2007 SD 2210-100
Interest Penalty on Underpayment of Ohio School District Income Tax
Include with 2007 Ohio form SD 100.

Your first name  M.I.  Last name
If a joint return, spouse’s first name  M.I.  Last name
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 school district income taxes and to show the exceptions where no interest penalty is due. See Note 1 on page 4.

1. 2007 Ohio form SD 100, line 6 ................................................................. 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.
4. Multiply line 1 by 90%. (90) .................................................................................. 4.
5. 2006 Ohio form SD 100, line 6 .................................................................................. 5.
6. Amount shown on line 1, above .................................................................................. 6.
7. Statutory amount ………………………………………………….7 < $500 > 8.
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 4 .................................................................................. 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 Ohio form SD 100, line 7 .................................................................................. 13.

Long method
14. Multiply the amount on line 9 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 page 3, Part II, line 14 .................................................................................. 14.
15. Cumulative tax withheld: 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 4 .................................................................................. 16.
17. Overpayment credit carryover from 2006 Ohio form SD 100, line 16. 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 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 SD 100, line 7 .................................................................................. 22.

<table>
<thead>
<tr>
<th>Payment Due Dates</th>
<th>A 4/17/07 – 25%</th>
<th>B 6/15/07 – 50%</th>
<th>C 9/17/07 – 75%</th>
<th>D 1/15/08 – 100%</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>0.012932</td>
<td>0.020164</td>
<td>0.026292</td>
<td>0.019891</td>
</tr>
</tbody>
</table>
Part I Line Instructions for Ohio Form SD 2210-100

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 1 onto line 6.

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 14 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 SD 100, line 9) 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 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 number 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.

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

Interest penalty = $1,000 X .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 due date, ignore the ratio on line 20 and calculate the 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 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): 28 days.

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

Ratio = interest rate X number of days late/365*

For Example 2, assume:

Ratio = .08 X 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 5/15/08 by multiplying the underpayment by the recomputed ratio (include detailed calculations with Ohio form SD 100).

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 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): 28 days.

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

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

For Example 3, assume:

Interest penalty = $1,000 X .08 X 28/365 = $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): 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:

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

For Example 3, assume:

Interest penalty = $400 X .08 X 31/365 = $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 18, column A and (iii) include detailed calculations with Ohio form SD 100.

*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.

### Important: Taxpayers residing in earned income only school districts must leave lines 1 and 2 blank.

1. Cumulative Ohio taxable income for each period. Include a copy of the federal and Ohio annualized income worksheets.

2. Adjustments (see line 16 instructions for Ohio form SD 100).

3. School district taxable income for each period: each column’s line 1 plus or minus line 2. If less than zero, enter -0-. If you reside in an earned income only school district, enter on this line your cumulative school district taxable income for each period.

4. Annualization factor.

5. Annualized school district taxable income (line 3 times line 4 factor).

6. Gross tax on annualized school district taxable income for each period. Multiply the amount on line 5, above, by the decimal rate on line 4 of Ohio form SD 100.

7. If you (or your spouse if filing a joint return) reached 65 before Jan. 1, 2008, enter the $50 senior citizen credit in the column(s) for the period(s) in which you (or your spouse) were 65 or older.

8. Annualized Ohio school district income tax after credits (line 6 minus line 7). If less than zero, enter -0-.


10. For columns A through C, multiply line 8 by line 9. For column D, enter the amount from Part I, line 1.

11. Deannualized adjustment for first $500.

12. Line 10 minus line 11. If line 11 is more than line 10, enter -0-.

13. Multiply the amount on line 9, page 1, by the percentage indicated in each column immediately above line 14, page 1.

14. Enter the smaller of line 12 or line 13 here and in the respective columns on line 14, page 1.

### Table

<table>
<thead>
<tr>
<th></th>
<th>A 1/01/07 3/31/07</th>
<th>B 1/01/07 5/31/07</th>
<th>C 1/01/07 8/31/07</th>
<th>D 1/01/07 12/31/07</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>4</td>
<td>2.4</td>
<td>1.5</td>
<td>N/A</td>
</tr>
<tr>
<td>B</td>
<td>22.5%</td>
<td>45%</td>
<td>67.5%</td>
<td></td>
</tr>
<tr>
<td>C</td>
<td>$125</td>
<td>$250</td>
<td>$375</td>
<td>$500</td>
</tr>
<tr>
<td>D</td>
<td>$125</td>
<td>$250</td>
<td>$375</td>
<td>$500</td>
</tr>
</tbody>
</table>

### 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 of 5/31/07 and 8/31/07 for columns B and C do not reflect quarterly ending dates.
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 they meet any of the following three requirements:

(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), reduced by their combined withholdings, combined refundable credits and combined overpayment credit carryovers from 2006, is $500 or less.

