Schedule
IT-2210A
SF#48437
Revised 11/97

Annualized Income Schedule for the Underpayment of Indiana Individual Estimated Tax

Attach to Form IT-40, IT-40PNR or IT-40P

Attachment
Sequence No. **04**

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 I - Farmers and Fishermen Only - See Instructions

	Annual Gross Income from All Sources		Two-thirds of Gross Income	Gross Income from Farming and Fishing
1996		X 66.7%=		
1997		X 66.7%=		

Section II
Early Filers
Check box if you filed your 1997 tax return and paid the total tax due by January 31, 1998. ❑

Section III - Required Annual Payment

A. 1997 tax .... A [ ]

B. 1997 credits (not including withholding credits or estimated tax) .... B [ ]

C. Subtract Line B from Line A .... C [ ]

D. Multiply the amount on Line C by 90% (.90) .... ▶ D [ ]

E. 1997 withholding tax credit .... E [ ]

F. Subtract Line E from Line C - **If less than $400, STOP HERE! You do not owe a penalty** .... F [ ]

G. Prior year's tax - (Net tax liability before withholding or estimated credits have been applied) .... ▶ G [ ]

H. Minimum required annual payment - Enter the lesser of Line D or Line G (if G is N/A, enter amount from D) ▶ H [ ]

Section IV - STOP! Complete Lines 1 through 12 for columns A through D first.

		A 1-1 to 3-31	**B** 1-1 to 5-31	**C** 1-1 to 8-31	**D** 1-1 to 12-31
1.	Indiana adjusted gross income for each period	1 [ ]	[ ]	[ ]	1 [ ]
2.	Annualization amounts	2 ▮ 4.0	▮ 2.4	▮ 1.5	2 ▮ 1.0
3.	Annualized income: Multiply Line 1 by Line 2	3 [ ]	[ ]	[ ]	3 [ ]
4.	Exemptions: Line 11 of Form IT-40 or Line 8 of Form IT-40PNR	4 [ ]	[ ]	[ ]	4 [ ]
5.	Annualized state taxable income (Line 3 minus Line 4)	5 [ ]	[ ]	[ ]	5 [ ]
6.	State income tax: Multiply Line 5 by 3.4% (.034)	6 [ ]	[ ]	[ ]	6 [ ]
7.	County income tax: See instructions...	7 [ ]	[ ]	[ ]	7 [ ]
8.	Annualized total tax: Add Lines 6 and 7	8 [ ]	[ ]	[ ]	8 [ ]
9.	Credits: **For each period**, enter the applicable portion from Lines 21 and 22 of Form IT-40 or Lines 18 and 19 of Form IT-40PNR	9 [ ]	[ ]	[ ]	9 [ ]
10.	Annualized tax: Subtract Line 9 from Line 8. If less than zero, enter -0-	10 [ ]	[ ]	[ ]	10 [ ]
11.	Applicable installment percentages	11 ▮ .225	▮ .450	▮ .675	11 ▮ .900
12.	Installment amount due: Multiply Line 10 by Line 11	12 [ ]	[ ]	[ ]	12 [ ]

⇩   ⇩   ⇩   ⇩

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

	A 1-1 to 3-31	B 1-1 to 5-31	C 1-1 to 8-31	D 1-1 to 12-31
12a. Enter amounts carried from the front page, Line 12	12a			12a

	A	B	C	D
13. Amount from Line 19 of all preceding columns (see instructions)	13			13
14. Total Tax: Subtract Line 13 from Line 12a. If less than zero, leave blank	14			14
15. Minimum tax due: Enter 25% (.25) of Line H from Section III	15			15
16. Enter the amount from Line 18 of the preceding column	16			16
17. Total minimum tax: Add lines 15 and 16	17			17
18. Subtract Line 14 from Line 17. If less than zero, leave blank	18			18
19. Actual estimated tax due: Enter the lesser of Line 14 or Line 17 here and see Line 13 instructions. add to Line 13 of the next column......	19			19
20. Indiana state income tax withheld......	20			20
21. Indiana county income tax withheld...	21			21
22. Estimated tax payments	22			22
23. Total payment due: Add Lines 20 through 22	23			23
24. Overpayment: If Line 23 is greater than Line 19, enter the difference here......	24			24
25. Underpayment: If Line 19 is greater than Line 23, enter the difference here	25			25

26. Add Line 25, Columns A + B + C + D and enter the total here	26	
27. Penalty due. Multiply Line 26 by 10% (.10) and enter total here and on Line 31 of Form IT-40 or Line 29 of Form IT-40PNR .... ▶	27	

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 $400 of state 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 any seasonal income, such as Christmas tree sales, harvest season income, fireworks sales, etc., 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. See the line-by-line instructions for assistance.

Annualized Income Schedule for the Underpayment of Indiana Individual Estimated Tax: Line-by-line Instructions

Section I

If you are a **farmer or fisherman** you will not owe a penalty if you meet **both** of the following requirements: 1) your gross income from farming or fishing is at least 2/3 of your annual gross income for 1996 or 1997; **and** 2) you filed your Indiana income tax return and paid the state and county income taxes due by **March 1, 1998.**

If you meet both of these tests, complete **only** Section I of Schedule IT-2210A to show that you meet this exception. If you do not meet *both* of these tests, complete this schedule to determine if you owe a penalty.

Section II - Early Filers

If you file your individual income tax return and pay the tax due by January 31, 1998, you will not be required to make a 4th installment estimated tax payment. For additional information see the instructions for Line 22.

Section III - Required Annual Payments

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

Line A: 1997 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 B: 1997 Credits: Enter all your credits except withholding and estimated tax payments. Add line 21 (Unified Tax Credit for the Elderly) and line 22 (Indiana Credits) from the IT-40 or lines 19 and 20 from the IT-40PNR and enter the total here.

