(1998 combined state and county tax rate)
　　　　　　$ 1,399*

* This Step 4 amount should be entered as an exception on line 7 of Jane's Schedule IT-2210.

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 D or Section E, 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 ...... Sept. 1 to December 31

Line 15: 1998 Withholding: To determine your installment period withholding credit, divide the amount on line 5 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: 1998 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 1998. His first installment payment of $200 was not made until May 1 (after the April 15th due date). His second installment payment of $200 was made on time by the due date of June 15th. The first 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 February 1, 1999, 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)minus any household employment tax, use tax, and/or the amount shown on the return to be applied to your 1999 estimated tax account.

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** sub-

tracting 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 30 of your 1998 IT-40 or line 28 of your 1998 IT-40PNR.

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

A special note to prior year tax filers ...

Individuals filing an Indiana individual income tax return for tax years 1996 or before must file using Form IT-40P. For tax years beginning before 1997, you should complete this schedule if:

- the amount you owed for the year, after credits, was $100* or more for the year; **or**

- you underpaid the minimum amount due for one or more of the installment periods.

The Schedule IT-2210 instructions address 1998 Form IT-40 and IT-40PNR line references and due dates. You must adjust those line references and due dates to correspond with the tax year for which you are filing. For example, if you are completing Form IT-40P for the 1996 tax year, where the Section C line 7 instruction refers to "last year's tax", it is referring to tax from your 1995 tax return.

* The 1998 revision, line 6, states; "If less than $400, STOP HERE!" For tax year 1996 or before the instructions should say; "If less than **$100,** STOP HERE!" Estimated payments were required for those years if owing $100 or more.