

Attach to
Form IT 1040,
Form IT 1041,
Form IT 4708,
or
Form IT 1040X

Your first name or name of trust or estate	Initial	Last name	Your social security number or FEIN			
If a joint return, spouse's first name	Initial	Last name	Spouse's social security number			
Fiduciary name (if trust or estate)						
Your address (number and street)		Apt. number				
City, town or post office, state and ZIP code						

Use this form to calculate interest penalty on underpayment of estimated taxes and to show the exceptions where no interest penalty is due.

Part I

Do you owe interest penalty?

- 2004 tax after all nonrefundable credits. 1. _____
- 2004 withholding taxes, refundable credits, and overpayment credit carryovers
(do not include estimated tax payments on this line) 2. _____
- Line 1 minus the amount on line 2 (if less than zero, enter zero) 3. _____
Is line 3 less than or equal to \$500? Yes No
If the answer is yes, STOP; you have no interest penalty. If the answer is no, continue.
- Multiply line 1 by 90% (.90) 4. _____
Is line 2 greater than or equal to the amount on line 4? Yes No
If the answer is yes, STOP; you have no interest penalty. If the answer is no, continue.
- 2003 tax after all nonrefundable credits 5. _____
Is line 2 greater than or equal to the amount on line 5? Yes No
If the answer is yes, STOP; you have no interest penalty. If the answer is no, continue.
- Required annual payment. Enter the smaller of line 4 or line 5 6. _____

Short method

You may use the short method only if you paid no estimated tax payments or if you paid estimated tax in equal amounts on the due dates and claimed any overpayment credit carryover amount in equal amounts on the due dates.

Note: You may use the short method even if the payments were earlier than the due date; however, the interest penalty may be lower if you use the long method.

- Estimated payments 7. _____
- Add line 2 and line 7 8. _____
- Subtract line 8 from line 6 9. _____
- Multiply line 9 by .02906. Enter the result here and on line 15 of Form IT 1040,
line 12 of Form IT 1041, line 13 of Form IT 4708, or line 14 of Form IT 1040X 10. _____

Long method

- Multiply the amount on line 6 by the percentage indicated in each column. However, if you choose to annualize your income, check the box and enter the amounts from Part II, line 24, columns (a) through (d). See instructions 11.
- Cumulative tax withheld: Multiply the sum of tax withheld and refundable credits by the percentage shown above each column (see instructions) 12.
- Cumulative estimated tax paid by the dates shown above each column 13.
- Overpayment credit carryover from 2003 Form IT 1040, IT 1041, IT 4708, or IT 1040X. Enter this amount in all four columns 14.
- Add lines 12, 13, and 14 15.
- Underpayment subject to interest penalty (line 11 minus line 15). If line 15 is greater than line 11, enter zero 16.
- Ratio (if payment was made late, see line instructions) 17.
- Multiply the ratio on line 17 by the respective underpayment on line 16 (if partial payment was made late, see line instructions) 18.
- Total interest penalty due. Add line 18 columns (a) through (d). Enter here and on line 15 of your 2004 Form IT 1040, or line 12 of your Form IT 1041, or line 13 of your 2004 Form IT 4708, or line 14 of Form IT 1040X 19.

Payment Due Dates			
a	b	c	d
4/15/04 - 25%	6/15/04 - 50%	9/15/04 - 75%	1/17/05 - 100%
.006667	.010055	.013749	.012055

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INSTRUCTIONS

IT 2210
Rev. 10/04

IT 2210 Line Instructions

- Line 5** Enter your 2003 tax from the 2003 Ohio Form IT 1040, IT 1040EZ, IT 4708, or IT 1041. If you did not file a 2003 IT 1040, IT 1040EZ, IT 4708, or IT 1041, or if your 2003 return reflected a period of less than 12 months, do not complete this line; instead, enter the amount from line 1 on line 6.
- Line 11** Multiply the amount on line 6 by the percentage indicated at the top of columns (a), (b), (c), and (d). However, if your income varied during the year (e.g., you operated a business of a seasonal nature), you may be able to lower the amount of your required payment for the due dates by using a different method, called the Annualized Income Installment Method. To use this method to figure your required installments, use the Annualized Income Worksheet in Part II of this form and enter the amounts from line 24 of the Worksheet in each column of Part 1, line 11. If you use the Worksheet for any payment due date, you must use it for all payment due dates.
- Line 12** You are considered to have had withheld one-fourth of the total amount withheld on each payment due date unless you show otherwise. For example, if your total Ohio income tax withheld for the year is \$1,000, you are considered to have had \$250 withheld for each payment due date, which on a cumulative basis is \$250, \$500, \$750, and \$1,000.
- Line 17** The listed ratios are based upon the statutory interest rate (4% for 2004 and 5% for 2005) and the time during which the estimated payment was late. The general formula for computing the ratio is: Ratio = interest rate X numbers of days the payment is late/365*. The listed ratios are computed from the payment due date at the top of each column to the following payment due date and apply **only if** the taxpayer either (1) never made the estimated payment or (2) made full payment on or after the following payment due date.

