

| | | | | |
|--------------------------------------|-----------------------------|--|--|--|
| Name(s) shown on Form IT-40/IT-40PNR | Your Social Security Number | | | |
|--------------------------------------|-----------------------------|--|--|--|

Section A - Farmers and Fishermen Only - See Instructions

| | Annual Gross Income from All Sources | | Two-Thirds of Gross Income | | Gross Income from Farming and Fishing |
|------|---|-----------|-------------------------------|--|--|
| 2017 | 00 | X 66.7% = | 00 | | 00 |
| 2018 | 00 | X 66.7% = | 00 | | 00 |

**Section B:
Early Filers**

Check box if you filed your 2018 tax return and paid the total tax due by Jan. 31, 2019

Section C - Required Annual Payment

Round all entries

1. 2018 tax _____
2. 2018 credits (not including withholding credits or estimated tax payments) _____
3. Subtract line 2 from line 1 _____
4. Multiply line 3 by 90% (.90) (farmers/fishermen multiply by .667, see instructions) _____
5. 2018 withholding tax credit _____
6. Subtract line 5 from line 3 - **If less than \$1,000, STOP HERE! You do not owe a penalty** _____
7. Prior year's tax (see instructions) _____
8. Minimum required annual payment - Enter the lesser of line 4 or line 7 - **If less than or equal to the amount on line 5, STOP HERE! You do not owe a penalty** _____

| | | |
|---|--|----|
| 1 | | 00 |
| 2 | | 00 |
| 3 | | 00 |
| 4 | | 00 |
| 5 | | 00 |
| 6 | | 00 |
| 7 | | 00 |
| 8 | | 00 |

Section D - Short Method - Read the instructions to determine if you can use the short method

9. Enter the withholding tax credit amount from line 5 above _____
10. Enter the total amount, if any, of estimated tax payments you made for tax year 2018 _____
11. Add lines 9 and 10 _____
12. Total Underpayment. Subtract line 11 from line 8. If zero or less, **STOP HERE!** You do not owe a penalty. Attach this schedule to your tax return _____
13. Multiply line 12 by 10% (.10). Enter this amount on line 20 on Form IT-40 or Form IT-40PNR _____

| | | |
|----|--|----|
| 9 | | 00 |
| 10 | | 00 |
| 11 | | 00 |
| 12 | | 00 |
| 13 | | 00 |

Section E - Regular Method

Installment Period Due Dates

| | A 1st Installment April 17, 2018 | B 2nd Installment June 15, 2018 | C 3rd Installment September 17, 2018 | D 4th Installment January 15, 2019 |
|--|---|--|---|---|
| 14. Minimum required installment payment: divide amount on line 8 by 4 _____ | 14 | 00 | 00 | 00 |
| 15. 2018 withholding-Divide line 5 by 4 _____ | 15 | 00 | 00 | 00 |

STOP! Complete lines 16 through 19 for each column before going to the next one.

| | | | | | | |
|--|----|----|----|----|----|----|
| 16. 2018 estimated taxes paid per period _____ | 16 | 00 | 00 | 00 | 16 | 00 |
| 17. Total installment payments (add lines 15 and 16) _____ | 17 | 00 | 00 | 00 | 17 | 00 |
| 18. Installment period overpayment _____ | 18 | 00 | 00 | 00 | 18 | 00 |
| 19. Installment period underpayment _____ | 19 | 00 | 00 | 00 | 19 | 00 |
| 20. Total underpayment - Add line 19, Columns A + B + C + D and enter total here _____ | 20 | | | | 20 | 00 |
| 21. Underpayment penalty - Multiply line 20 by 10%. Enter this amount on line 20 on Form IT-40 or IT-40PNR _____ | 21 | | | | 21 | 00 |



Indiana Department of Revenue
Underpayment of Estimated Tax by Individuals

WHAT is the purpose of Schedule IT-2210? This schedule is used for one of **two** reasons:

1. To help you figure any penalty you owe for not paying enough tax throughout the year, **or**
2. To show you paid enough tax throughout the year to be exempt from the penalty.

WHY is a penalty charged? The Indiana income tax system is a "pay as you go" system. Many taxpayers have enough taxes withheld from their income throughout the year to cover their year-end total tax due. However, if you don't have taxes withheld from your income, or if you don't have *enough* tax withheld from your income, you may owe a penalty for underpaying estimated tax.

WHO should use Schedule IT-2210? You should complete this schedule if :

- The amount you owe for tax year 2018, after credits, is \$1,000 or more. The amount you owe is from IT-40 and IT-40PNR, line 15 minus line 14, **or**
- You underpaid the minimum amount due for one or more of the installment periods.

HOW much is the penalty? The penalty is 10% of the underpayment for each underpaid installment period. That is why Section E of this schedule is set up by periods, and should be filled out one column at a time.

WHAT DO I NEED to complete this form? You'll need a copy of:

- Your completed 2018 IT-40 or IT-40PNR,
- Your 2017 IT-40 or IT-40PNR, **and**
- Records of actual estimated tax payments you made for 2018.

