

**Enclose with form IT 1040.**

Your first name	Initial	Last name	Your Social Security number
If a joint return, spouse's first name	Initial	Last name	Spouse's SS# if married filing jointly
Your address (number and street)	Apt. number		
City, town or post office, state and ZIP code			

Use this form to calculate interest penalty on underpayment of estimated taxes and to show the exceptions where no interest penalty is due. See Note #1 on page 3.

Check here if you engage in farming or fishing activities, and see Note #2 on page 3.

**Part I**

**Do you owe interest penalty?**

- Year 2006 income tax after all nonrefundable credits (2006 Ohio form IT 1040, line 16) ..... 1. \_\_\_\_\_
- Year 2006 withholding taxes, refundable credits and overpayment credit carryover from year 2005 (do not include estimated tax payments on this line). See Note #3 on page 3 ..... 2. \_\_\_\_\_
- Line 1 minus the amount on line 2 (if less than zero, enter -0-) ..... 3. \_\_\_\_\_  
Is line 3 less than or equal to \$500?  Yes  No  
If the answer is yes, STOP; you have no interest penalty. If the answer is no, continue.
- Multiply line 1 by 90% (.90) ..... 4. \_\_\_\_\_  
Is line 2 greater than or equal to the amount on line 4?  Yes  No  
If the answer is yes, STOP; you have no interest penalty. If the answer is no, continue.
- Year 2005 income tax after all nonrefundable credits (2005 Ohio form IT 1040, line 16 or 2005 Ohio form IT 1040EZ, line 12) ..... 5. \_\_\_\_\_  
Is line 2 greater than or equal to the amount on line 5?  Yes  No  
If the answer is yes, STOP; you have no interest penalty. If the answer is no, continue.
- Required annual payment. Enter the smaller of line 4 or line 5 ..... 6. \_\_\_\_\_

**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.

- Taxable year 2006 estimated payments ..... 7. \_\_\_\_\_
- Add line 2 and line 7 ..... 8. \_\_\_\_\_
- Subtract line 8 from line 6 ..... 9. \_\_\_\_\_
- Multiply line 9 by .045151. Enter the result here and on form IT 1040, line 17 ..... 10. \_\_\_\_\_

**Long method**

- Multiply the amount on line 6 by the percentage indicated in each column. However, if you choose to annualize your income, check the box  and enter the amounts from Part II, line 24, columns (a) through (d) on page 6 ..... 11. \_\_\_\_\_
- Cumulative tax withheld: Multiply the sum of tax withheld by the percentage shown at the top of each column (see instructions) ..... 12. \_\_\_\_\_
- Cumulative estimated tax paid by the dates shown at the top of each column ..... 13. \_\_\_\_\_
- Overpayment credit carryover from year 2005 form IT 1040 and refundable credits (Ohio IT 1040, line 22). Enter this amount in all four columns ..... 14. \_\_\_\_\_
- Add lines 12, 13, and 14 ..... 15. \_\_\_\_\_
- Underpayment subject to interest penalty (line 11 minus line 15).  
If line 15 is greater than line 11, enter -0- ..... 16. \_\_\_\_\_
- Ratio (if payment was made late, see line instructions) ..... 17. \_\_\_\_\_
- Multiply the ratio on line 17 by the respective underpayment on line 16 (if partial payment or late payment, see line instructions) ..... 18. \_\_\_\_\_
- Total interest penalty due. Add line 18 columns (a) through (d).  
Enter here and on your year 2006 form IT 1040, line 17 ..... 19. \_\_\_\_\_

Payment Due Dates			
a	b	c	d
4/17/06 - 25%	6/15/06 - 50%	9/15/06 - 75%	1/16/07 - 100%
.009699	.015123	.020877	.019507

## Instructions for Part I

### IT 2210-1040 Line Instructions for Part I

**Line 5** If your 2005 return reflected a period of less than 12 months, do not complete this line; instead, enter the amount from line 4p onto line 6.

**Line 11** Multiply the amount on line 6 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 Annualized Income Worksheet in Part II of this form and enter the amounts from Part II, line 24 of the worksheet into each column of Part 1, line 11. If you use the worksheet for any payment due date, you must use it for all payment due dates.

