



Indiana Department of Revenue  
**2009 Underpayment of  
Estimated Tax By Individuals**  
Attach to Form IT-40, IT-40PNR or IT-40P

Name(s) shown on Form IT-40/IT-40PNR	Your Social Security Number	[ ]	[ ]	[ ]
--------------------------------------	-----------------------------	-----	-----	-----

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

**Section B:  
Early Filers**

Check box if you filed your 2009 tax return and paid the total tax due by February 1, 2010.

	Annual Gross Income from All Sources		Two-Thirds of Gross Income		Gross Income from Farming and Fishing	
2008	[ ]	X 66.7% =	[ ]	[ ]	[ ]	[ ]
2009	[ ]	X 66.7% =	[ ]	[ ]	[ ]	[ ]

**Section C - Required Annual Payment**

1. 2009 tax.....	1		
2. 2009 credits (not including withholding credits or estimated tax payments) .....	2		
3. Subtract line 2 from line 1.....	3		
4. Multiply line 3 by 90% (.90) (farmers/fishermen multiply by .667, see instructions).....	4		
5. 2009 withholding tax credit.....	5		
6. Subtract line 5 from line 3 - <b>If less than \$1,000, STOP HERE! You do not owe a penalty</b> .....	6		
7. Prior year's tax. Check box if you are a qualified individual with a small business. <input type="checkbox"/> .....	7		
8. Minimum required annual payment - Enter the lesser of line 4 or line 7 - <b>If less than or equal to the amount on line 5, STOP HERE! You do not owe a penalty</b> .....	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 2009.....	10		
11. Add lines 9 and 10.....	11		
12. Total Underpayment. Subtract line 11 from line 8. If zero or less, <b>STOP HERE!</b> 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 20 on Form IT-40 or Form IT-40PNR ...	13		

**Section E - Regular Method**

**Installment Period Due Dates**

	A 1st Installment April 15, 2009	B 2nd Installment June 15, 2009	C 3rd Installment September 15, 2009	D 4th Installment January 15, 2010
14. Minimum required installment payment: divide amount on line 8 by 4 .....	14			14
15. 2009 withholding-Divide line 5 by 4 .....	15			15

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

16. 2009 estimated taxes paid per period	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% . Enter this amount on line 20 on Form IT-40 or IT-40PNR	21					



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.

**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 2009, after credits, is \$1,000 or more for the year. The amount you owe is from IT-40 and IT-40PNR, line 15 minus line 14; **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 2009 IT-40 or IT-40PNR;
- your 2008 IT-40 or IT-40PNR; **and**
- records of actual estimated tax payments you made for 2009.

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

- If you are a farmer or fisherman, you should review Section A below and Section D - Short Method instructions on page 3.
- All taxpayers need to know about the short method of figuring the penalty in Section D.
- If you received seasonal income (i.e. you had fireworks sales, you worked during a Christmas 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) 615-2581 to get Schedule IT-2210A, or download it from the following Web address: [www.in.gov/dor/4167.htm](http://www.in.gov/dor/4167.htm)

**SECTION A -  
Farmers and Fishermen**

If at least two-thirds of your gross income for 2008 or 2009 was from farming or fishing, you have only one payment due date for 2009 estimated tax - Jan. 15, 2010.

To meet an exception to the underpayment penalty for 2009, you may use Option 1 or 2:

**Option 1** - Pay all your estimated tax by Jan. 15, 2010, and file your Form IT-40 by April 15, 2010, **OR**

**Option 2** - File your Form IT-40 by March 1, 2010, and pay all the tax due. You are not required to make an estimated tax payment if you choose this second option. If you pay all the tax due, you will not be penalized for failure to pay estimated tax.

**SECTION B - Early Filers**

If you file your individual income tax return and pay the tax due by Feb. 1, 2010, you will not be required to make a fourth 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: 2009 Tax:** Add together the state adjusted gross income tax and county income tax from lines 8 and 9 of either Form IT-40 or Form IT-40PNR, plus any Indiana advance earned income credit payment and/or recapture of any CollegeChoice 529 credit from lines 3 and 4 of Indiana's Schedule 4 or Schedule E. Enter the total here.

**Line 2: 2009 Credits:** Add together any credits from lines 4 through 8 of Indiana's Schedule 5 or Schedule F, plus any offset credits from line 7 of Indiana's Schedule 6 or Schedule G. Enter the total here.

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

**Note:** If at least 2/3 of your gross income is from farming or fishing, multiply line 3 by 66 2/3 percent (.667).

**Line 5: 2009 Withholding:** Add together any state and county withholding amounts from lines 1 and 2 of Indiana's Schedule 5 or Schedule F. Enter the total here.

**Line 6:** Subtract line 5 from line 3. If this amount is less than \$1,000, 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:** See if you are eligible for any of the following exceptions. Note: Skip to **Qualified individual with a small business** if you qualify.

- If you filed a 2008 IT-40, add lines 16 and 17 (your state and county income tax) from that return and subtract the total of

the credits on lines 26 through 31 from that return. Enter the result here. **Note: See CAUTION box below.**

- If you filed a 2008 IT-40PNR as a **full-year nonresident**, add lines 12 and 13 from that return and subtract the total of the lines 22 through 28 from that return. Enter the result here. **Note:** See **CAUTION** box below.
- If you filed a 2008 IT-40PNR as a **part-year resident** of Indiana, you must figure the tax for that year on an annualized basis. See the instruction and *Example for when 2008 IT-40PNR was filed as a part-year resident* in the right-hand column.