WHAT ELSE do I need to know about this schedule?

- If you are a farmer or fisherman, you should review Section A below and *Section D - Short Method* instructions on page 2.
- All taxpayers need to know about the short method of figuring the penalty in Section D.
- If you received seasonal income (i.e. you had fireworks sales, you worked during a Christmas season, etc.) that is not evenly received throughout the year, you might want to complete Schedule IT-2210A, Annualized Income Schedule. Annualization could possibly reduce your required installment tax payments. You may download Schedule IT-2210A from the following web address:
www.in.gov/dor/6281.htm.

Section A – Farmers and Fishermen

If at least two-thirds of your gross income for 2017 or 2018 was from farming or fishing, you have only one payment due date for 2018 estimated tax - Jan. 15, 2019.

To meet an exception to the underpayment penalty for 2018, you may use Option 1 or Option 2:

Option 1 – Pay all your estimated tax by Jan. 15, 2019, and file your Form IT-40 by April 15, 2019, **OR**

Option 2 – File your Form IT-40 by March 1, 2019, and pay all the tax due. You are not required to make an estimated tax payment if you choose this second option. If you pay all the tax due, you will not be penalized for failure to pay estimated tax.

Section B – Early Filers

If you file your individual income tax return and pay the tax due by Jan. 31, 2019, you will not be required to make a fourth installment estimated tax payment. For additional information see the instructions for line 16.

Section C – Required Annual Payments

Section C will determine if you should have paid estimated taxes during the year and the minimum amount required.

Line 1 – 2018 Tax: Add together the state adjusted gross income tax and county income tax from lines 8 and 9 of either Form IT-40 or Form IT-40PNR, any recapture of the CollegeChoice 529 credit from line 3 of Indiana's Schedule 4 or Schedule E, plus any nonresident professional team member's county tax from Schedule E, line 4. Enter the total here.

Line 2 – 2018 Credits: Add together any credits from lines 4 through 8 of Indiana's Schedule 5 or Schedule F, plus any offset credits from line 8 of Indiana's Schedule 6 or Schedule G. Enter the total here.

Line 4 – To determine 90 percent of your total expected tax, multiply line 3 by 90 percent (.90).

Note. If at least 2/3 of your gross income is from farming or fishing, multiply line 3 by 66 2/3 percent (.667).

Line 5 – 2018 Withholding: Add together any state and county withholding amounts from lines 1 and 2 of Indiana's Schedule 5 or Schedule F. Enter the total here.

Line 6 – Subtract line 5 from line 3. If this amount is less than \$1,000, you **do not** owe a penalty. **Stop** here and **attach a copy of this schedule** to your individual income tax return.



Line 7 – Prior Year’s Tax

Exception: See if you are eligible for any of the following exceptions.

- If you filed a 2017 IT-40, add the tax from lines 8 and 9; subtract the total of the credits on line 13 plus any amounts on Schedule 5, lines 4 through 8. Enter the result here. **Note.** See **CAUTION** box below.
- If you filed a 2017 IT-40PNR as a **full-year nonresident**, add the tax from lines 8 and 9; subtract the total of the credits on line 13 plus any amounts on Schedule F, lines 4 through 8. Enter the result here. **Note.** See **CAUTION** box below.
- If you filed a 2017 IT-40PNR as a **part-year resident** of Indiana, you must figure the tax for that year on an annualized basis. See the instruction and *Example for when 2017 IT-40PNR was filed as a part-year resident* in the right-hand column.

Line 8 – Minimum required annual payment: Enter the lesser of line 4 or line 7. If the line 7 entry is N/A, enter the amount from line 4 on this line. Continue to Section D or Section E, whichever applies.

Section D – Short Method

You can use the short method **only if:**

- You made no estimated tax payments, **or**
- You paid estimated tax in four equal amounts by the due dates, **or**
- At least two-thirds of your gross income from 2017 or 2018 was from farming or fishing and an estimated tax payment (if any) was made by Jan. 15, 2019.

You **can’t** use the short method if either of the following applies:

- You made any estimated tax payments late, **or**

Example for when 2017 IT-40PNR was filed as a part-year resident: If you filed a 2017 IT-40PNR as a part-year resident of Indiana, you must figure the tax for that year on an annualized basis. You can accomplish this by multiplying the IT-40PNR line 1 income by 12 and dividing the result by the number of months you were an Indiana resident. Then figure the state tax and county tax, if applicable, by 1) subtracting your 2018 exemptions from the result and 2) multiplying that total by the combined state and applicable county tax rate(s) from your 2018 Indiana individual income tax return. See the example below. **Note.** See **CAUTION** box below.

Example

- Jane moved to Indiana on Sept. 15, 2017, so she was a resident for 3.5 months.
- Her 2017 IT-40PNR line 1 income is \$10,000.
- Her 2018 total exemptions are \$3,500.
- The 2018 adjusted gross income tax rate is 3.23% (.0323). Her 2018 county tax rate is .0107 (for a 4.3% [.043] combined state and county tax rate.)