**Line 12** Unless you show otherwise, these amounts are deemed to have been withheld rates 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 17** The listed ratios are based upon the statutory interest rate (6% for 2006 and 8% for 2007) 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 (1) never made the estimated payment or (2) made full payment on or after the next payment due date.

For example, the ratio in column (a) is computed by multiplying the interest rate (6%) times the number of days from the 4/17/06 estimated payment due date to the 6/15/06 estimated payment due date (59 days) and dividing by 365.

$$\begin{aligned}\text{Ratio} &= \text{interest rate} \times \text{number of days late}/365^* \\ \text{Ratio} &= .06 \times 59/365 = .009699\end{aligned}$$

**Line 18** Multiply line 17 times line 16.

**Example 1** – Assume that the underpayment shown on line 16 for the 4/17/06 due date is \$1,000. Also assume that the taxpayer made no estimated payment during the period 4/17/06 through 6/15/06. The taxpayer will compute interest penalty for the period 4/18/06 through 6/15/06 by multiplying the underpayment shown on line 16, column (a) by the ratio .009699 shown on line 17, column (a):

$$\text{Interest penalty} = \$1,000 \times .009699 = \$9.70$$

However, 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 line 17 and calculate the interest penalty using the following formula:

$$\text{Interest penalty} = \text{underpayment} \times \text{interest rate} \times \text{number of days late}/365^*$$

**Example 2 – Full payment after the due date but before the next due date.** Assume that the underpayment on line 16 for the April 17, 2006 due date is \$1,000. Also assume that the taxpayer paid this full amount on May 15, 2006. The taxpayer should ignore the ratio on line 17 and compute the interest penalty on the late payment.

**Step 1** – Determine the number of days from the date the payment was due (April 17, 2006) to the date the payment was made (May 15, 2006). April 17, 2006 to May 15, 2006 = 28 days.

**Step 2** – The taxpayer should calculate the interest penalty using the following formula:

$$\text{Interest penalty} = \text{underpayment} \times \text{interest rate} \times \text{number of days late}/365^*$$

$$\text{Interest penalty} = \$1,000 \times .06 \times 28/365 = \$4.60$$

**Interest penalty = \$4.60.** Enter this amount on line 18, column A.

**Example 3 – Partial payment after the due date, but before the next due date.** Assume the underpayment shown on line 16 for the April 17, 2006 due date is \$1,000. Also assume that the taxpayer paid \$600 of this amount of May 15, 2006. The taxpayer should ignore the ratio on line 17 and compute the interest penalty on the underpayment for the periods both before and after the partial payment.

**Step 1** – Determine the number of days from the date the payment was due (April 16, 2006) to the date the payment was made (May 15, 2006). April 17, 2006 to May 15, 2006 = 28 days.

**Step 2** – The taxpayer should calculate the interest penalty using the following formula:

$$\text{Interest penalty} = \text{underpayment} \times \text{interest rate} \times \text{number of days late}/365^*$$

$$\text{Interest penalty} = \$1,000 \times .06 \times 28/365 = \$4.60$$

**Interest penalty = \$4.60**

**Step 3** – Determine the number of days from the payment date (May 15, 2006) to the next required due date (June 15, 2006); May 15, 2006 to June 15, 2006 = 31 days.

**Step 4** – Calculate the interest penalty on the \$400 (\$1,000 - \$600) underpayment for the 31-day period from May 15, 2006 to June 15, 2006 using the following formula:

$$\text{Interest penalty} = \text{underpayment} \times \text{interest rate} \times \text{number of days late}/365^*$$

$$\text{Interest penalty} = \$400 \times .06 \times 31/365^* = \$2.04$$

**Interest penalty = \$2.04**

**Step 5** – Add the amounts determined in Steps 2 and 4: \$4.60 + \$2.04 = **\$6.64**. Enter this amount in column A.

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

**Note 1:** Some taxpayers may be able to avoid the interest penalty only if they (i) combine their state income tax with their school district income tax and (ii) determine if they meet any one of the following three requirements:

- (a) The sum of (i) the taxpayer's state income tax liability for the current year (year 2006 form IT 1040, line 16) and (ii) the taxpayer's school district income tax liability (year 2006 form SD 100, line 8), reduced by the taxpayer's combined withholdings, refundable credits and combined overpayment credit carryovers from year 2005, 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 year 2005 is equal to or greater than the sum of (i) the taxpayer's state income tax liability for the immediately preceding year (year 2005 form IT 1040, line 16) and (ii) the taxpayer's school district income tax liability for the immediately preceding year (year 2005 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 year 2005 is equal to or greater than 90% of the sum of (i) the taxpayer's combined state income tax liability for the current year (year 2006 form IT 1040, line 16) and (ii) the taxpayer's school district income tax liability for the current year (year 2006 form SD 100, line 8).

