



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

Your first name	M.I.	Last name	Your Social Security number
If a joint return, spouse's first name	M.I.	Last name	Spouse's SS# if married filing jointly
Your address (number and street)	Apt. number		
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 taxes and to show the exceptions where no interest penalty is due. See Note 1 on page 5. Check here if you engage in farming or fishing activities, and see Note 2 on page 5.

1. 2007 income tax after all nonrefundable credits (from 2007 Ohio form IT 1040, line 16) 1. _____
2. 2007 withholding taxes, refundable credits and overpayment credit carryover from 2006 (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 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). 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, above 6. _____
7. Statutory amount 7. < \$500 >
8. Line 6 minus line 7 8. _____
9. Required annual payment. Enter the smallest of line 4, line 5 or line 8 9. _____

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 (see Note 3 on page 5) 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 1040, line 17 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 D 14. _____
15. Cumulative tax withheld and refundable pass-through entity credit: Multiply this amount 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 (see Note 3 on page 5)..... 16. _____
17. Overpayment credit carryover from 2006 Ohio form IT 1040 and refundable credits from 2007 Ohio form IT 1040, lines 22a and 22c. Enter this amount in all four columns 17. _____
18. Add lines 15, 16 and 17 18. _____
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 or late payment, 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 1040, line 17 22. _____

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

Part I Line Instructions for Ohio Form IT 2210-1040

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 (for example, 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 (see Ohio form IT 1040, lines 20 and 22b) 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.

Line 20 – The listed ratios are based upon the statutory interest rate (8% for 2007 and 8% for 2008) 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 20 by line 19 (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:

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

Note: 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 20 and calculate the interest penalty using the following formula:

$$\text{Interest penalty} = \text{underpayment} \times \text{interest rate} \times \text{number of days late}/365.* \text{ See Example 2, below, and Example 3, at right.}$$

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:

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 ratio by using the following formula:

$$\begin{aligned} \text{Ratio} &= \text{interest rate} \times \text{number of days late}/365* \\ \text{Ratio} &= .08 \times 28/365 = .006137 \end{aligned}$$

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 1040).

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 that 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 on 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 (06/15/07): 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 1040.

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



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
1. Cumulative federal adjusted gross income for each period. Include a copy of the federal and Ohio annualized income worksheets..... 1.				N/A
2. Additions to federal adjusted gross income (see instructions on page 2) 2.				
3. Deductions from federal adjusted gross income (see instructions on page 2) 3.				
4. Ohio adjusted gross income for each period: each column's line 1 plus line 2 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 1040) 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 (see instructions on page 2).....10.				
11. Tax (line 9 minus line 10). If line 10 is more than line 9, enter -0- 11.				
12. Exemption credit (from 2007 Ohio form IT 1040)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 2)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 non-refundable business credits (see instructions on page 2)16.				
17. Annualized Ohio income tax (line 15 minus line 16). 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, line 1 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, page 1..... 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 IT 1040 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.

Lines 2, 3 – Refer to Schedule A of 2007 Ohio form IT 1040 and related instructions. If, in determining Ohio adjusted gross income, you made Schedule A adjustments to federal adjusted gross income, enter the cumulative additions and cumulative deductions that apply to each period.

Line 10 – Refer to Schedule B of 2007 Ohio form IT 1040 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, child and dependent care credit, displaced workers job training credit, political campaign contribution credit and 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 filing a joint return. Between 1/1/07 and 3/31/07 John and Mary received \$3,000 of income that qualified for the retirement income credit. In determining their retirement income credit for the period 1/1/07 to 3/31/07, 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 more than \$8,000 (see the table on page 23 of the Ohio IT 1040 instruction booklet). If John and Mary had instead received \$2,500 of qualify-

ing retirement income during the period 1/1/07 to 3/31/07, John and Mary would multiply the qualifying income received during the period 1/1/07 to 3/31/07 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 more than \$5,000 but not more than \$8,000.

