



### Part I – Calculating the Required Annual Payment – Long Method

Use this form to calculate interest penalty on underpayment of taxes and to show the exceptions where no interest penalty is due. Individuals and estates subject to school district income tax should see Note 1 on page 4.

Check here if you engage in farming or fishing activities and see Note 2 on page 5.

1. 2009 Ohio income tax after all nonrefundable credits (from 2009 Ohio form IT 1040EZ, line 13; 2009 IT 1040, line 16; 2009 IT 1040X, line 14, as amended; 2008 and forward SD 100, line 8; 2009 SD 100X, line 6, as amended; 2009 SD 100E, line 3; 2009 IT 1041, line 11; 2009 IT 1140, line 1, the sum of both columns; 2009 IT 4708, line 12).....	1.	_____	00
2. 2009 Ohio income taxes withheld by others, refundable credits and overpayment credit carryover from 2008 (do <b>not</b> include estimated tax payments on this line). <sup>1</sup> <b>Note:</b> For Ohio form IT 1140, there are <b>no</b> taxes withheld by others and <b>no</b> refundable credits other than last year's tax overpayment credited to this year.....	2.	_____	00
3. Line 1 minus the amount on line 2 (if less than zero, enter -0-).....	3.	_____	00
Is line 3 less than or equal to \$500? <input type="checkbox"/> Yes <input type="checkbox"/> 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 84% (.84) for 2009 Ohio forms IT 1040EZ, IT 1040, IT 1040X, IT 1041, IT 1140, and IT 4708. Use 90% (.90) for 2009 Ohio forms SD 100, SD 100X and SD 100E.....	4.	_____	00
Is line 2 greater than or equal to the amount on line 4? <input type="checkbox"/> Yes <input type="checkbox"/> No			
If the answer is yes, STOP; you have no interest penalty.			
If the answer is no, continue to line 5.			
5. 2008 income tax after all nonrefundable credits (from 2008 Ohio form IT 1040EZ, line 12; 2008 IT 1040, line 16; 2008 IT 1040X, line 14, as amended; 2008 SD 100, line 8; SD 100X, line 6, as amended; 2008 SD 100E, line 3; 2008 IT 1041, line 11; 2008 IT 1140, line 1, the sum of both columns; 2008 IT 4708, line 12).....	5.	_____	00
Is line 2 greater than or equal to the amount on line 5? <input type="checkbox"/> Yes <input type="checkbox"/> 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.	_____	00
7. Statutory amount.....	7.	< \$500 >	00
8. Line 6 minus line 7.....	8.	_____	00
9. Required annual payment. Enter the smallest of lines 4, 5 or 8. Please continue to page 3, line 1.....	9.	_____	00

<sup>1</sup>Do not include on this line any portion of the overpayment credit carryforward from 2008 to the extent that the overpayment is attributable to year 2008 income tax that you paid after April 15, 2009.



## Notes for Part I and Part II

**Note 1 (for pages 2 and 3):** Some individuals may avoid the interest penalty if they combine their state income tax with their school district income tax and then determine if any of the following three circumstances applies:

- (a) The sum of (i) the taxpayer's state income tax liability for the current year (2009 Ohio form IT 1040, line 16) and (ii) the taxpayer's school district income tax liability (2009 Ohio form SD 100, line 8) minus the taxpayer's combined withholdings, refundable credits and combined overpayment credit carryovers from year 2008 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 2008 is equal to or greater than the sum of (i) the taxpayer's state income tax liability for the immediately preceding year (2008 Ohio form IT 1040, line 16) and (ii) the taxpayer's school district income tax liability for the immediately preceding year (2008 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 2008 is equal to or greater than the sum of 84% of the taxpayer's state income tax liability for the current year (2009 Ohio form IT 1040, line 16) and 90% of the taxpayer's school district income tax liability for the current year (2009 Ohio form SD 100, line 8).

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

The above provisions also apply to estates. If these provisions apply to an estate, modify this form accordingly and include with Ohio forms IT 1041 and SD 100E a copy of the modified Ohio form IT/SD 2210.

### **Note 2 (for pages 2 and 3): Special Rule for Farmers and Fishermen**

Ohio Administrative Code Rule 5703-7-04 provides two options for each taxpayer for whom at least two-thirds of gross income is 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 individual income tax return and the yearly school district 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.
- **Option 2** – Pay all estimated tax (84% 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 and school district income tax return and pay all remaining tax due 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 this 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 and the school district 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 taxes due. See Ohio Administrative Code Rule 5703-7-05, which addresses the imposition of interest and penalties (and safe harbors to avoid penalties) for taxpayers who fail to pay all taxes due by the unextended due date.

