



2007 IT 2210-1040EZ
Interest Penalty on Underpayment of Ohio Income Tax
Include with 2007 Ohio form IT 1040EZ.

Your first name	M.I.	Last name	Your Social Security number										
If a joint return, spouse's first name	M.I.	Last name	<table border="1" style="width:100%; height: 20px;"> <tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td></tr> </table>										
Your address (number and street)	Apt. number		Spouse's SS# if married filing jointly										
<table border="1" style="width:100%; height: 20px;"> <tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td></tr> </table>													
City, town or post office, state and ZIP code													

Part I – Do You Owe Interest Penalty?

Use this form to calculate interest penalty on underpayment of income tax and to show the exceptions where no interest penalty is due. See Note 1 on page 4. Check here if you engage in farming or fishing activities, and see Note 2 on page 4.

1. 2007 income tax (from 2007 Ohio form IT 1040EZ, line 12)1. _____
2. 2007 withholding taxes.....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 to line 4.
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 to line 5.
5. 2006 income tax after all nonrefundable credits (from 2006 Ohio form IT 1040, line 16 or 2006 Ohio form IT 1040EZ, line 12).....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 to line 6.
6. Amount shown on line 1, above6. _____
7. Statutory amount.....7. < \$500 >
8. Line 6 minus line 78. _____
9. Required annual payment. Enter the smallest of line 4, line 5 or line 89. _____

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.

10. 2007 estimated payments (not applicable if filing Ohio form IT 1040EZ).....10. _____
11. Add line 2 and line 10.....11. _____
12. Subtract line 11 from line 9.....12. _____
13. Multiply line 12 by .052925. Enter the result here and on 2007 Ohio form IT 1040EZ, line 13.....13. _____

Long method

14. Multiply the amount on line 9 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, page 3, line 23, columns A through D14. _____
15. Cumulative tax withheld: Multiply the sum of tax withheld by the percentage shown at the top of each column (see instructions on page 2)15. _____
16. Cumulative estimated tax paid by the dates shown at the top of each column. Not applicable if filing Ohio form IT 1040EZ16. _____
17. Overpayment credit carryover from 2006 Ohio form IT 1040 (not applicable if you are filing a 2007 Ohio form IT 1040EZ)17. _____
18. Add lines 15, 16 and 1718. _____
19. Underpayment subject to interest penalty (line 14 minus line 18).
If line 18 is greater than line 14, enter -0-19. _____
20. Ratio (if payment was made late, see instructions on page 2).....20. _____
21. Interest penalty for the period: Multiply the ratio on line 20 by the respective underpayment on line 19 (if full or partial payment was made late, see instructions on page 2)21. _____
22. Total interest penalty due. Add line 21 columns A through D. Enter here and on 2007 Ohio form IT 1040EZ, line 13..... 22. _____

Payment Due Dates			
A	B	C	D
4/17/07 – 25%	6/15/07 – 50%	9/17/07 – 75%	1/15/08 – 100%
0	0	0	0
0	0	0	0
.012932	.020164	.026292	.019891

Part I Line Instructions for Ohio Form IT 2210-1040EZ

Line 5 – If your 2006 return reflected a period of less than 12 months, do not complete this line; instead, enter the amount from line 4 onto line 5.

Line 14 – Multiply the amount on line 9 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 Part II – Annualized Income Worksheet on page 3 and enter the amounts from Part II, line 23 of the worksheet into each column of Part I, line 14. If you use the worksheet for any payment due date, you must use it for all payment due dates.

Line 15 – Unless you show otherwise, these amounts are deemed to have been withheld ratably throughout the year. For example, if your total Ohio 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.

Lines 16, 17 – You cannot claim on form IT 1040EZ estimated tax payments and/or an overpayment credit carryforward from last year, so you should file Ohio form IT 1040 rather than Ohio form IT 1040EZ.

Line 20 – The listed ratios are based upon the statutory interest rate (8% for 2007 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 (i) never made the estimated payment or (ii) made full payment on or after the next payment due date.

However, if the taxpayer makes a full or partial payment after the payment due date but before the next payment due date, ignore the ratio on line 20 and see Example 2, below, and Example 3, at right.

Line 21 – Multiply line 19 by line 20 (see Example 1, below). If the taxpayer either made the full estimated payment late or made a partial payment late, see Example 2, below, and Example 3, at right.