If you believe that the discussion in this note applies to you, you will have to modify the Ohio form IT 2210-1040, accordingly. Be sure to include with both your form IT 1040 and your form SD 100 a copy of the modified 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 in lieu 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 date 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 (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 date

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 date 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 Internal Revenue Service 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 in all tax due by the unextended due date.

If you qualify for and choose option number 1, then enter -0- on line 19 on page 1 of Ohio form IT 2210-1040. Also, enter -0- on line 17 of the form IT 1040. When you send to us your form IT 1040, please be sure to include page 1 of the form IT 2210-1040.

If you qualify for and choose option number 2, then do not complete lines 11 through 18 for columns a, b and c. Complete lines 11-18 for column d to determine if there is any interest penalty due. Enter on line 19 on this form and on line 17 of form IT 1040 the amount you show on line 18, column d on form IT 2210-1040. When you send to us your form IT 1040, please be sure to include page 1 of form IT 2210-1040.

**Note 3:** Information release #IT-2006-01, issued April 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. So, 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 form IT 2210-1040, the spouses need not follow the "first to file" rule set forth in the information release.

Please see Examples #1 and #2 on page 4.

**Example #1**

**Facts**

1. "MFJ" 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 (MFS) for the current taxable year after credits: \$10,000.  
 H's tax (MFS) 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).
3. W files timely but prior to H who also files timely. W claims estimated tax payment of \$10,000; so W owes no tax. H claims estimated tax payments of \$6,000; so 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:

<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	\$ 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 MFS" taxpayer all "MFJ" estimated tax payments. If, after such allocation, the MFJ estimated tax payments exceed the tax due by the "first to file MFS" taxpayer, the department will then allocate to the "second to file MFS" taxpayer the excess "MFJ" estimated tax payments.

However, for purposes of determining interest penalty due, W and H may allocate in any manner the "MFJ" estimated tax payments. As such, to avoid interest penalty, W and H may allocate the "MFJ" payments as follows:

<b>Date Paid</b>	<b>Amount Allocated to W</b>	<b>Amount Allocated to H</b>
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 "MFJ" 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 current taxable year's tax).

**Example #2**

**Facts**

1. "MFJ" 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 taxable year W's "MFS" tax liability was \$1,000, and H's "MFS" tax liability was \$15,000.
3. W's tax ("MFS") for the current taxable year after credits: \$17,000  
 H's tax ("MFS") 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).
4. W's "MFS" tax return claims the entire \$16,000 of "MFJ" estimated tax payments. W timely pays \$1,000 shown to be the balance due. H's "MFS" return claims none of the "MFJ" 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:

<u>Date Paid</u>	<u>Amount Allocated to W</u>	<u>Amount Allocated to H</u>
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 MFS” taxpayer all “MFJ” estimated tax payments. If, after such allocation, the MFJ estimated tax payments exceed the tax due by the “first to file MFS” taxpayer, the department will then allocate to the “second to file MFS” taxpayer the excess “MFJ” 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 MFS” 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 “MFJ” estimated tax payments. As such, to avoid interest penalty, W and H may allocate the “MFJ” payments as follows:

<u>Date Paid</u>	<u>Amount Allocated to W</u>	<u>Amount Allocated to H</u>
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 “MFJ” 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).

