

Enclose with form SD 100E.

Name of estate
Fiduciary's name and title
Federal employer identification number for estate

Use this form to calculate interest penalty on underpayment of school district income taxes and to show the exceptions where no interest penalty is due. See Note #1 on page 3.

Check here if you engage in farming or fishing activities, and see Note #2 on page 4.

Part I

Do you owe interest penalty?

1. Year 2006 form SD 100E, line 3 1. _____
2. 2006 school district withholding taxes and overpayment credit carryovers from year 2005 (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 form SD 100E, line 4 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 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. Taxable year 2006 estimated payments 7. _____
8. Add line 2 and line 7 8. _____
9. Subtract line 8 from line 6 9. _____
10. Multiply line 9 by .045151. Enter the result here and on form SD 100E, line 4 10. _____

Long method

11. Multiply the amount on line 6 by the percentage indicated at the top of each column. However, if you choose to annualize your income, check the box and enter the amounts from Part II, line 10, columns (a) through (d) on page 3 11. _____
12. Cumulative tax withheld: Multiply the sum of tax withheld by the percentage shown at the top of each column (see instructions) 12. _____
13. Cumulative estimated tax paid by the dates shown at the top of each column 13. _____
14. Overpayment credit carryover from year 2005 form SD 100E. Enter this amount in all four columns 14. _____
15. Add lines 12, 13, and 14 15. _____
16. Underpayment subject to interest penalty (line 11 minus line 15). If line 15 is greater than line 11, enter -0- 16. _____
17. Ratio (if payment was made late, see line instructions) 17. _____
18. Multiply the ratio on line 17 by the respective underpayment on line 16 (if partial payment or late payment, see line instructions) ... 18. _____
19. Total interest penalty due. Add line 18 columns (a) through (d). Enter here and on your year 2006 form SD 100E, line 4 19.

Payment Due Dates			
a	b	c	d
4/17/06 - 25%	6/15/06 - 50%	9/15/06 - 75%	1/16/07 - 100%
.009699	.015123	.020877	.019507

Instructions for Part I

SD 2210-100E
Rev. 7/07

SD 2210-100E Line Instructions for Part I

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 onto 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 Part II, line 10 of the worksheet into 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 Unless you show otherwise, these amounts are deemed to have been withheld rates throughout the year. For example, if your total Ohio school district income tax withheld for the year is \$1,000, \$250 is deemed to be withheld for each payment due date. On a cumulative basis the amount withheld is \$250, \$500, \$750 and \$1,000.

Line 17 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 next 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.

$$\text{Ratio} = \text{interest rate} \times \text{number of days late}/365^*$$
$$\text{Ratio} = .06 \times 59/365 = .009699$$

Line 18 Multiply line 17 times line 16.

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 16, column (a) by the ratio .009699 shown on line 17, column (a):

$$\text{Interest penalty} = \$1,000 \times .009699 = \$9.70$$

However, if the taxpayer made a full or a partial payment of the required estimated payment after the payment due date, but before the next payment date, ignore the ratio on line 17 and calculate the interest penalty using the following formula:

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

Example 2 – Full payment after the due date but before the next due date. Assume that the underpayment on line 16 for the April 17, 2006 due date is \$1,000. Also assume that the taxpayer paid this full amount on May 15, 2006. The taxpayer should ignore the ratio on line 17 and compute the interest penalty on the late payment.

Step 1 – Determine the number of days from the date the payment was due (April 17, 2006) to the date the payment was made (May 15, 2006). April 17, 2006 to May 15, 2006 = 28 days.

Step 2 – The taxpayer should calculate the interest penalty using the following formula:

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

$$\text{Interest penalty} = \$1,000 \times .06 \times 28/365 = \$4.60$$

Interest penalty = \$4.60. Enter this amount on line 18, column A.

Example 3 – Partial payment after the due date, but before the next due date. Assume the underpayment shown on line 16 for the April 17, 2006 due date is \$1,000. Also assume that the taxpayer paid \$600 of this amount of May 15, 2006. The taxpayer should ignore the ratio on line 17 and compute the interest penalty on the underpayment for the periods both before and after the partial payment.

Step 1 – Determine the number of days from the date the payment was due (April 16, 2006) to the date the payment was made (May 15, 2006). April 17, 2006 to May 15, 2006 = 28 days.

Step 2 – The taxpayer should calculate the interest penalty using the following formula:

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

$$\text{Interest penalty} = \$1,000 \times .06 \times 28/365 = \$4.60$$

Interest penalty = \$4.60

Step 3 – Determine the number of days from the payment date (May 15, 2006) to the next required due date (June 15, 2006); May 15, 2006 to June 15, 2006 = 31 days.

Step 4 – Calculate the interest penalty on the \$400 (\$1,000 - \$600) underpayment for the 31-day period from May 15, 2006 to June 15, 2006 using the following formula:

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

$$\text{Interest penalty} = \$400 \times .06 \times 31/365^* = \$2.04$$

Interest penalty = \$2.04

Step 5 – Add the amounts determined in Steps 2 and 4: **\$4.60 + \$2.04 = \$6.64.** Enter this amount in column A.