Example 1 – No payment made. Assume that the underpayment shown on line 19 for the 4/17/07 due date is \$1,000. Also assume that the taxpayer made no estimated payment during the period 4/17/07 through 6/15/07. The taxpayer will compute interest penalty for the period 4/18/07 through 6/15/07 by multiplying the underpayment shown on line 19, column A by the ratio (.012932) shown on line 20, column A:

$$\text{Interest penalty} = \$1,000 \times .012932 = \$12.93$$

Example 2 – Full payment made after the due date but before the next due date. Assume that the underpayment on line 19 for the 4/17/07 due date is \$1,000. Also assume that the taxpayer paid this full amount on 5/15/07. The taxpayer should ignore the ratio on line 20 and compute the interest penalty on the late payment as follows:

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

Step 1 – Determine the number of days from the date the payment was due (4/17/07) to the date the payment was made (5/15/07): 4/17/07 to 5/15/07 = 28 days.

Step 2 – The taxpayer would calculate the ratio by using the following formula:

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

$$\text{Ratio} = .08 \times 28/365 = .006137$$

The taxpayer would enter the recomputed ratio (.006137) on line 20, column A, and then compute the interest penalty (line 21, column A) for the period 4/18/07 through 5/15/07 by multiplying the underpayment by the recomputed ratio (include detailed calculations with Ohio form IT 1040EZ).

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 but before the next payment due date, see Example 3, below.

Example 3 – Partial payment made after the due date but before the next due date. Assume the underpayment shown on line 19 for the 4/17/07 due date is \$1,000. Also assume that the taxpayer paid \$600 of this amount of 5/15/07. The taxpayer would ignore the ratio on line 20 and compute the interest penalty on the underpayment for the periods both before and after the partial payment as follows:

Step 1 – Determine the number of days from the date the payment was due (4/17/07) to the date the payment was made (5/15/07): 4/17/07 to 5/15/07 = 28 days.

Step 2 – Calculate the interest penalty using the following formula:

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

$$\text{Interest penalty} = \$1,000 \times .08 \times 28/365 = \$6.14$$

Interest penalty = \$6.14

Step 3 – Determine the number of days from the payment date (5/15/07) to the next required due date (6/15/07): 5/15/07 to 6/15/07 = 31 days.

Step 4 – Calculate the interest penalty on the \$400 underpayment (\$1,000 minus \$600) for the 31-day period from 5/15/07 to 6/15/07 using the following formula:

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

$$\text{Interest penalty} = \$400 \times .08 \times 31/365^* = \$2.72$$

Interest penalty = \$2.72

Step 5 – Add the amounts determined in Steps 2 and 4: \$6.14 + \$2.72 = \$8.86. The taxpayer would (i) cross out the ratio on line 20, column A, (ii) enter \$8.86 on line 21, column A and (iii) include detailed calculations with Ohio form IT 1040EZ.



10211411

Part II – Annualized Income Worksheet Instructions

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

	A 1/01/07 3/31/07	B 1/01/07 5/31/07	C 1/01/07 8/31/07	D 1/01/07 12/31/07
				N/A
1. Cumulative federal adjusted gross income for each period. Include a copy of the federal and Ohio annualized income worksheets..... 1.				
2. Additions to federal adjusted gross income. Not applicable when filing Ohio form IT 1040EZ 2.	0	0	0	
3. Deductions from federal adjusted gross income (see instructions on page 4) 3.				
4. Ohio adjusted gross income for each period: each column's line 1 minus line 3. If less than zero, enter -0- 4.				
5. Annualization factor..... 5.	4	2.4	1.5	
6. Annualized Ohio adjusted gross income (line 4 times line 5 factor)..... 6.				
7. Exemptions (from 2007 Ohio form IT 1040EZ) 7.				
8. Annualized Ohio taxable income (line 6 minus line 7). If line 7 is more than line 6, enter -0- 8.				
9. Gross tax on annualized Ohio taxable income for each period (from Tax Table 1 or 2 of the 2007 Ohio form IT 1040 booklet)..... 9.				
10. Nonrefundable credits. Not applicable when filing Ohio form IT 1040EZ.....10.	0	0	0	
11. Tax (enter the amount from line 9)11.				
12. Exemption credit (from 2007 Ohio form IT 1040EZ)12.				
13. Tax after exemption credit (line 11 minus line 12). If line 12 is more than line 11, enter -0-13.				
14. Joint filing credit (see instructions on page 4)14.				
15. Tax after joint filing credit (line 13 minus line 14). If line 14 is more than line 13, enter -0-15.				
16. Resident, nonresident, part-year resident tax credits, and nonrefundable business credits. Not applicable when filing Ohio form IT 1040EZ.....16.	0	0	0	
17. Annualized Ohio income tax (enter amount from line 15). If less than zero, enter -0-.....17.				
18. Deannualization factor.....18.	22.5%	45%	67.5%	↓
19. For columns A through C, multiply line 17 by line 18. For column D, enter the amount from Part I, <u>line 1</u>19.				
20. Deannualized adjustment for first \$500.....20.	\$125	\$250	\$375	\$500
21. Line 19 minus line 20. If line 20 is more than line 19, enter -0-.....21.				
22. Multiply the amount on line 9, page 1 by the percentage indicated in each column immediately above line 14, <u>page 1</u>22.				
23. Enter the smaller of line 21 or line 22 here and in the respective columns on Part I, line 14.....23.				