**Qualified individual with a small business.** Check the box on line 7 if, in 2008, you filed an IT-40, or an IT-40PNR as a full-year nonresident, and:

- your 2008 federal AGI (Form 1040, line 37) was less than \$500,000 (\$250,000 if married filing separately), and
- at least 50% of the gross income shown on the 2008 federal tax return was income from a small trade or business. A small trade or business is one that employed no more than 500 persons, on average, during the preceding calendar year.

**If you checked the box, follow these instructions:**

- **Full-Year Resident.** If you filed a 2008 IT-40, from that return add lines 16 and 17 (your state and county income tax) and subtract the total of the credits on lines 26 through 31. Multiply this total by 90% (.90), and enter the result here. **Note:** The **CAUTION** box below does not apply to you.
- **Full-Year Nonresident.** If you filed a 2008 IT-40PNR as a full-year nonresident, from that return

**Example for when 2008 IT-40PNR was filed as a part-year resident:** If you filed a 2008 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 2009 exemptions from the result and 2) multiplying that total by the combined state and applicable county tax rate(s) from your 2009 Indiana individual income tax return. See the example below. **Note:** See **CAUTION** box below.

**Example:**

- Jane moved to Indiana on Sept. 15, 2008, so she was a resident for 3.5 months.
- Her 2008 IT-40PNR line 1 income is \$10,000.
- Her 2009 total exemptions are \$3,500.
- The 2009 adjusted gross income tax rate is 3.4% (.034). Her 2009 county tax rate is 1% (for a 4.4% [.044] 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.

<b>Step 1</b>	\$ 10,000	2008 Indiana income
	x 12	months
	<hr/>	
	\$ 120,000	annualized income

<b>Step 2</b>	\$ 120,000	annualized income
	÷ 3.5	months of 2008 residency
	<hr/>	
	34,286	

<b>Step 3</b>	\$ 34,286	
	- 3,500	2009 exemptions
	<hr/>	
	30,786	

<b>Step 4</b>	\$ 30,786	
	x 4.4%	2009 combined state and county tax rate
	<hr/>	
	\$ 1,355*	

\* The \$1,355 Step 4 amount should be entered as an exception on line 7 of Jane's Schedule IT-2210.

**CAUTION:** If your 2009 state taxable income (line 7 of Form IT-40 or Form IT-40PNR) is more than \$150,000 (\$75,000 for married individuals filing separately), you must enter **110% of last year's tax** (instead of 100%) on line 7.

**Example:** Chris and Kate's 2009 state taxable income from line 7 of Form IT-40 is \$158,000. They must take the following steps to arrive at the exception amount for line 7:

a) 2008 IT-40 total income tax (line 16 plus line 17).....	\$ 6,952
b) 2008 IT-40 credits (lines 26 through and including 31) .....	- 1,952
c) Subtotal .....	\$ 5,000
d) Exception to the penalty percentage .....	x 110%
e) Amount for line 7 of Schedule IT-2210 .....	\$ 5,500

**Note:** If Chris and Kate's 2009 state taxable income is less than \$150,000, they would enter \$5,000 instead of \$5,500 on line 7.

add lines 12 and 13 (your state and county income tax) and subtract the total of the credits on lines 22 through 28. Multiply this total by 90% (.90), and enter the result here. **Note:** The **CAUTION** box on page 2 does not apply to you.

- **Part-Year Indiana Resident.** If you filed a 2008 IT-40PNR as a part-year resident, you are not eligible to claim an exception for qualified individuals with a small business. Do not check the box 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 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, **or**
- at least two-thirds of your gross income from 2008 or 2009 was from farming or fishing and an estimated tax payment (if any) was made by Jan. 15, 2010.

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 must 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 four 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 ..... Jan. 1 to March 31
- 2nd Period ..... April 1 to May 31
- 3rd Period ..... June 1 to Aug. 31
- 4th Period ..... Sept. 1 to Dec. 31

**Line 15: 2009 Withholding:** To determine your installment period withholding credit, divide the amount on line 5 by four and enter the result in each column.

**STOP: Complete lines 16 through 19 for each column before going to the next column.**

**Line 16: 2009 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 2009. His first installment payment of \$200 was not made until May 1 (after the April 15 due date). His second installment payment of \$200 was made on time by the June 16 due date. 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 (\$200 + \$200).

**Note for Early Filers:** If you file your individual income tax return and pay the tax due by Feb. 1, 2010, 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, advance earned income credit payments, recapture of Indiana's CollegeChoice 529 credit and/or the amount shown on the return to be applied to your 2010 estimated tax account.

**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 2008 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 2008 version, line 6, states: "If less than \$1,000, STOP HERE!"

- For tax years 1997 through 2007, the instructions should say: "If less than \$400, STOP HERE!" Estimated payments were required for those years if owing \$400 or more.
- For tax years 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.

**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 minus \$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 percent and enter the amount here.

This amount must also be entered on line 20 of your 2009 IT-40 or IT-40PNR.

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

**Important:** You must attach a copy of Schedule IT-2210 to your tax return if you meet an exception to the penalty for the underpayment of estimated tax.