For example, the ratio in column (a) is computed by multiplying the interest rate (4%) times the number of days from the 4/15/04 estimated payment due date to the 6/15/04 estimated payment due date (61 days) and dividing by 366.

$$\text{Ratio} = \text{interest rate} \times \text{number of days late} / 366$$
$$\text{Ratio} = .04 \times 61 / 366 = .006667$$

Example 1 – Assume that the underpayment shown on line 16 for the 4/15/04 due date is \$1,000. Also assume that the taxpayer made no estimated payment during the period 4/15/04 through 6/15/04. The taxpayer will compute interest penalty for the period 4/16/04 through 6/15/04 by multiplying the underpayment shown on line 16, column (a) by the ratio .006667 shown on line 17, column (a):

$$\text{Interest penalty} = \$1,000 \times .006667 = \$6.67$$

However, if the taxpayer made **full** payment of the required estimated payment after the 4/15/04 due date but prior to the 6/15/04 payment due date, then the taxpayer should ignore the ratio shown on line 17 and recompute the ratio based upon the general formula. See Example 2.

Example 2 – Assume that the underpayment shown on line 16 for the 4/15/04 due date is \$1,000. Also assume that the taxpayer paid this full amount on 5/15/04 (which is after the 4/15/04 payment due date but prior to the next payment due date, 6/15/04). The taxpayer should calculate the ratio as follows:

Step 1. Determine the number of days from the date the payment was due (4/15/04) to the date the payment was paid (5/15/04) = 30 days

Step 2. Calculate the ratio using the following formula:

$$\text{Ratio} = \text{interest rate} \times \text{number of days late} / 366$$
$$\text{Ratio} = .04 \times 30 / 366 = .003279$$

The taxpayer should enter the recomputed ratio, .003279, on an attached sheet and then compute interest penalty for the period 4/16/04 through 5/15/04 by multiplying the underpayment by the recomputed ratio. This method applies **only** if the taxpayer actually made **full** payment of the required estimated payment after the due date but prior to the next payment due date. If the taxpayer made a partial payment after the due date, see Example 3, below.

Line 18 Multiply the ratio on line 17 by the respective underpayment on line 16. However, if a **partial payment** is made after the payment due date but prior to the next payment due date, ignore the ratio on line 17 and compute the interest penalty on the underpayment for the periods both before **and** after the partial payment using the following formula:

$$\text{Interest penalty} = \text{underpayment} \times \text{interest rate} \times \text{number of days late} / 366$$

Example 3 – Assume that the underpayment shown on line 16 for 4/15/04 is \$1,000 and that the taxpayer paid \$600 of this amount on 5/15/04 (which is after the 4/15/04 payment due date but prior to the next payment due date of 6/15/04). The interest penalty for column (a) on line 18 should be calculated as follows:

Step 1. Determine the number of days from the 4/15/04 payment due date to the 5/15/04 date of the partial payment: 4/15/04 to 5/15/04 = 30 days.

Step 2. Calculate the interest penalty on the \$1,000 underpayment for the 30-day period from 4/15/04 to the 5/15/04 partial payment date using the formula:

$$\text{Interest Penalty} = \text{underpayment} \times \frac{\text{interest rate}}{\text{rate}} \times \frac{\text{number of days late}}{366}$$

$$\text{Interest penalty} = \$1,000 \times .04 \times 30 / 366 = \$3.28$$

Step 3. Determine the number of days from the 5/15/04 payment date to the next required due date of 6/15/04: 5/15/04 to 6/15/04 = 31 days.

Step 4. Calculate the interest penalty on the \$400 (\$1,000-\$600) underpayment for the 31-day period from 5/15/04 to 6/15/04 using the formula:

$$\text{Interest penalty} = \$400 \times .04 \times 31 / 366 = \$1.36$$

Step 5. Add the amounts determined in Steps 2 and 4 (\$3.28 + \$1.36 = \$4.64). This is the total interest penalty for the period 4/15/04 to 6/15/04.

*For leap years, 366 days are used instead of 365 days.

Part II – Annualized Income Worksheet Instructions

Note: If you annualize for one period, you **must** annualize for **all** periods.

If your income varied during the taxable year, you may be able to lower or eliminate the amount of your required installment for one or more due dates by using the annualized income installment method. For example, an owner of a Christmas tree lot who receives most of his/her income toward the end of the year might benefit by using this method. The annualized income installment may be less than your installment under the regular method for one or more due dates, thereby lowering or eliminating the interest penalty for those due dates.