If you received a lump sum distribution during a taxable year, see Ohio form LS WKS, Individual Income Tax Lump Sum Distribution, to determine if you qualify for the lump sum retirement income credit or the lump sum distribution credit. The instructions provide examples on how to compute those credits.

If you (or your spouse if filing a joint return) reached 65 before Jan. 1, 2008, enter in each period the \$50 senior citizen credit.

Line 14 – Refer to the joint filing credit instructions on page 14 of the 2007 Ohio IT 1040 instruction booklet. 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 the income 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 2007 Ohio form IT 1040 and the related instructions from the 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 Ohio adjusted gross income for the period subjected to tax by another state or the District of Columbia. The denominator of the fraction is the annualized Ohio adjusted gross income 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 Ohio adjusted gross income for the period that was not earned or received in Ohio. The denominator for this fraction is the annualized Ohio adjusted gross income for the period.

If the nonrefundable credits apply to a period, enter from the last line on page 1 of Ohio Schedule E the portion of that amount earned for that period.

Notes for Part I and Part II

Note 1: Some taxpayers may avoid the interest penalty if they (i) combine their state income tax with their school district income tax and (ii) determine if any one of the following three circumstances are present:

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

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

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 tax-payers 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 all tax due by the unextended due date.

If the taxpayer qualifies for and chooses Option 1, enter -0- on Ohio form IT 2210-1040, line 22 and print "Option 1." Also, enter -0- on Ohio form IT 1040, line 17. When mailing Ohio form IT 1040, include page 1 of Ohio form IT 2210-1040.

If the taxpayer qualifies for and chooses Option 2, do not complete lines 14-21 for columns A, B and C and print "Option 2" on line 21 across 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 2210-1040, line 22 and on Ohio form IT 1040, line 17 the amount shown on line 21, column D. When mailing Ohio form IT 1040, include page 1 of Ohio form IT 2210-1040.

Note 3: Information release #IT-2006-01, issued March 2006, discusses how the Ohio Department of Taxation will apply married filing jointly estimated income tax payments when the spouses subsequently file married filing separately income tax returns. As a general rule, the Ohio Department of Taxation will apply to the "first spouse to file" the entire amount of such married filing jointly estimated tax payments. If the amount of such married filing jointly estimated tax payments exceeds the amount of tax, reduced by credits and withholdings, then the Ohio Department of Taxation will apply the excess to the "second spouse to file."

The "first to file rule" discussed in the information release applies only for purposes of determining either additional tax due or a tax refund and does not apply for purposes of computing interest penalty, if any, due. So, for purposes of computing the Ohio Revised Code section 5747.09 interest penalty, spouses who remit married filing jointly estimated tax payments, but file married filing separately income tax returns, may allocate in any manner those estimated payments. That is, for purposes of completing Ohio form IT 2210-1040, the spouses need not follow the "first to file" rule set forth in the information release.

See Example 1 and Example 2 on page 6.

Example 1 for Note 3 on Page 5

Facts

- Married filing jointly estimated taxes paid for the current taxable year are as follows:
 April 15: \$4,000
 June 15: \$4,000
 Sept. 15: \$4,000
 Jan. 15: \$4,000
- W's tax (married filing separately) for the current taxable year after credits: \$10,000.
 H's tax (married filing separately) for the current taxable year after credits: \$6,600.
 Each taxpayer recognized the income equally over the year (the "annualization method" is not applicable).
- W files timely, but prior to H, who also files timely. W claims estimated tax payment of \$10,000; W owes no tax. H claims estimated tax payments of \$6,000; H owes (and timely pays) \$600 tax.

Analysis

According to the information release, for purposes of determining tax due and refunds the Ohio Department of Taxation will allocate the payments as follows:

<u>Date Paid</u>	<u>Amount Allocated to W</u>	<u>Amount Allocated to H</u>
April 15	\$ 4,000	\$ 0
June 15	\$ 4,000	\$ 0
Sept. 15	\$ 2,000	\$ 2,000
Jan. 15	\$ 0	\$ 4,000
Total	\$10,000	\$ 6,000

Note that the Ohio Department of Taxation allocates to the "first to file married filing separately" taxpayer all married filing jointly estimated tax payments. If, after such allocation, the married filing jointly estimated tax payments exceed the tax due by the "first to file married filing separately" taxpayer, the department will then allocate to the "second to file married filing separately" taxpayer the excess married filing jointly estimated tax payments.