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

Note #1: Some estates may be able to avoid the interest penalty if they (i) combine their state income tax with their school district income tax and (ii) determine if they meet any one of the following three requirements:

- (a) The sum of (i) the estate's state income tax liability for the current year (year 2006 form IT 1041, line 11) and (ii) the estate's school district income tax liability (year 2006 form SD 100E, line 3), reduced by the combined withholdings, refundable credits and combined overpayment credit carryovers from year 2005, is no more than \$500.
- (b) The sum of (i) the estate's combined state and school district withholdings, (ii) combined refundable credits and (iii) combined overpayment credit carryovers from year 2005 is equal to or greater than the sum of (i) the estate's state income

tax liability for the immediately preceding year (year 2005 form IT 1041, line 11) and (ii) the estate's school district income tax liability for the immediately preceding year (year 2005 form SD 100E, line 4), or

- (c) The estate's combined state and school district withholdings, combined refundable credits and combined overpayment credit carryovers from year 2005 are equal to or greater than 90% of the sum of (i) the estate's state income tax liability for the current year (year 2006 form IT 1041, line 11) and (ii) the estate's school district income tax liability for the current year (year 2006 form SD 100E, line 3).

If the discussion in this note applies to you, you will have to modify the Ohio form IT 2210-1041, accordingly. Be sure to include with both your form IT 1041 and your form SD 100E a copy of the modified form IT 2210-1041.

Part II – Annualized Income Worksheet

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 and thereby lower or eliminate the interest penalty for those due dates.

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

1. Cumulative Ohio taxable income for each period. Enclose a copy of the federal annualized income worksheet if you prepared one for federal income tax purposes 1.
2. Annualization factor 2.
3. Annualized Ohio taxable income (line 1 amount times line 2 factor) 3.
- 4a. Tax decimal rate from line 2 of form SD 100E 4a.
- 4b. Annualized tax on annualized school district taxable income for each period. Multiply the amount on line 3, above, by the decimal rate on line 4a 4b.
5. Deannualization factor 5.
6. Multiply line 4b by line 5 6.
7. Deannualized adjustment for first \$500 7.
8. Line 6 minus line 7. If line 7 is more than line 6, enter -0- 8.
9. Multiply the amount on line 6, page 1, by the percentage indicated in each column immediately above line 11, page 1 9.
10. Enter the smaller of line 8, above, or line 9, above, on this line and on line 11, Part I 10.

	a 1/01/06 2/28/06	b 1/01/06 4/30/06	c 1/01/06 7/31/06	d 1/01/06 11/30/06
	6	3	1.7	1.1
	15%	30%	53%	82%
	\$125	\$250	\$375	\$500

Note #2: Special rule for farmers and fishermen

Ohio Administrative Code (Rule) 5703-7-04 provides two options for each taxpayer whose total gross income is at least two-thirds from farming and fishing, as those terms are defined under U.S. Treasury regulation sections 1.6073-1(b)(2) and (3). Such taxpayers may choose either of the following two options in lieu of making the four estimated income tax payments:

- Option #1 – Make no payments of estimated tax but file the yearly income tax return and pay all tax due by the first day of the third month following the close of the taxpayer's taxable year (for calendar year taxpayers, this date would be March 1 of the year immediately following the taxable year). If this date falls on a Saturday, Sunday or holiday, then the payment of tax and the filing of the income tax return are due on the first business day immediately following the first day of the third month following the close of the taxable year.
- Option #2 – Pay all estimated tax (90% of the current taxable year's tax or 100% of the immediately preceding taxable year's tax) by the 15th day of the first month following the close of the taxpayer's taxable year (for calendar year taxpayers, this date would be Jan. 15 of the calendar year immediately following the taxable year), and file the annual individual income tax return on or before the 15th day of the fourth month following the close of the taxpayer's taxable year (for calendar year taxpayers, this date would be April 15 of the year immediately

following the taxable year). If any such date falls on a Saturday, Sunday or holiday, then the due date becomes the first business day immediately following such due date.

Under this second option the taxpayer has the election to extend the filing of the Ohio income tax return if the taxpayer has received from the Internal Revenue Service an extension of time to file the federal income tax return. Note that there is no extension of time to pay the tax due. See Ohio Administrative Code (Rule) 5703-7-05, which addresses the imposition of penalties and interest (and safe harbors to avoid penalties) for taxpayers who fail to pay in all tax due by the unextended due date.

If you qualify for and choose option number 1, then enter -0- on line 19 on page 1 of Ohio form SD 2210-100E. Also, enter -0- on line 4 of form SD 100E. When you send to us your form SD 100E, please be sure to include page 1 of form SD 2210-100E.

If you qualify for and choose option number 2, then do not complete lines 11 through 18 for columns a, b and c. Complete lines 11-18 for column d to determine if there is any interest penalty due. Enter on line 19 on this form and on line 4 of form SD 100E the amount you show on line 18, column d on form SD 2210-100E. When you send to us your form SD 100E, please be sure to include page 1 of form SD 2210-100E.