



### Part I – Calculating the Required Annual Payment – Long Method

Use this form to calculate interest penalty on underpayment of taxes and to show the exceptions where no interest penalty is due. Individuals and estates subject to school district income tax should see Note 1 on page 11.

Check here if you engage in farming or fishing activities, and see Note 2 on page 11.

1. 2008 income tax after all nonrefundable credits (from 2008 Ohio forms IT 1040, line 16; 2008 IT 1040EZ, line 12; 2008 IT 1040X, line 14, as amended; 2008 SD 100, line 6; SD 100X, line 6, as amended; 2008 SD 100E, line 3; 2008 IT 1041, line 11; 2008 IT 1140, line 1, the sum of both columns; 2008 IT 4708, line 12) ..... 1. \_\_\_\_\_

2. 2008 income taxes withheld by others, refundable credits and overpayment credit carryover from 2007 (do **not** include estimated tax payments on this line).<sup>1</sup> **Note:** For Ohio form IT 1140, there are **no** taxes withheld by others and **no** refundable credits other than last year's tax overpayment credited to this year ... 2. \_\_\_\_\_

3. 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 to line 4.

4. 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 to line 5.

5. 2007 income tax after all nonrefundable credits (from 2007 Ohio forms IT 1040, line 16; 2007 IT 1040EZ, line 12; 2007 IT 1040X, line 14, as amended; 2007 SD 100, line 6; SD 100X, line 6, as amended; 2007 SD 100E, line 3; 2007 IT 1041, line 11; 2007 IT 1140, line 1, the sum of both columns; 2007 IT 4708, 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 to line 6

6. Amount shown on line 1, above ..... 6. \_\_\_\_\_

7. Statutory amount ..... 7. < \$500 >

8. Line 6 minus line 7 ..... 8. \_\_\_\_\_

9. Required annual payment. Enter the smallest of lines 4, 5 or 8 ..... 9. \_\_\_\_\_

<sup>1</sup> Do not include on this line any portion of the overpayment credit carryforward from 2007 to the extent that the overpayment is attributable to year 2007 income tax that you paid after April 15, 2008.

## Part II – Calculating the Interest Penalty Due – Long Method

**Use this form to calculate interest penalty on underpayment of taxes and to show the exceptions where no interest penalty is due. Individuals and estates subject to school district income tax should see Note 1 on page 11.**

### Long method

1. Multiply the amount on line 9 on page 2 by the percentage indicated in each column on this page. However, if you choose to annualize your income, check the box  and enter on this line, in columns A through D, the amounts from columns A through D, respectively, on the last line on pages 4, 5, 6, 7, 8, 9 or 10. .... 1.
2. Cumulative tax withheld and refundable pass-through entity credit: Multiply this amount by the percentage shown at the top of each column on this page. IT 1140 filer's: Enter zero in all four columns or leave this line blank ..... 2.
3. Cumulative estimated tax paid by the dates shown at the top of each column on this page (see Note 3 on page 11). For IT 1140 filers the "estimated tax paid" should be (i) reduced by transfers, if any, to Ohio form IT 4708 and (ii) increased by transfers, if any, to Ohio form IT 1140. For Ohio form IT 4708 filers, the "estimated tax paid" should be (i) reduced by transfers, if any, to Ohio form IT 1140 and (ii) increased by transfers, if any, to Ohio form IT 4708. **Note:** For form IT 1140 there are **no** taxes withheld by others and **no** refundable credits other than last year's tax overpayment credited to this year ..... 3.
4. Overpayment credit carryover from 2007 and other refundable credits from the 2008 tax return. Enter these amounts in all four columns. Do not show on this line any amounts shown on line 2, above (see Note 2, below) ..... 4.
5. Add lines 2, 3 and 4 ..... 5.
6. Underpayment subject to interest penalty (line 1 minus line 5). If line 5 is greater than line 1, enter -0- ..... 6.
7. Ratio (if full or partial payment was made late, see page 14) ..... 7.
8. Interest penalty for the period: Multiply the underpayment on line 6 by the respective ratio on line 7 ..... 8.
9. Total interest penalty due. Add line 8, columns A through D. Enter the result here, on page 1 of this form and on the interest penalty line on form IT 1040EZ, IT 1040, IT 1040X, SD 100, SD 100X, SD 100E, IT 1041, IT 1140 or IT 4708 ..... 9.

