



41A720-S6 (10-16)

Commonwealth of Kentucky
DEPARTMENT OF REVENUE

► See instructions.

► Attach to Form 720, 720S, 725 or 765.

**UNDERPAYMENT AND LATE PAYMENT
OF ESTIMATED INCOME TAX AND LLET**

Name of Entity	Federal Identification Number	Kentucky Corporation/LLET Account Number
_____	_____	_____

PART I—EXCEPTION

The exception shall apply if the entity's prior year combined tax liability was equal to or less than \$25,000 and estimated tax payments equal or exceed the prior year combined tax liability as provided by KRS 141.990. **If the exception does not apply, go to Part II.**

The estimated tax payments equal or exceed the prior year combined tax liability and the prior year combined tax liability was equal to or less than \$25,000. Check this box and complete lines 1 and 2 of this part.

1. Enter the combined tax liability from the 2015 tax return: Form 720, Part I, line 6 and Part II, line 8; Form 720S, Part I, line 6 and Part II, line 4; or Form 725 or 765, Part II, line 6	1	
2. Enter the total tax payments from the 2016 tax return: Form 720, the total of Part I, lines 7, 8, 9, 10 and 12 and Part II, lines 9 and 11; Form 720S, Part I, lines 7, 8, 9 and 11 and Part II, lines 5 and 7; or Form 725 or 765, Part II, lines 7, 8, 9 and 11.....	2	

PART II—FIGURING THE UNDERPAYMENT AND PENALTY

1. Enter the LLET liability from the 2016 tax return: Form 720 or 720S, Part I, line 6; or Form 725 or 765, Part II, line 6	1	
2. Enter the income tax liability from the 2016 tax return: Form 720, Part II, line 8; or Form 720S, Part II, line 4	2	
3. Enter the total of lines 1 and 2.....	3	
4. Enter 70% (0.70) of line 3	4	
5. Statutory exemption	5	\$5,000
6. Enter the total tax payments from the 2016 tax return: Form 720, the total of Part I, lines 7, 8, 9, 10 and 12 and Part II, lines 9 and 11; Form 720S, Part I, lines 7, 8, 9 and 11 and Part II, lines 5 and 7; or Form 725 or 765, Part II, lines 7, 8, 9 and 11	6	
7. Line 4 less lines 5 and 6.....	7	
8. Penalty percentage is 10%.....	8	x .1
9. Multiply line 7 by line 8 and enter the greater of this amount or \$25	9	
10. LLET penalty (multiply the amount on line 9 by a percentage, the numerator of which is the amount on line 1 and the denominator of which is the amount on line 3), and enter the amount on this line and on the LLET Payment Summary of the applicable form	10	
11. Income tax penalty (multiply the amount on line 9 by a percentage, the numerator of which is the amount on line 2 and the denominator of which is the amount on line 3), and enter the amount on this line and on the Income Tax Payment Summary of the applicable form.....	11	



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PART III—LATE PAYMENT INTEREST

		(a)		(b)		(c)	
1. Enter the LLET liability in column (a), income tax liability in column (b) and total liability in column (c)	1		00		00		00
2. Enter statutory exemption	2		00		00	\$5,000	00
3. Line 1 less line 2	3		00		00		00
4. Divide line 3, column (a) and column (b) by line 3, column (c) and enter the respective percentages (rounded to the nearest whole percent) on line 4, columns (a) and (b).....	4		%		%		100 %
5. Installment due dates	5						
6. Required estimated tax installments due.....	6		00		00		00
7. Estimated tax paid for each period. For column (a) only, enter the amount on line 7 and line 11	7		00		00		00
8. Enter amount, if any, from line 14 of preceding column	8				00		00
9. Add lines 7 and 8.....	9				00		00
10. Add amounts, if any, from lines 12 and 13 of preceding column	10				00		00
11. Subtract line 10 from line 9. If zero or less, enter -0-.....	11		00		00		00
12. If amount on line 11 is zero, subtract line 9 from line 10. Otherwise, enter -0-	12				00		00
13. Underpayment. If line 11 is less than or equal to line 6, subtract line 11 from line 6	13		00		00		00
14. Overpayment. If line 6 is less than line 11, subtract line 6 from line 11	14		00		00		00
15. The date the underpayment on line 13 was paid or the 15th day of the 4th month after the close of the tax year, whichever is earlier	15						
16. Interest on the tax underpayment on line 13 (see worksheet on page 4)	16		00		00		00

