



Schedule
IT-2220 Fiscal
State Form 51076
(5-03)

Indiana Department of Revenue
Penalty for Underpayment
of Corporate Income Taxes

For Fiscal Year
Beginning AA / 2002
and Ending BB / 2003

Name of Corporation or Organization	Federal Identification Number
B	A

Part I - How to Figure Underpayment of Corporate Taxes

1. Enter total calculated adjusted gross income tax	1		
2. Enter total calculated gross income tax through December 31, 2002 (if less than \$1,000 enter -0-)....	2		
3. Subtract line 2 from line 1 and enter difference (if less than \$1,000 enter 0, continue to lines 4 and 5).....	3		
4. Enter total calculated supplemental net income tax (if less than \$1,000 enter -0-).....	4		
5. Add lines 2, 3 and 4. If zero, do not complete rest of schedule.....	5		
6. Enter total tax reduction credits excluding estimated taxes paid (cannot exceed total on line 5).....	6		
7. Subtract line 6 from line 5. If zero, stop; you do not owe an underpayment penalty.....	7		

Part II - How to Figure Exception to Underpayment Penalty

8. Multiply line 7 by 80% and enter result here.....	8		
9. Enter 100% of prior year's final income tax liability net of tax reduction credits (do not reduce by estimated taxes paid). See instructions.....	9		
10. Enter line 8 or line 9, whichever amount is less.....	10		

Short period filers see note on reverse following line 22 instructions.

Quarterly Estimated Periods:

	(a) 1st quarter	(b) 2nd quarter	(c) 3rd quarter	(d) 4th quarter
11. 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.....	11			
12. Enter the actual amount of estimated tax paid or credited on or before the due date of the installment for each quarter.....	12			
13. Enter the overpayment, if any, from the preceding column that exceeds any remaining prior <underpayments> shown on line 16....	13			
14. Add line 12 and line 13 for each column.....	14			
15. Divide line 10 by four; enter result in columns (a) through (d).....	15			
16. Subtract line 15 from line 14 for each quarter. If the result is a negative figure, you have not met any exception to the penalty for the quarter.....	16			

Part III - How to Figure Penalty

17. Enter the overpayment, if any, from the preceding column that exceeds any remaining prior <underpayments> shown on line 20.....	17			
18. Add line 12 in Part II, and line 17 above, for each quarter.....	18			
19. Divide line 7 in Part I by four (4); enter result in columns (a) through (d).....	19			
20. Subtract line 19 from line 18. If the result is a negative figure, this is your <underpayment> for the quarter.....	20			
21. If line 16 shows zero or more for the quarter, the overpayment exception is met. Enter zero on line 21. Otherwise, compute 10% penalty on the <underpayment> shown on line 20 for each column. Enter the penalty, if any, for the quarter as a positive figure...	21			
22. Add line 21, columns (a) through (d). This is your total Underpayment penalty. Enter here and carry to the appropriate line of Form IT-20 Fiscal, IT-20SC Fiscal, IT-20NP Fiscal or IT-20S	22			

IT-20 Fiscal Schedule IT-2220 Instructions

Who Should File?

Schedule IT-2220 must be completed and attached to the annual corporate Form IT-20 Fiscal, IT-20NP Fiscal or IT-20SC Fiscal anytime the corporation did not pay the required amount of gross, adjusted gross, or supplemental net 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.

What is the Required Amount Prior to the Repeal of the Gross Income Tax and Supplemental Net Income Tax on January 1, 2003?

Corporations having annual income tax liabilities exceeding \$1,000 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 for: 1) gross income tax are due anytime the annual gross income tax exceeds \$1,000 for a taxable year, or 2) whenever the adjusted gross income tax liability (after credit for tax imposed on gross income) exceeds the annual gross income tax by \$1,000 or more. Also, quarterly estimated payments for supplemental net income tax are due anytime the annual supplemental net income tax is \$1,000 or more for the year.

The qualified estimated payments should equal 25% of the total income tax due for the year. To avoid the penalty, the quarterly estimate must equal at least twenty percent (20%) of the total income tax liability for the current taxable year or twenty-five percent (25%) of the final income tax liability for the prior taxable year.

The Indiana Code does not provide corporations an exception to the penalty for underpayment of estimated taxes using either an annualized income or adjusted seasonal method.

PART I - How to Figure Underpayment of Corporate Taxes

This schedule must be used by Form IT-20 Fiscal, IT-20NP Fiscal and IT-20SC Fiscal filers in determining whether or not the minimum amount of tax was paid timely.

