



10211411

2007 SD 2210-100E

Interest Penalty on Underpayment of Ohio School District Income Tax

Attach to 2007 Ohio form SD 100E.

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 Ohio fiduciary 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 Ohio form SD 100E, line 3 1. _____
2. 2007 school district withholding taxes and overpayment credit carryovers 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 Ohio 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 to line 5a.
- 5a. Amount shown on line 1, above 5a. _____
- 5b. Statutory amount 5b. < \$500 >
- 5c. Line 5a minus line 5b 5c. _____
6. Required annual payment. Enter the smallest of line 4, line 5 or line 5c 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. 2007 estimated payments 7. _____
8. Add line 2 and line 7 8. _____
9. Subtract line 8 from line 6 9. _____
10. Multiply line 9 by .052925. Enter the result here and on 2007 Ohio 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, page 3, line 10, columns A through D 11. _____
12. Cumulative tax withheld: Multiply this amount by the percentage shown at the top of each column (see instructions on page 2) 12. _____
13. Cumulative estimated tax paid by the dates shown at the top of each column 13. _____
14. Overpayment credit carryover from 2006 Ohio form SD 100E, line 16. 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 instructions on page 2) 17. _____
18. Interest penalty for the period: Multiply the ratio on line 17 by the respective underpayment on line 16 (if partial payment or late payment, see instructions on page 2) 18. _____
19. Total interest penalty due. Add line 18 columns A through D. Enter here and on 2007 Ohio form SD 100E, line 4 19. _____

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 SD 2210-100E

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 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 Part II – Annualized Income Worksheet on page 3 and enter the amounts from Part II, line 10 of the worksheet into each column of Part I, 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 ratably 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 (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 17 and see Example 2, below, and Example 3, at right.

Line 18 – Multiply line 17 by line 16 (see Example 1, below). However, if the taxpayer either made the full estimated payment late or made a partial payment late, ignore the ratio on line 17 and see Example 2, below, and Example 3, at right.

Example 1 – Assume that the underpayment shown on line 16 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 16, column A by the ratio (.012932) shown on line 17, 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 16 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 17 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 – 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 17, column A, and then compute the interest penalty (line 18, column A) for the period 4/18/07 through 5/15/08 by multiplying the underpayment by the recomputed ratio (attach detailed calculations to Ohio form SD 100E).

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 16 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 17 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 (4/16/07) 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 6/15/07 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 17, column A, (ii) enter \$8.86 on line 18, column A and (iii) attach detailed calculations to Ohio form SD 100E.



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Part II – Annualized Income Worksheet

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

	A 1/01/07 2/28/07	B 1/01/07 4/30/07	C 1/01/07 7/31/07	D 1/01/07 11/30/07
1. Cumulative Ohio taxable income for each period. Attach a copy of the federal and Ohio annualized income worksheets				
2. Annualization factor	6	3	1.7	1.1
3. Annualized Ohio taxable income (line 1 amount times line 2 factor)				
4a. Tax decimal rate from line 2 of Ohio form SD 100E				
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				
5. Deannualization factor	15%	30%	53%	82%
6. Multiply line 4b by line 5				
7. Deannualized adjustment for first \$500	\$125	\$250	\$375	\$500
8. Line 6 minus line 7. If line 7 is more than line 6, enter -0-				
9. Multiply the amount on line 6, <u>page 1</u> , by the percentage indicated in each column immediately above line 11, <u>page 1</u>				
10. Enter the smaller of line 8, above, or line 9, above, on this line and in the respective columns on line 11, <u>page 1</u>				

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 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.