PART IV—TOTAL INTEREST

1. Add the amounts in Part III, line 16 (all columns) and multiply this amount by the percentages in each column of Part III, line 4 and enter the amounts on Part IV, line 1, columns (a), (b) and (c), respectively ...	1		00		00		00
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DEPARTMENT OF REVENUE**INSTRUCTIONS FOR FORM 2220-K**

Purpose of Form—This form is used by a corporation or limited liability pass-through entity required by KRS 141.042 and KRS 141.044 to file a declaration of estimated tax to: (i) compute the underpayment penalty as provided by KRS 131.180(3) and KRS 141.990; and (ii) compute the interest on any late payment or underpayment of an estimated tax installment as provided by KRS 141.985.

PART I—EXCEPTION

KRS 141.990(3) provides that a corporation or limited liability pass-through entity required by KRS 141.042 to file a declaration of estimated tax and required to pay the declaration of estimated tax by the installment method prescribed by KRS 141.044(1) shall not be subject to the penalty as provided in KRS 131.180 if the estimated tax payments made under KRS 141.044(1) are equal to the combined tax liability due under KRS 141.040 and KRS 141.0401 for the previous taxable year, and the combined tax liability due under KRS 141.040 and KRS 141.0401 for the previous taxable year was equal to or less than \$25,000. If the corporation or limited liability pass-through entity meets this exception, check the box and complete Lines 1 and 2 showing the combined tax liability for the previous taxable year and the estimated tax payments for the current taxable year.

PART II—FIGURING THE UNDERPAYMENT AND PENALTY

KRS 141.990(3) provides that unless a corporation or limited liability pass-through entity meets the exception in Part I of this form, a corporation or limited liability pass-through entity required by KRS 141.042 to file a declaration of estimated tax and required to pay the declaration of estimated tax by the installment method prescribed by KRS 141.044(1) shall be subject to a penalty as provided in KRS 131.180 if the corporation or limited liability pass-through entity has a declaration underpayment. Declaration underpayment is determined by subtracting \$5,000 and the declaration payments actually made from 70% of the combined tax liability due under KRS 141.040 and KRS 141.0401 as computed by the taxpayer on the tax return filed for the taxable year. If the corporation or limited liability pass-through entity has a declaration underpayment, complete Lines 1 through 11.

PART III—LATE PAYMENT INTEREST

KRS 141.042(1) provides that every corporation and limited liability pass-through entity shall make a declaration of estimated tax if the tax imposed by KRS 141.040 (corporation income tax) and KRS 141.0401 (limited liability entity tax) can reasonably be expected to exceed \$5,000. KRS 141.042(3)(b) provides that the estimated tax in excess of \$5,000 shall be the estimated tax due for purposes of KRS 141.042 and 141.044.

KRS 141.042(4) provides the due date of each estimated tax payment, and KRS 141.044(1) provides the amount of each estimated tax payment. KRS 141.985 provides that interest shall accrue at the tax interest rate as provided by KRS 131.010(6) if a corporation or limited liability pass-through entity fails to pay the tax due on or before the due date prescribed. If the corporation or limited liability pass-through entity underpaid an estimated tax payment or paid an estimated tax payment late, complete lines 1 through 16 to determine the interest due.

Line 1—Enter the LLET liability in Column (a), income tax liability in Column (b) and the combined tax liability in Column (c) as follows:

Enter on Line 1, Column (a) the 2016 LLET liability from Form 720 or 720S, Part I, Line 6; or Form 725 or 765, Part II, Line 6; and enter on Line 1, Column (b) the 2016 income tax liability from Form 720, Part II, Line 8 or from Form 720S, Part II, Line 4. Also enter the total of Line 1, Columns (a) and (b) on Line 1, Column (c).

If the combined tax liability imposed by KRS 141.040 and 141.0401 for the prior tax year was equal to or less than \$25,000 and the prior year's combined tax liability is less than the current year's combined tax liability, enter on Line 1, Column (a) the 2015 LLET liability from Form 720 or 720S, Part I, Line 6 or from Form 725 or 765, Part II, Line 6; and enter on Line 1, Column (b) the 2015 income tax liability from Form 720, Part II, Line 8 or from Form 720S, Part II, Line 4. Also enter the total of Line 1, Columns (a) and (b) on Line 1, Column (c).