## Part II – Annualized Income Worksheet Instructions

**Note:** If you annualize for one period, you **must** annualize for **all** periods.

	a 1/01/06 3/31/06	b 1/01/06 5/31/06	c 1/01/06 8/31/06	d 1/01/06 12/31/06
1. Cumulative federal adjusted gross income (FAGI) for each period. Enclose a copy of the federal annualized income worksheet, if prepared for federal purposes ..... 1.				↓
2. Additions to FAGI (see line instructions) ..... 2.				
3. Deductions from FAGI (see line instructions) ..... 3.				
4. Ohio adjusted gross income (OAGI) for each period; each column's line 1 plus line 2 minus line 3. If less than zero, enter -0- ..... 4.				
5. Annualization factor ..... 5.	4	2.4	1.5	
6. Annualized OAGI (line 4 times line 5 factor) ..... 6.				
7. Exemptions (from 2006 form IT 1040) ..... 7.				
8. Annualized Ohio taxable income (line 6 minus line 7) If line 7 is more than line 6, enter -0- ..... 8.				
9. Gross tax on annualized Ohio taxable income for each period (from tax table 1 or 2 of the 2006 form IT 1040 booklet) ..... 9.				
10. Nonrefundable credits (see line instructions) ..... 10.				
11. Tax (line 9 minus line 10). If line 10 is more than line 9, enter -0- ..... 11.				
12. Exemption credit (from 2006 form IT 1040) ..... 12.				
13. Tax after exemption credit (line 11 minus line 12). If line 12 is more than line 11, enter -0- ..... 13.				
14. Joint filing credit (see line instructions) ..... 14.				
15. Tax after joint filing credit (line 13 minus line 14). If line 14 is more than line 13, enter -0- ..... 15.				
16. Resident, nonresident, part-year resident tax credits, and non-refundable business credits (see line instructions) ..... 16.				
17. Refundable business credits (see line instructions) ..... 17.				
18. Annualized Ohio income tax (line 15 minus lines 16 and 17). If less than zero, enter -0- ..... 18.				↓
19. Deannualization factor ..... 19.	22.5%	45%	67.5%	
20. For columns (a) through (c), multiply line 18 by line 19. For column (d), enter the amount from Part I, line 1 ..... 20.				
21. Deannualized adjustment for first \$500 ..... 21.	\$125	\$250	\$375	\$500
22. Line 20 minus line 21. If line 21 is more than line 20, enter -0- ..... 22.				
23. Multiply the amount on line 6, page 1, by the percentage indicated in each column immediately above line 11, page 1 ..... 23.				
24. Enter the smaller of line 22 or line 23 here and on line 11, Part I ..... 24.				

## Instructions

### Part II – 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 (a), (b), (c) and (d) include amounts for all previous periods in the taxable year. Also, note that the ending dates of 5/31/06 and 8/31/06 for columns (b) and (c) do not reflect quarterly ending dates.

**Lines 2, 3** Refer to Schedule A of your 2006 Ohio form IT 1040 and the related instructions. If, in determining Ohio adjusted gross income (OAGI), you made Schedule A adjustments to FAGI, enter the cumulative additions and cumulative deductions that apply to each period.

**Line 10** Refer to Schedule B of your 2006 IT 1040 and the instructions booklet 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, displaced workers 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 1/1/06 and 3/31/06 John and Mary received \$3,000 of income that qualified for the retirement income credit. In determining their retirement income credit for the period 1/1/06 to 3/31/06, 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 \$12,000 annualized amount of qualifying retirement income is more than \$8,000. (See the table in the IT 1040 instructions booklet). If John and Mary had instead received \$2,500 of qualifying retirement income during the period 1/1/06 to 3/31/06, John and Mary would

multiply the qualifying income received during the period 1/1/06 to 3/31/06 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 more than \$5,000 but not more than \$8,000.

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 before Jan. 1, 2007, enter in each period the \$50 senior citizen credit.

**Line 14** Refer to the joint filing credit instructions for your 2006 Ohio form IT 1040. Compute the joint filing credit for a period only if in that period each spouse had at least \$500 of **annualized** OAGI excluding social security benefits, most railroad retirement benefits, 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 this credit applies, multiply the amount on line 13 of the worksheet by the applicable percentage shown in the instructions. Use the applicable 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 2006 Ohio IT 1040 and the related instructions from the 2006 instruction 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 whose numerator is the portion of the OAGI for the period subjected to tax by another state or the District of Columbia. The denominator of the fraction is the annualized 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 a fraction whose numerator is the portion of the annualized OAGI for the period that was not earned or received in Ohio. The denominator for this fraction is the annualized OAGI for the period.

If the nonrefundable credits apply to a period, enter from the last line on page 1 of Ohio Schedule E the portion of that amount earned for that period.

**Line 17** If you qualified for and claimed the refundable business credits on line 22 of your 2005 Ohio IT 1040, enter in each column of this line the total credit claimed.