The following instructions provide basic information for the Annualized Income Worksheet. However, you may need to refer to your "Ohio Income Tax Return and Instructions" booklet for additional information regarding additions to Federal Adjusted Gross Income "(FAGI)", deductions from FAGI, and credits. Attach schedules and documentation as necessary to support the amounts reported.

The time periods listed in each column are **cumulative**. That is, the amounts in columns (b), (c) and (d) include amounts for all previous periods in the taxable year. Also, note that the ending dates of 5/31/04 and 8/31/04 for columns (b) & (c) do not reflect quarterly ending dates.

Lines 2 & 3 Refer to Schedule A of your 2004 Ohio Form IT 1040 and the related instructions. If in determining Ohio Adjusted Gross Income (OAGI) you made Schedule A adjustments to FAGI, enter the cumulative additions and cumulative deductions that apply to each period.

Line 10 Refer to Schedule B of your 2004 IT 1040 or IT 1041 and the instructions booklet to determine if the following credits apply to you: Retirement Income Credit, Lump Sum Retirement Income Credit, Senior Citizen Credit, Lump Sum Distribution Credit, the Child and Dependent Care Credit, Displaced Workers Job Training Credit, Political Campaign Contribution Credit and the Adoption Credit.

For the Retirement Income Credit and the Lump Sum Retirement Income Credit, which are credits based upon qualifying retirement income, you must **annualize** the qualifying income for the period by multiplying it by the appropriate annualization factor. For example, assume that John and Mary Brown are retired and file a joint return. Between 1/1/04 and 3/31/04 John and Mary received \$3,000 of income that qualified for the Retirement Income Credit. In determining their Retirement Income Credit for the period 1/1/04 to 3/31/04, column (a), John and Mary must multiply the qualifying income for that period by the line 5 annualization factor for that period ($\$3,000 \times 4 = \$12,000$). John and Mary may claim a credit of \$200 on line 10, column (a) because the \$12,000 annualized amount of qualifying retirement income is over \$8,000. (See the table in the IT 1040 instructions booklet). If John and Mary had instead received \$2,500 of qualifying retirement income during the period 1/1/04 to 5/31/04, John

and Mary would multiply the qualifying income received during the period 1/1/04 to 5/31/04 by the line 5 annualization factor for column (b), $\$2,500 \times 2.4 = \$6,000$. John and Mary could claim a credit of \$130 on line 10, column (b), because the annualized amount of qualifying retirement income is over \$5,000 but not more than \$8,000.

If you received a "lump sum distribution" during a period, see the "Ohio Individual Income Tax Lump Sum Instruction" pamphlet to determine if you qualify for the Lump Sum Retirement Income Credit or the Lump Sum Distribution Credit. The pamphlet also provides instructions and examples on how to compute those credits.

If you (or your spouse if filing a joint return) attained age 65 prior to January 1, 2005, enter in each period the \$50 Senior Citizen Credit.

Line 14 Refer to the Joint Filing Credit instructions for your 2004 Ohio Form IT 1040. Compute the Joint Filing Credit (JFC) for a period only if in that period each spouse had at least \$500 of **annualized** OAGI excluding social security benefits, most railroad retirement benefits, interest, dividends, royalties, rents, and capital gains. (Annualize the qualifying income for each period by multiplying it by the appropriate annualization factor for the period from line 5 of the worksheet.) For each period to which this credit applies, multiply the amount on line 13 of the worksheet by the applicable percentage shown in the instructions. Use the applicable percentage for each period based upon **annualized** Ohio Taxable Income for the period shown on line 8 of this Worksheet.

Line 16 Refer to Schedules C, D, and E of your 2004 Ohio IT 1040 or IT 1041 and the related instructions from the 2004 instruction booklet to determine if these credits apply. You may claim the credit(s) for a period only if during that period you have income that qualifies for the credit.

If the Resident Credit applies to a period, multiply the amount on line 15 of this worksheet by a fraction whose numerator is the portion of the OAGI for the period subjected to tax by another state or the District of Columbia. The denominator of the fraction is the annualized OAGI for the period. However, the resident credit cannot exceed the tax actually paid to other states. If the Nonresident/Part-Year Resident Credit applies, multiply the amount on line 15 of this worksheet by a fraction whose numerator is the portion of the annualized OAGI for the period that was not earned or received in Ohio. The denominator for this fraction is the annualized OAGI for the period.

If the Nonrefundable Business Credit applies to a period, enter the amount from line 5 of Ohio Schedule E.

Line 17 If you qualified for and claimed the Refundable Business Credits on line 20 of your 2004 Ohio IT 1040, line 15 of your IT 1041, line 16 of your IT 4708, enter in each column of this line the total credit claimed.