Payment Due Dates (see Note 1, below)			
A 4/15/08 – 25%	B 6/16/08 – 50% (7/15/08 for form IT 1140)	C 9/15/08 – 75% (10/15/08 for form IT 1140)	D 1/15/09 – 100%
.013333 (.019891 for form IT 1140)	.019891 (.020109 for form IT 1140)	.025443 (.018885 for form IT 1140)	.012329

**Note 1:** These dates and the rates on line 7 are for calendar year taxpayers. So, fiscal year taxpayers must adjust the payment due dates and the line 7 ratios accordingly.

**Note 2:** If the overpayment credit carryover from 2007 is attributable in whole or in part to year 2007 tax payments that you made after April 15, 2008, then you cannot indicate in column A the entire amount of the overpayment. Rather, you must adjust this line accordingly to reflect the actual date of payment(s) giving rise to the overpayment credit carryover. Also see page 14 for a discussion on late or partial payments.

## Ohio Form IT/SD 2210 Annualized Income Worksheet for IT 1040EZ Filers – Long Method

**Note:** If you annualize for one period, you **must** annualize for **all** periods. 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. Note that the ending dates of 5/31/08 and 8/31/08 for columns B and C do not reflect quarterly ending dates. Include a copy of (i) the IRS annual income tax worksheet and (ii) this Ohio annualized income worksheet.



1. Cumulative federal adjusted gross income for each period ..... 1.
2. Additions to federal adjusted gross income ..... 2.
3. Deductions from federal adjusted gross income ..... 3.
4. Ohio adjusted gross income 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.
6. Annualized Ohio adjusted gross income (line 4 times line 5 factor) ..... 6.
7. Exemptions deduction ..... 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 2008 Ohio form IT 1040 booklet) ..... 9.
10. Exemption credit ..... 10.
11. Annualized tax after exemption credit (line 9 minus line 10). If line 10 is more than line 9, enter -0- ..... 11.
12. Joint filing credit ..... 12.
13. Annualized tax after joint filing credit (line 11 minus line 12). If line 12 is more than line 11, enter -0- ..... 13.
14. Deannualization factor ..... 14.
15. For columns A through C, multiply line 13 by line 14. For column D, enter the amount from line 4, page 2 ..... 15.
16. Amount from line 1, page 2 (enter the same amount in all four columns) ..... 16.
17. Applicable percentage ..... 17.
18. Line 16 times line 17 ..... 18.
19. Deannualized adjustment for first \$500 ..... 19.
20. Line 18 minus line 19. If line 19 is more than line 18, enter -0- ..... 20.
- 20a. Enter in columns A, B, C and D, respectively, 25%, 50%, 75% and 100% of the amount shown on line 5, page 2 ..... 20a.
21. Enter here and in the respective columns on line 1, page 3 the smallest of lines 15, 20 or 20a ..... 21.

A 1/01/08 to 3/31/08	B 1/01/08 to 5/31/08	C 1/01/08 to 8/31/08	D 1/01/08 to 12/31/08
			N/A
-0-	-0-	-0-	
4	2.4	1.5	
22.5%	45%	67.5%	↓
25%	50%	75%	100%
\$125	\$250	\$375	\$500



## Ohio Form IT/SD 2210 Annualized Income Worksheet for SD 100 Filers – Long Method

**Note:** If you annualize for one period, you **must** annualize for **all** periods. 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. Note that the ending dates of 5/31/08 and 8/31/08 for columns B and C do not reflect quarterly ending dates. Include a copy of (i) the IRS annual income tax worksheet and (ii) this Ohio annualized income worksheet.