Use Steps 1 - 4 below to figure her prior year’s tax exception for line 7 of the IT-2210.

| | | |
|---------------|------------|---|
| Step 1 | \$ 10,000 | 2017 Indiana income |
| | x 12 | months |
| | <hr/> | |
| | \$ 120,000 | annualized income |
| | | |
| Step 2 | \$ 120,000 | annualized income |
| | ÷ 3.5 | months of 2017 residency |
| | <hr/> | |
| | 34,286 | |
| | | |
| Step 3 | \$ 34,286 | |
| | - 3,500 | 2018 exemptions |
| | <hr/> | |
| | 30,786 | |
| | | |
| Step 4 | \$ 30,786 | |
| | x 4.3% | 2018 combined state and county tax rate |
| | <hr/> | |
| | \$ 1,324* | |

* The \$1,324 Step 4 amount should be entered as an exception on line 7 of Jane’s Schedule IT-2210.

CAUTION. If your 2017 state taxable income (line 7 of Form IT-40 or Form IT-40PNR) is more than \$150,000 (\$75,000 if your 2018 filing status is married filing separately), you must enter **110%** of last year’s tax (instead of 100%) on line 7.

Example. Chris and Kate’s 2017 state taxable income from line 7 of Form IT-40 is \$158,000. They must take the following steps to arrive at the exception amount for line 7:

| | |
|--|----------|
| a) 2017 IT-40 total income tax (line 8 plus line 9)..... | \$ 6,952 |
| b) 2017 IT-40 credits (line 13 plus Schedule 5, lines 4 through 8) - | 1,952 |
| c) Subtotal | \$ 5,000 |
| d) Exception to the penalty percentage.....x | 110% |
| e) Amount for line 7 of Schedule IT-2210 | \$ 5,500 |

Note. If Chris and Kate’s 2017 state taxable income is less than \$150,000, they would enter \$5,000 instead of \$5,500 on line 7.

- You made estimated payments in unequal amounts.

Section E – Regular Method

Use the regular method if you aren't eligible to use the short method.

If you are a fiscal year taxpayer, you must change the dates in Columns A through D to correspond with your fiscal year.

Line 14 – Minimum Required

Installment: Divide the amount on line 8 by four and enter the result in each column.

If you are filing this year as a **part-year resident** on Form IT-40PNR, you must divide line 8 by the number of installment periods during which you were a resident of Indiana.

Installment Periods Are:

1st Period Jan. 1 to March 31
 2nd Period April 1 to May 31
 3rd Period June 1 to Aug. 31
 4th Period Sept. 1 to Dec. 31

Line 15 – 2018 Withholding: To determine your installment period withholding credit, divide the amount on line 5 by four and enter the result in each column.

STOP. Complete lines 16 through 19 for each column before going to the next column.

Line 16 – 2018 Estimated Taxes

Paid: Enter the actual amount of estimated tax you timely paid for each installment period. Payments made after the due dates at the top of each column are to be reported in the next column.

Example. Joe paid \$800 in estimated taxes for 2018. His first installment payment of \$200 was not made until May 1 (after the April 17 due date). His second installment payment of \$200 was made by the June 15 due date. The first installment payment in Column A on line 15 will be -0- and the 2nd installment payment in Column B on line 15 will be \$400 (\$200 + \$200).

Note for Early Filers. If you file your individual income tax return and pay the tax due by Jan. 31, 2019, you will not be required to make a 4th installment estimated tax payment. You should include on line 16, Column D, the amount of tax you paid with your tax return (Form IT-40 or IT-40PNR) minus any household employment tax, use tax, recapture of Indiana's CollegeChoice 529 credit, nonresident professional team member's county tax from Schedule F, and/or the amount shown on the return to be applied to your 2019 estimated tax account.

Line 17 – Total Installment Payments: To determine your total installment payments, add lines 15 and 16 in each column and enter that column's total here.

Line 18 – Installment Period Overpayment: If the total payment (line 17) is more than the required payment due (line 14) for an installment period, enter the difference on this line. This amount should then be added to line 16 in the next column **after** subtracting any underpayment(s) shown on line 19 in the previous column(s).

Note. If, after subtracting any underpayments, this amount is less than zero, no overpayment will be available to carry over to the next installment period. Also, **do not** carry over a negative figure if this amount is less than zero.

Example. Dana had a \$100 underpayment on line 19, Column A. She had a \$130 *overpayment* on line 18, Column B. The net overpayment from the first two installment periods is \$30 (\$130 minus \$100). She will add this net overpayment to any estimated tax paid for the third installment period on line 16, Column C.

Line 19 – Installment Period Underpayment: If the total payment (line 17) is less than the required tax (line 14) for an installment period, enter the difference on this line.

Line 21 – Underpayment Penalty: This amount must also be entered on line 20 of your 2018 IT-40 or IT-40PNR.

Who Must Submit Schedule IT-2210?

- A farmer/fisherman utilizing Section A, Option 1 or 2
- Early filers checking box in Section B
- Anyone completing Section D or Section E.

Important. You must enclose a copy of Schedule IT-2210 to your tax return if you meet an exception to the penalty for the underpayment of estimated tax.