However, for purposes of determining interest penalty due, W and H may allocate in any manner the married filing jointly estimated tax payments. As such, to avoid interest penalty, W and H may allocate the married filing jointly payments as follows:

<u>Date Paid</u>	<u>Amount Allocated to W</u>	<u>Amount Allocated to H</u>
April 15	\$ 2,500	\$ 1,500
June 15	\$ 2,500	\$ 1,500
Sept. 15	\$ 2,500	\$ 1,500
Jan. 15	\$ 2,500	\$ 1,500
Total	\$10,000	\$ 6,000

By allocating the married filing jointly estimated tax payments in the manner shown above, neither W nor H will owe any interest penalty since each taxpayer will be deemed to have timely paid sufficient estimated tax (at least 90% of the current taxable year's tax).

Example 2 for Note 3 on Page 5

Facts

- Married filing jointly estimated taxes paid for the current taxable year are as follows:
 April 15: \$4,000
 June 15: \$4,000
 Sept. 15: \$4,000
 Jan. 15: \$4,000
- For the previous taxable year W's married filing separately tax liability was \$1,000, and H's married filing separately tax liability was \$15,000.
- W's tax (married filing separately) for the current taxable year after credits: \$17,000
 H's tax (married filing separately) for the current taxable year after credits: \$3,000
 Each taxpayer recognized the income equally over the current taxable year (the "annualization method" is not applicable).
- W's married filing separately tax return claims the entire \$16,000 of married filing jointly estimated tax payments. W timely pays \$1,000 shown to be the balance due. H's married filing separately return claims none of the married filing jointly estimated tax payments. H timely pays the \$3,000 shown to be the balance due. W timely files before H, who also timely files.

Analysis

According to the information release, **for purposes of determining tax due and refunds**, the Ohio Department of Taxation will allocate the payments as follows:

<u>Date Paid</u>	<u>Amount Allocated to W</u>	<u>Amount Allocated to H</u>
April 15	\$ 4,000	\$ 0
June 15	\$ 4,000	\$ 0
Sept. 15	\$ 4,000	\$ 0
Jan. 15	\$ 4,000	\$ 0
<u>Total</u>	<u>\$16,000</u>	<u>\$ 0</u>

Note that the Ohio Department of Taxation allocates to the “first to file married filing separately” taxpayer all married filing jointly estimated tax payments. If, after such allocation, the married filing jointly estimated tax payments exceed the tax due by the “first to file married filing separately” taxpayer, the department will then allocate to the “second to file married filing separately” taxpayer the excess married filing jointly estimated tax payments.

In this example, W’s tax before application of estimated tax payments is greater than the allocated amounts. So for purposes of determining the tax due or a refund due, H, the “second to file married filing separately” taxpayer cannot claim any portion of the estimated tax payments.

However, **for purposes of determining interest penalty due**, W and H may allocate in any manner the married filing jointly estimated tax payments. As such, to avoid interest penalty, W and H may allocate the married filing jointly payments as follows:

<u>Date Paid</u>	<u>Amount Allocated to W</u>	<u>Amount Allocated to H</u>
April 15	\$ 250	\$ 3,750
June 15	\$ 250	\$ 3,750
Sept. 15	\$ 250	\$ 3,750
Jan. 15	\$ 250	\$ 3,750
<u>Total</u>	<u>\$ 1,000</u>	<u>\$15,000</u>

By allocating the married filing jointly estimated tax payments in the manner shown above, neither W nor H will owe any interest penalty since each taxpayer will be deemed to have timely paid sufficient estimated tax (at least 100% of the previous taxable year’s tax).