Ohio Department of TAXATION
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Ohio IT 2210-1140
Interest Penalty on Underpayment of Ohio Pass-Through Entity Withholding Tax

Calendar/fiscal year beginning in **2006**

Rev. 7/07

For Department Use Only

Enclose with Ohio form IT 1140.

Name of pass-through entity	Federal Employer I.D. Number (FEIN)

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

☐ Check here if you engage in farming or fishing activities, and see the note on page 3.

Do you owe interest penalty?

1. Year 2006 pass-through entity tax (from line 1 of the year 2006 form IT 1140) .... 1. ________
2. Previous year's overpayment credit carryover to this year (do not include estimated tax payments on this line) .... 2. ________
3. Line 1 minus the amount on line 2 (if less than zero, enter -0-) .... 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.
4. 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.
5. Year 2005 pass-through entity tax (from line 1 of the year 2005 form IT 1140) .... 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.
6. Required annual estimated pass-through entity tax 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 you claim 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.

7. Estimated pass-through entity tax payments made .... 7. ________

7A. Enter amount from line 2 .... 7A. ________

8. Add line 7 and line 7A .... 8. ________
9. Subtract line 8 from line 6 .... 9. ________
10. Multiply line 9 by .045151. Enter the result here and on form IT 1140, line 2 .... 10. ________

Long method

Payment Due Dates and Percentage Rates		a 4/17/06 – 25%	b 7/15/06 – 50%	c 10/15/06 – 75%	d 1/16/07 – 100%
11. Multiply the amount on line 6 by the percentage indicated in each column. However, if the pass-through entity chooses to annualize income, check the box ☐ and enclose detailed calculations. See instructions	11.				
12. Cumulative estimated tax paid by the date shown at the top of each column	12.				
13. Overpayment credit carryover from year 2005 form IT 1140. Enter this amount in all four columns	13.				
14. Add lines 12 and 13	14.				
15. Underpayment subject to interest penalty (line 11 minus line 14). If line 14 is greater than line 11, enter -0-	15.				
16. Ratio (if payment was made late, see line instructions)	16.	.009699	.015123	.020877	.019507
17. Multiply the ratio on line 16 by the respective underpayment on line 15 (if partial payment was made late, see line instructions)	17.				

18. Total interest penalty due. Add line 17, columns (a) through (d). Enter here and on the year 2006 form IT 1140, line 2 .... 18. ________

Instructions

IT 2210-1140 Line Instructions

Line 5 If your 2005 return reflected a period of less than 12 months, do not complete this line; instead, enter the amount from line 4 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 the annualized income installment method. If you use this method for any payment due date, you must use it for all payment due dates. Please enclose detailed calculations.

Line 16 The listed ratios are based upon the statutory interest rate (6% for 2006 and 8% for 2007) 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 (6%) times the number of days from the 4/17/06 estimated payment due date to the 6/15/06 estimated payment due date (59 days) and dividing by 365.

Ratio = interest rate X number of days late/365*
Ratio = .06 X 59/365 = .009699

Example 1 – Assume that the underpayment shown on line 16 for the 4/17/06 due date is $1,000. Also assume that the taxpayer made no estimated payment during the period 4/17/06 through 6/15/06. The taxpayer will compute interest penalty for the period 4/18/06 through 6/15/06 by multiplying the underpayment shown on line 15, column (a) by the ratio .009699 shown on line 16, column (a):

Interest penalty = $1,000 X .009699 = $9.70

However, if the taxpayer made **full** payment of the required estimated payment after the 4/17/06 due date but before the 6/15/06 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 4/17/06 due date is $1,000. Also assume that the taxpayer paid this full amount on 5/15/06 (which is after the 4/17/06 payment due date but before the next payment due date, 6/15/06). Compute the ratio as follows:

Step 1. Determine the number of days from the date the payment was due (4/17/06) to the date the payment was paid (5/15/06) = 28 days.

Step 2. Calculate the ratio using the following formula:

Ratio = interest rate x number of days late/365*
Ratio = .06 X 28/365 = .00460

The taxpayer should enter the recomputed ratio, .00460, on an enclosed sheet of paper and then compute interest penalty for the period 4/18/06 through 5/15/06 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 before the next payment due date. If the taxpayer made a partial payment after the due date, see Example 3, below.

Line 17 Multiply the ratio on line 16 by the respective underpayment on line 15. However, if a **partial payment** is made after the payment due date but before the next payment due date, ignore the ratio on line 16 and use the following formula to compute the interest penalty on the underpayment for the period before **and** the period after the date of the partial payment.

Interest penalty = underpayment X interest rate X number of days late/365*

Example 3 – Assume that the underpayment shown on line 16 for 4/17/06 is $1,000 and that the taxpayer paid $600 of this amount on 5/15/06 (which is after the 4/17/06 payment due date but before the next payment due date of 6/15/06). Compute the interest penalty for column (a) on line 17 as follows:

Step 1. Determine the number of days from the 4/17/06 payment due date to the 5/15/06 date of the partial payment: 4/17/06 to 5/15/06 = 28 days.

Step 2. Calculate the interest penalty on the $1,000 underpayment for the 28-day period from 4/17/06 to the 5/15/06 partial payment date using the following formula:

$$\text{Interest penalty} = \text{underpayment} \times \text{interest rate} \times \frac{\text{number of days late}}{365^*}$$

Interest penalty = $1,000 X .06 X 28/365 = $4.60

*For leap years use 366 days instead of 365 days.