If the taxpayer qualifies for and chooses Option 1, enter -0- on Ohio form IT/SD 2210, page 1 and print "Option 1." Also, enter -0- on the interest penalty line on both Ohio form IT 1040 and form SD 100. When mailing Ohio form IT 1040, SD 100 or SD 100E, include page 1 of this form.

If the taxpayer qualifies for and chooses Option 2, do not complete columns A, B and C on page 3, but print "Option 2" on line 8 across columns A, B and C. Complete column D on page 3 to determine if there is any interest penalty due. Enter on page 1 of Ohio form IT/SD 2210 and on line 28 of Ohio form IT 1040 the amount shown on page 3, line 9, column D of this form. Follow the same procedures with respect to Ohio form SD 100 or SD 100E.

**Note 3 (for page 3, line 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 credit 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 credit 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 who file married filing separately income tax returns, may allocate in any manner those estimated payments. That is, for purposes of completing this form, the spouses need not follow the "first to file" rule set forth in the information release.

See Example 1 and Example 2 on page 5.

**Example 1 for Note 3 on Page 11****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 (so 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:

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

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:

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

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 tax for the current taxable year).

**Example 2 for Note 3 on Page 11****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 (so 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:

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

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:

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

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 tax for the previous taxable year).

**Note 4 for Page 3, Line 7**

The listed ratios on page 3, line 7 are based upon the statutory interest rate (5% for 2009 and 4% for 2010) 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.

**Example 1 – No payment made.** Assume that the underpayment shown on page 3, line 6 for the 4/15/09 due date is \$1,000. Also assume that the taxpayer made no estimated payment during the period 4/15/09 through 6/15/09. The taxpayer will compute interest penalty for the period 4/15/09 through 6/15/09 by multiplying the underpayment shown on line 6, column A by the ratio (.008356) shown on line 7, column A:

Interest penalty = \$1,000 X .008356 = \$8.36 to line 8, column A

.008356 = .05 X 61/365. There are 61 days from April 15 until June 15.

**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 page 3, line 7 and calculate the line 8 interest penalty using the following formula:

Interest penalty = underpayment X interest rate X number of days late/365.\* 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 page 3, line 6 for the 4/15/09 due date is \$1,000. Also assume that the taxpayer paid this full amount on 5/15/09. The taxpayer should ignore the ratio on line 7 and compute the rate for the late payment as follows:

**Step 1 –** Determine the number of days from the date the payment was due (4/15/09) to the date the payment was made (5/15/09): 4/15/09 to 5/15/09 = 30 days.

**Step 2 –** Calculate the ratio by using the following formula:

Ratio = interest rate X number of days late/365\*  
Ratio = .05 X 30/365 = .00411

The taxpayer would enter the recomputed ratio (.00411) on page 3, line 7, and then compute the interest penalty (page 3, line 8, column A) for the period 4/15/09 through 5/15/09 by multiplying

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

the underpayment by the recomputed ratio. Line 8, column A would show \$4.11 (include detailed calculations).

This method applies **only** if the taxpayer 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 page 3, line 6 for the 4/15/09 due date is \$1,000. Also assume that the taxpayer paid \$600 of this amount on 5/15/09. The taxpayer would ignore the ratio on page 3, line 7 and would compute the line 8 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 (4/15/09) to the date the payment was made (5/15/09): 4/15/09 to 5/15/09 = 30 days.

**Step 2 –** Using the following formula, calculate the interest penalty for that period:

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

Interest penalty for 4/15/09 to 5/15/09 = \$1,000 X .05 X 30/365 = \$4.11

**Step 3 –** Determine the number of days from the payment date (5/15/09) to the next required due date (6/15/09): 5/15/09 to 6/15/09 = 31 days.

**Step 4 –** Using the following formula, calculate the interest penalty on the \$400 underpayment (\$1,000 minus \$600) for the 31-day period from 5/15/09 to 6/15/09:

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

Interest penalty for 5/15/09 to 6/15/09 = \$400 X .05 X 31/365\* = \$1.70

**Step 5 –** Add the amounts determined in Steps 2 and 4: \$4.11 + \$1.70 = \$5.81. The taxpayer would (i) cross out the ratio on line 7, column A, page 3, (ii) enter \$5.81 on page 3, line 8, column A, and (iii) include detailed calculations.