Line 2—Enter the \$5,000 statutory exemption as follows: (i) If the LLET tax on Line 1, Column (a) is zero, enter \$5,000 on Line 2, Column (b); (ii) If Line 1, Column (a) is \$5,000 or greater, enter \$5,000 on Line 2, Column (a); or (iii) If the LLET on Line 1 Column (a) is greater than zero but less than \$5,000, enter the amount from Line 1, Column (a) on Line 2, Column (a) and the balance of the \$5,000 on Line 2, Column (b).

Line 3—Enter the amount on Line 1 less the amount on Line 2 for each column.

Line 4—Divide Line 3, Columns (a) and (b) by the amount on Line 3, Column (c) and enter these percentages (rounded to nearest whole percent) in the respective columns.

Line 5—Enter in Columns (a), (b) and (c) the 15th day of the sixth month, 15th day of the ninth month and 15th day of the twelfth month of the entity's taxable year, respectively.

Note: If a payment date falls on a holiday or weekend, the applicable payment date is the next business day.

INSTRUCTIONS FOR FORM 2220-K, continued

Line 6—Enter the amount of the estimated tax due (**estimated tax due equals Line 3, Column (c)**) for the taxable year as follows: Enter 50% of the estimated tax due under Column (a), 25% under Column (b) and 25% under Column (c).

Line 7—Enter the estimated tax paid for each installment period. Also, for the first installment, enter this amount on Line 11. *Estimated tax includes the credit from the prior year, withholding tax, certified rehabilitation tax credit and film industry tax credit. The withholding tax, certified rehabilitation tax credit and film industry tax credit are considered to have been paid based on the percentages due on the estimated tax due dates as provided by the instructions on Line 6, unless you can show otherwise.*

Enter estimated tax payments as follows: (i) if the payment was made on or before the 15th day of the sixth month, enter the payment under Column (a); (ii) if the payment was made after the 15th day of the sixth month but on or before the 15th day of the ninth month, enter the payment under Column (b); (iii) if the payment was made after the 15th day of the ninth month but on or before the 15th day of the twelfth month, enter the payment under Column (c); or (iv) if the payment was made after the 15th day of the twelfth month, do not enter the payment on Line 7.

Line 8—Enter the amount from Line 14 of the preceding column. This line does not apply to the first installment.

Line 9—Enter the total of Lines 7 and 8. This line does not apply to the first installment.

Line 10—Enter the total of Lines 12 and 13 of the preceding column. This line does not apply to the first installment.

Line 11—Enter the amount of Line 9 less Line 10. If zero or less, enter zero (-0-). For the first installment, enter the amount from Line 7.

Line 12—If the amount on Line 11 is zero, enter the amount of Line 10 less Line 9; otherwise, enter zero (-0-). This line does not apply to the first installment.

Line 13—If Line 11 is less than or equal to Line 6, enter the amount of Line 6 less Line 11.

Line 14—If Line 6 is less than Line 11, enter the amount of Line 11 less Line 6.

Line 15—Enter the date the underpayment on Line 13 was paid or the 15th day of the fourth month after the close of the tax year, whichever is earlier. A payment of estimated

tax is applied against unpaid required installments in the order in which the installments are required to be paid, regardless of the installment to which the payment pertains.

Line 16—Enter the interest due on the tax underpayment on Line 13. If the corporation or limited liability pass-through entity has more than one payment for the underpayment, attach a separate tax computation for each payment. The interest rate is 5 percent for calendar year 2017.

Worksheet for Interest Calculation

Complete a separate worksheet for each underpayment period.

1. Interest calculation
payment date ____/____/____

2. Number of days from
the payment due date
shown on Part III, Line 5
to the date the amount
on Line 13 was paid, or
the date shown for that
column on Part III, Line
15, whichever is earlier..... _____

3. Annual Percentage Rate (APR) _____ **.05**

4.
Underpayment from Part III, Line 13 X $\frac{\text{Number of days from Line 2 of this worksheet}}{365}$ X APR on Line 3 of this worksheet = _____

PART IV—TOTAL INTEREST

Line 1—Add the amounts in Part III, Line 16 (all columns) and multiply the total by the percentages on Part III, Line 4, and enter the respective amounts on Line 1, Columns (a), (b) and (c). Also, enter the interest amounts in Columns (a) and (b) on the Tax Payment Summary under the LLET summary and Income summary, respectively.