1. Enter the annual adjusted gross income tax from Schedule B of Form IT-20Fiscal, IT-20S, Schedule A of Forms IT-20SC Fiscal, or Schedule C of Form IT-20NP Fiscal.

2. Enter the annual gross income tax from Schedule A of Form IT-20 Fiscal, or Schedule A and B of Form IT-20NP Fiscal. If total gross income tax is less than \$1,000, enter zero. Form IT-20SC Fiscal filers enter zero.

3. Subtract line 2 from line 1. Enter zero if difference is less than \$1,000.

4. Enter the annual supplemental net income tax from Schedule C of Form IT-20 Fiscal, Schedule B of IT-20SC Fiscal, or Schedule D of Form IT-20NP Fiscal. If total supplemental net income tax is less than \$1,000, enter zero.

5. Add lines 2, 3 and 4. If the total is zero, STOP. You owe no penalty and you do not need to complete this schedule.

6. Enter your total tax reduction (nonrefundable) credits (college credit, neighborhood assistance credit, etc.) reported on line 58 of Form IT-20 Fiscal; line 24 of Form IT-20NP Fiscal; or line 37 of Form IT-20SC Fiscal. Also include applicable WH-18 withholding credits and any gross income tax paid on sales of real estate. **Do not** enter estimated tax payments, extension payments, or prior year's overpayment credit. In no case may the total of tax reduction credits exceed the total tax on line 5.

7. Subtract line 6 from line 5. This is your current year's tax liability. If zero, STOP. You do not owe any underpayment penalty.

PART II - How to Figure Exception to Underpayment Penalty

I.C. 6-3-4-4.1(e) prescribes two exceptions to the penalty for underpayment. If required to pay quarterly, the estimate should include either at least 20% of the total income tax liability for the taxable year or 25% of the final income tax liability for the previous tax year.

If the previous year was for a period of less than twelve months, the exception may be met by demonstrating what the liability would have been if a twelve-month return had been filed. For example, if the previous year was for 6 months, double the total tax for that year and enter 25% of this total. If last year's tax was zero, enter zero on line 9.

9. Enter 100% of your prior year's final income tax liability (total tax less nonrefundable credits and any withholding and gross tax credits) before applying estimated tax credits.

11. 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, September 20 and December 20 of the taxable year. Fiscal year and short tax year filers must remit by the twentieth day of the fourth, sixth, ninth, and twelfth months of the taxable year. Short period filers see note following line 22 instructions.

12. Enter the amount of estimated taxes 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 together with the installment amount paid for the first available quarter to which the carryover credit is posted. Do not include any credits claimed on line 6. **STOP.** Complete lines 13 through 16 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. Divide line 10 by four (4) and enter the result in each column. NOTE: Short period filers must apply the instructions following line 22 instructions.

16. Subtract line 15 from line 14 for each column. If line 14 is less than line 15, enter the resulting underpayment in <brackets>. If line 15 is equal to or greater than line 14, the difference is an overpayment and you have met an exception to the penalty for the quarter. See instructions for line 13.

After completion of all four columns, if none of the quarters shows an underpayment, stop here and attach schedule to your return. Otherwise proceed to Part III to recompute 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 twenty-five percent (25%) of the final tax liability for the current year. **If any underpayment is shown on line 16 continue by completing lines 17 through 21 in each column before proceeding to the next column.**

17. Enter the remaining overpayment, if any, from line 20 of the preceding quarter, as adjusted after deducting any previous <underpayment> balance.

19. Enter current year's quarterly tax due: divide line 7, in Part I, by four (4) and enter result in each column.

20. Subtract line 19 from line 18. If line 18 is less than line 19, enter the resulting underpayment in <brackets>. If line 18 is greater than line 19, the difference is carried as an overpayment to line 17 of the next column after deducting any remaining <underpayments> shown on line 20 of the preceding columns.

21. Multiply the amount of <underpayment> on line 20 for each column by 10% if an exception to penalty for the quarter was not met on line 16. Enter zero on line 21 if line 16 is zero or greater for the quarter.

22. Add the amounts on line 21 for all quarters and enter result here. This is your total underpayment penalty due. Carry this amount to the appropriate line on the front of Form IT-20 Fiscal, IT-20NP Fiscal or IT-20SC Fiscal.

Short Period Returns: Lines 15 and 19 must be changed to correspond with your short period return. Do not enter 25% of line 7 or 10; instead, divide lines 7 and 10 by 3 for returns consisting of three quarterly periods. Divide lines 7 and 10 by 2 for returns consisting of two quarterly periods. Use the entire amount from lines 7 and 10 for returns consisting of one quarterly period. For lines 11 through 21, complete only those columns corresponding with the number of quarters being filed.