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

Line E: 1997 Withholding: Your 1997 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 F: Subtract line E from line C. 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 G: Prior Year's Tax Exception: If you filed a 1996 IT-40 as a **full year resident**, add lines 16 and 17 (your income tax) and subtract the totals of lines 21 and 22 (your credits). Enter the result here. *See Caution below.* If you filed a 1996 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 credits. Enter the result here. *See Caution below.*

If you filed a 1996 IT-40PNR as a **part-year resident** of Indiana, you must figure the tax for that prior year on an annualized basis. You can accomplish this by multiplying the IT-40PNR line 1 income by 12 months 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 subtracting your 1997 exemptions from the result and multiply

that total by the tax rate(s) from your 1997 Indiana individual income tax return. See the example below.

Example:
- Kay moved to Indiana on September 15, 1996, so she was a resident for 3.5 months.
- Her 1996 IT-40PNR Line 1B income is $10,000.
- Her 1997 total exemptions are $2,500.
- The 1997 adjusted gross income tax rate is 3.4% (.034). Her 1997 county tax rate is 1% (for a 4.4% combined state and county tax rate).

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

Step 1 $ 10,000 (1996 Indiana income)	**Step 3** $ 34,286
x 12 months	$ 2,500 (1997 exemptions)
$ 120,000 annualized income	$ 31,786
Step 2 $ 120,000 annualized income	**Step 4** $ 31,786 (1997 combined state
÷ 3.5 months (1996 residency)	x 4.4% and county tax rate)
$ 34,286	$ 1,399*

*The $1,399 Step 4 total should be entered as an exception on line G of Kay's Schedule IT-2210A.

CAUTION: If your 1996 Indiana adjusted gross income (line 8 of Form IT-40 or line 3 of Form IT-40PNR) was more than $150,000 ($75,000 for married individuals filing separately), you must enter   of last year's tax (instead of 100%). **Example:**
adjusted gross income from line 8 of Form IT-40 was $158,000. They would take the following steps to arrive at the exception amount for line G:

	1996 IT-40 total income tax (lines 13 and 14)	$ 6,732
b)	....	- 1,732
	1996 IT-40 total income tax due (before	
	estimated tax and withholding credits)	$ 5,000
d)	Exception to the penalty percentage	x 110%
e)	Amount for line G of Schedule IT-2210A	$ 5,500

Note: less than
they would have entered $5,000 instead of $5,500 on Line G.

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. Continue to Section IV.

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

Line 1: 1997 Indiana Adjusted Gross Income: You must use the amount from Form IT-40, Line 7 or from Form IT-40PNR, Line 3, and figure how much of this income was earned <u>during</u> <u>each</u> <u>period</u>. Note that each column includes the income totals from all previous columns. See the example at the top of the next page.

Example: Jean and Jerry's 1997 Indiana adjusted gross 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 ($50 received monthly) 600
> Renter's *deduction* for renting all year .... -1,500
> Indiana adjusted gross income for 1997 .... *$ 51,100

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 gross income for each of the time periods shown on Line 1, Columns A - D.

*This $51,100 amount will be entered on line 1, Column D of their Schedule IT-2210A.

Figure their Indiana adjusted gross income (AGI) for:
- The period 1-1-97 through 3-31-97 (first 3 months (mos) of the year):
  3 mos/12 mos (or .25) x $30,000 wage = ... $7500
  $50 a month interest x 3 months = ... 150
  3 mos/12 mos (or .25) x $1500 renter's *deduction* = ... -375
  Line 1, Column A Indiana AGI = ... $7275

- The period 1-1-97 through 5-31-97 (first 5 months (mos) of the year):
  5 mos/12 mos (or .42) x $30,000 wage = ... $12,500
  $50 a month interest x 5 months = ... 250
  5 mos/12 mos (or .42) x $1500 renter's *deduction* = ... -625
  Line 1, Column B Indiana AGI = ... $12,125

- The period 1-1-97 through 8-31-97 (first 8 months (mos) of the year):
  8 mos/12 mos (or .67) x $30,000 wage = ... $20,000
  $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 $1500 renter's *deduction* = ... -1,000
  Line 1, Column C Indiana AGI = ... $41,400

Line 4: Exemptions: Enter the total amount of exemptions shown on Line 11 of Form IT-40 or Line 8 of 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 4 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 Line 6 of your county tax schedule.

Line 9: Credits: Enter the applicable portion of credits from Lines 21 and 22 of Form IT-40 or Lines 18 and 19 of Form IT-40PNR for each period. Example: If you made a contribution to a college in July, this credit may be taken 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% (.25) of Line H (from Section III) 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 on Line 18 of Form IT-40 or Line 15 of Form IT-40PNR 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 the change occurred.

Line 21: Indiana County Tax Withheld: Divide the amount on Line 19 of Form IT-40 or Line 16 of Form IT-40PNR by four and enter the result in each column. See note above.

Line 22: 1997 Estimated Tax Payments: Enter the actual amount of estimated taxes paid timely by the 15th day following the close of the period. Payments made after the due dates are to be reported in the next column.

Note for Early Filers: If you file your individual income tax return and pay the *total* tax due by January 31, 1998, 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 IT-40PNR).

Line 24: Installment Period Overpayment: If the total payment (Line 23) is more than the re-

quired 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 under-payment(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** carry over 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: Multiply Line 26 by 10% (.10). This is the penalty for underpayment of estimated tax. Enter this amount on this line and on Line 31 of Form IT-40 or Line 29 of Form IT-40PNR. Be sure to attach Schedule IT-2210A to your income tax return.