

Part 3 – Figure your Interest Penalty (Trusts—see Instructions)

If the taxpayer fully pays an underpayment after a required due date but prior to or on the next due date, then “the date the amount on line 14 was paid” is the date on which the taxpayer makes such payment.

If the taxpayer partially pays an underpayment after a required due date but prior to or on the next due date, that partial payment is deemed to be a reduction, on the payment date, of the previous underpayment. For such situation, the taxpayer will need to adjust this part accordingly.

	a	b	c	d
16. Number of days from the date shown above line 7 to the earlier of the date the amount on line 14 was paid or 12/31/2002 16.				
16a. Number of days from 1/01/03 to the earlier of the date the amount on line 14 was paid or 1/15/03 16a.				
16b. Number of days from 1/15/03 to the earlier of the date the amount on line 14 was paid or 4/15/03 16b.				
17. Multiply the underpayment amount on line 14 (columns a, b, and c) by the number of days on line 16 divided by 365 x .07 17.				
17a. Multiply the underpayment amount on line 14 (columns a, b, and c) by the number of days on line 16a divided by 365 x .06 17a.				
17b. Multiply the underpayment amount on line 14 (columns a, b, c, and d) by the number of days on line 16b divided by 365 x .06 17b.				
18. Add lines 17, 17a, and 17b for each column 18.				
19. Add line 18, columns a, b, c, and d. Enter here and on IT-1040, line 15; IT-4708, line 13; IT 1041, line 12 19. _____ If you owe interest penalty, you cannot file forms IT-1040EZ or IT-1040TEL.				

2002 IT-2210 Instructions

Calculation of Underpayment of Estimated Tax by Individuals, Pass-Through Entities, Estates and Trusts

Part 1 – Required Annual Payment

- Line 1** – Enter the amount from the 2002 Form IT-1040, line 14; Form IT-4708, line 12; and Form IT-1041, line 11.
- Line 3** – Enter the taxes withheld from Form IT-1040, line 18, or Form IT-1041, line 14 (withholding tax only) **plus** enter refundable business credits from Form IT-1040, line 20; Form 4708, line 19; or Form IT-1041, line 15. **Caution:** Do not include estimated tax payments on this line.
- Line 4** – Subtract the amount on line 3 from the amount on line 2. If line 4 is less than \$500, **STOP**, you have no interest penalty.
- Line 5** – Enter your 2001 tax from Form IT-1040, line 14; Form IT-1040EZ, line 10; Form IT-4708, line 12; Form IT-1041E, line 13. Trusts should enter the tax that would have been due if the trust income tax was in effect for 2001.
- Line 6** – Enter the smaller of line 2 less \$500, or line 5. This is your required annual payment. If line 3 is equal to or greater than line 6, **STOP**, you have no interest penalty.

Line 7 – If you annualize, enter the amounts from Schedule A, line 24. Otherwise, enter 25% of line 6 in each column.

For 2002, trusts were not required to pay the first two estimated payments prior to 9/16/2002. Trusts were required to pay the total of the first three estimated payments on or before 9/16/2002. Trusts should use columns (c) and (d) only for line 7 and enter the equivalent percentages for the third and fourth estimated payments (apply annualization percentage if applicable).

Line 8 –

- » Enter in the appropriate column the estimated taxes paid from Form IT-1040, line 19; Form IT-4708, line 17; or Form IT-1041, line 14 (estimated payment only) **plus**
- » enter the amount of taxes withheld – Form IT-1040, line 18, or Form IT-1041, line 14 (withholding only). You are considered to have paid ¼ of these amounts on each payment due date unless you can show otherwise, **plus**
- » enter the amount of any refundable business credits from Form IT-1040, line 20; Form IT-4708, line 19; or Form IT-1041, line 15. You are considered to have paid ¼ of these amounts on each payment due date unless you can show otherwise.

Part 2 – Figure your Underpayment

INSTRUCTIONS

Schedule A – 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 Annualized Income Worksheet. However, you may need to refer to your *Ohio Income Tax Return and Instructions* booklet for additional information regarding additions to Federal Adjusted Gross Income (FAGI), deductions from FAGI, and credits. Attach 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 (b), (c) and (d) include amounts for all previous periods in the taxable year. Also, note that the ending dates of 5/31/02 and 8/31/02 for columns (b) & (c) do not reflect quarterly ending dates.

Lines 2 & 3 Refer to Schedule A of your 2002 Ohio Forms IT-1040 and IT-1041 and the related instructions. Composite filers should use Schedules II and III (Form IT-4708). Enter the cumulative additions and cumulative deductions that apply to each period.

Line 5 Estates and trusts do not use the factors shown in columns (a) to (d). Instead, use the annualization factors applied for the 2002 IRS Form 2210.

Line 10 Refer to Schedule B of your 2002 IT-1040 and IT-1041 and the instruction booklets to determine if the following credits apply to you: Retirement Income Credit, Lump Sum Retirement Income Credit, Senior Citizen Credit, Lump Sum Distribution Credit, the Child and Dependent Care Credit, Job Training Credit, Political Campaign Contribution Credit and the 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 file a joint return. Between 1/1/02 and 3/3/02, John and Mary received \$3,000 of income that qualified for the Retirement Income Credit. In determining their Retirement Income Credit for the period 1/1/02 to 3/31/02 (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 annualized amount of qualifying retirement income (\$12,000) is over \$8,000. (See the table in the IT-1040 instruction booklet).

If John and Mary had instead received \$2,500 of qualifying retirement income during the period 1/1/02 to 5/31/02, John and Mary would multiply the qualifying income received during the period 1/1/02 to 5/31/02 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 over \$5,000 but not more than \$8,000. (See the table in IT-1040 Instruction booklet).

If you received a "lump sum distribution" during a period, see the "Ohio Individual Income Tax Lump Sum Instruction" pamphlet to determine if you qualify for the Lump Sum Retirement Income Credit or the Lump Sum Distribution Credit. The pamphlet also provides instructions and examples on how to compute those credits.

If you (or your spouse if filing a joint return) attained age 65 prior to January 1, 2002, enter in each period the \$50 Senior Citizen Credit.

Line 14 IT-1040 filers should refer to the Joint Filing Credit instructions in your 2002 Ohio Form IT-1040. Compute the Joint Filing Credit (JFC) for a period only if in that period each spouse had at least \$500 of **annualized** OAGI excluding 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 the JFC applies, multiply the amount on line 13 of the Worksheet by the applicable JFC percentage. Determine the applicable JFC 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 your 2002 Ohio IT-1040 and IT-1041 instructions 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 the numerator of which is the portion of the OAGI for the period subjected to tax by another state or the District of Columbia and the denominator of which is the OAGI 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 the fraction the numerator of which is the portion of the OAGI for the period that was not earned or received in Ohio and the denominator of which is the OAGI for the period.

If the Nonrefundable Business Credit applies to a period, enter the amount from Ohio Schedule E.

Line 17 If you qualified for and claimed the Refundable Business Credits on your 2002 Ohio IT-1040, line 20; IT-1041, line 15; or IT-4708, line 19, enter in each column of this line the total credit claimed.