(b) The sum of (i) the taxpayer’s combined state and school district withholdings, (ii) combined refundable credits and (iii) combined overpayment credit carryovers from year 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 state and school district 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 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 both Ohio form IT 1040 and Ohio form 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 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 tax due is due on or before the 15th day of the fourth 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 SD 2210-100, line 22. Also enter -0- on Ohio form SD 100, line 7. When mailing Ohio form SD 100, include page 1 of Ohio form SD 2210-100.

If the taxpayer qualifies for and chooses Option 2, do not complete lines 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 SD 2210-100, line 22 and on Ohio form SD 100, line 7 the amount computed and shown on Ohio form SD 2210-100, line 21, column D. When mailing Ohio form SD 100, include page 1 of Ohio form SD 2210-100.

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 exceed 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. 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 separate 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, below, and Example 2 on page 4.

**Example 1 for Note 3, Above**

**Facts**
1. 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
2. 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).
3. 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 shown to be the balance due.

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:

<table>
<thead>
<tr>
<th>Date Paid</th>
<th>Amount Allocated to W</th>
<th>Amount Allocated to H</th>
</tr>
</thead>
<tbody>
<tr>
<td>April 15</td>
<td>$4,000</td>
<td>$0</td>
</tr>
<tr>
<td>June 15</td>
<td>$4,000</td>
<td>$0</td>
</tr>
<tr>
<td>Sept. 15</td>
<td>$2,000</td>
<td>$2,000</td>
</tr>
<tr>
<td>Jan. 15</td>
<td>$0</td>
<td>$4,000</td>
</tr>
<tr>
<td>Total</td>
<td>$10,000</td>
<td>$6,000</td>
</tr>
</tbody>
</table>

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:

<table>
<thead>
<tr>
<th>Date Paid</th>
<th>Amount Allocated to W</th>
<th>Amount Allocated to H</th>
</tr>
</thead>
<tbody>
<tr>
<td>April 15</td>
<td>$2,500</td>
<td>$1,500</td>
</tr>
<tr>
<td>June 15</td>
<td>$2,500</td>
<td>$1,500</td>
</tr>
<tr>
<td>Sept. 15</td>
<td>$2,500</td>
<td>$1,500</td>
</tr>
<tr>
<td>Jan. 15</td>
<td>$2,500</td>
<td>$1,500</td>
</tr>
<tr>
<td>Total</td>
<td>$10,000</td>
<td>$6,000</td>
</tr>
</tbody>
</table>

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 (they each made timely estimated tax payments for at least 90% of the current taxable year’s tax).

Example 2 for Note 3 on Page 4

Facts
1. 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
2. For the previous year W’s married filing separately tax liability was $1,000 and H’s married filing separately tax liability was $15,000.
3. 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 year (the “annualization method” is not applicable).
4. 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

For purposes of determining tax due and refunds, the Ohio Department of Taxation will allocate the payments as follows:

<table>
<thead>
<tr>
<th>Date Paid</th>
<th>Amount Allocated to W</th>
<th>Amount Allocated to H</th>
</tr>
</thead>
<tbody>
<tr>
<td>April 15</td>
<td>$ 4,000</td>
<td>$ 0</td>
</tr>
<tr>
<td>June 15</td>
<td>$ 4,000</td>
<td>$ 0</td>
</tr>
<tr>
<td>Sept. 15</td>
<td>$ 4,000</td>
<td>$ 0</td>
</tr>
<tr>
<td>Jan. 15</td>
<td>$ 4,000</td>
<td>$ 0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$ 16,000</strong></td>
<td><strong>$ 0</strong></td>
</tr>
</tbody>
</table>

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:

<table>
<thead>
<tr>
<th>Date Paid</th>
<th>Amount Allocated to W</th>
<th>Amount Allocated to H</th>
</tr>
</thead>
<tbody>
<tr>
<td>April 15</td>
<td>$ 250</td>
<td>$ 3,750</td>
</tr>
<tr>
<td>June 15</td>
<td>$ 250</td>
<td>$ 3,750</td>
</tr>
<tr>
<td>Sept. 15</td>
<td>$ 250</td>
<td>$ 3,750</td>
</tr>
<tr>
<td>Jan. 15</td>
<td>$ 250</td>
<td>$ 3,750</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$ 1,000</strong></td>
<td><strong>$15,000</strong></td>
</tr>
</tbody>
</table>

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).