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 Part II – Annualized Income Worksheet. However, you may need to refer to your Ohio income tax return and instruction booklet for additional information regarding additions to federal adjusted gross income, deductions from federal adjusted gross income and credits. Include 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 A, B, C and D include amounts for all

previous periods in the taxable year. Also, note that the ending dates of 5/31/07 and 8/31/07 for columns B and C do not reflect quarterly ending dates.

Line 3 – Refer to Worksheet A of 2007 Ohio form IT 1040EZ.

Line 14 – Refer to the joint filing credit instructions for 2007 Ohio form IT 1040EZ. Compute the joint filing credit for a period only if in that period each spouse had at least \$500 of annualized Ohio adjusted gross income 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.

Notes for Part I and Part II

Note 1: Some taxpayers may avoid the interest penalty if they (i) combine their state income tax withholdings and estimated payments for the current year with their school district income tax withholdings and estimated payments for the current year and (ii) determine if their combined withholdings and estimated payments for the current year meet any one of the following three requirements:

- (a) The sum of the taxpayer's combined state income tax liability for the current year (2007 Ohio form IT 1040EZ, line 12) and school district income tax liability (2007 Ohio form SD 100, line 6), reduced by the combined refundable credits and combined overpayment credit carryovers from 2006, is \$500 or less.
- (b) The taxpayer's combined withholdings are equal to or greater than the sum of the taxpayer's state income tax liability for the immediately preceding year (2006 Ohio form IT 1040, line 16 or 2006 Ohio form IT 1040EZ, line 12) and school district income tax liability for the immediately preceding year (2006 Ohio form SD 100, line 8).
- (c) The taxpayer's combined withholdings are equal to or greater than 90% of the sum of the taxpayer's state income tax liability for the current year (2007 Ohio form IT 1040EZ, line 12) and their school district income tax liability for the current year (2007 form SD 100, line 6).

If this note applies to you, modify Ohio form IT 2210-1040EZ accordingly. Include with Ohio forms IT 1040EZ and SD 100 a copy of the modified Ohio form IT 2210-1040EZ.

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 instead 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 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. **Note:** The Ohio Department of Taxation will follow the lead of the IRS and extend the time for exemption of underpayment penalty (2210) for Farmers and Fishers from March 3, 2008 until March 10, 2008. This extended exemption time is for all paperless (electronic) filing methods and paper filing methods.

- **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 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 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 IRS 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 the taxpayer qualifies for and chooses Option 1, enter -0- on Ohio form IT 2210-1040EZ, line 22. Also enter -0- on Ohio form IT 1040EZ, line 13. When mailing Ohio form IT 1040EZ, include page 1 of Ohio form IT 2210-1040EZ.

If the taxpayer qualifies for and chooses Option 2, do not complete line 14-21 for columns A, B and C. However, complete lines 14-21 for column D to determine if there is any interest penalty due. Enter on Ohio form IT 2210-1040EZ, line 22 and Ohio form IT 1040EZ, line 13 the amount computed and shown on Ohio form IT 2210-1040EZ, line 21, column D. When mailing Ohio form IT 1040EZ, include page 1 of Ohio form IT 2210-1040EZ.