1. Cumulative Ohio taxable income for each period. If you reside in an earned income only school district, enter on this line your cumulative school district taxable earned income for each period ..... 1.
2. Part-year resident adjustment (see line 2 instructions for Ohio form SD 100). Earned income only taxpayers must leave this line blank ..... 2.
3. School district taxable income for each period: each column's line 1 plus or minus line 2. If less than zero, enter -0- ..... 3.
4. Annualization factor ..... 4.
5. Annualized school district taxable income (line 3 times line 4 factor) ..... 5.
- 5a. The decimal rate for the school district (see Ohio form SD 100) ... 5a.
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 5a ..... 6.
7. If you (or your spouse if filing a joint return) reached age 65 before Jan. 1, 2009, enter the \$50 senior citizen credit in the column(s) for the period(s) in which you (or your spouse) were 65 or older ..... 7.
8. Annualized Ohio school district income tax after credits (line 6 minus line 7). If less than zero, enter -0- ..... 8.
9. Deannualization factor ..... 9.
10. For columns A through C, multiply line 8 by line 9. For column D, enter the amount from line 4, page 2 ..... 10.
- 10a. Amount from line 1, page 2 (enter the same amount in all four columns) ..... 10a.
- 10b. Applicable percentage ..... 10b.
- 10c. Line 10a times 10b ..... 10c.
11. Deannualized adjustment for first \$500 ..... 11.
12. Line 10c minus line 11. If line 11 is more than line 10c, enter -0- .. 12.
- 12a. Enter in columns A, B, C and D, respectively, 25%, 50%, 75% and 100% of the amount shown on line 5, page 2 ..... 12a.
13. Enter here and in the respective columns on line 1, page 3 the smallest of lines 10, 12 or 12a ..... 13.

A 1/01/08 3/31/08	B 1/01/08 5/31/08	C 1/01/08 8/31/08	D 1/01/08 12/31/08
			N/A
4	2.4	1.5	
•	•	•	
			↓
22.5%	45%	67.5%	
25%	50%	75%	100%
\$125	\$250	\$375	\$500

## Ohio Form IT/SD 2210 Annualized Income Worksheet for SD 100E Filers – Long Method

**Note:** If you annualize for one period, you **must** annualize for **all** periods. 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. Note that the ending dates of 4/30/08 and 7/31/08 for columns B and C do not reflect quarterly ending dates. Include a copy of (i) the IRS annual income tax worksheet and (ii) this Ohio annualized income worksheet.

The dates, below, are for calendar year taxpayers. So, fiscal year filers must adjust the dates, below, accordingly.



- 1. Cumulative Ohio taxable income for each period ..... 1.
- 2. Annualization factor ..... 2.
- 3. Annualized Ohio taxable income (line 1 amount times line 2 factor) ..... 3.
- 4a. Tax decimal rate for the school district (see Ohio form SD 100E) ... 4a.
- 4b. Annualized tax on annualized school district taxable income for each period. Multiply the amount on line 3, above, by the decimal rate on line 4a ..... 4b.
- 5. Deannualization factor ..... 5.
- 6. Multiply line 4b by the line 5 factor ..... 6.
- 7. Amount from line 1, page 2 (enter the same amount in all four columns) ..... 7.
- 7a. Applicable percentage ..... 7a.
- 7b. Line 7 times line 7a ..... 7b.
- 7c. Deannualized adjustment for first \$500 ..... 7c.
- 8. Line 7b minus line 7c. If line 7c is more than line 7b, enter -0- ..... 8.
- 8a. Enter in columns A, B, C and D, respectively, 25%, 50%, 75% and 100% of the amount shown on line 5, page 2 ..... 8a.
- 9. Enter here and in the respective columns on line 1, page 3 the smallest of lines 6, 8 or 8a ..... 9.

	A 1/01/08 to 2/29/08	B 1/01/08 to 4/30/08	C 1/01/08 to 7/31/08	D 1/01/08 to 11/30/08
	6	3	1.7	1.1
	▪	▪	▪	▪
	22.5%	45%	67.5%	90%
	25%	50%	75%	100%
	\$125	\$250	\$375	\$500

## Ohio Form IT/SD 2210 Annualized Income Worksheet for IT 1041 Filers – Long Method

**Note:** If you annualize for one period, you **must** annualize for **all** periods. 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. Note that the ending dates of 4/30/08 and 7/31/08 for columns B and C do not reflect quarterly ending dates. Include a copy of (i) the IRS annual income tax worksheet and (ii) this Ohio annualized income worksheet.

The dates, below, are for calendar year taxpayers. So, fiscal year filers must adjust the dates, below, accordingly.



	A 1/01/08 to 2/29/08	B 1/01/08 to 4/30/08	C 1/01/08 to 7/31/08	D 1/01/08 to 11/30/08
1. Cumulative net Ohio taxable income (estates) or cumulative modified Ohio taxable income (trusts) for each period ..... 1.				
2. Annualization factor ..... 2.	6	3	1.7	1.1
3. Annualized Ohio taxable income (estates) or annualized modified Ohio taxable income (trusts): Line 1 amount times line 2 factor .... 3.				
4. Annualized tax on annualized Ohio taxable income (estates) or cumulative modified Ohio taxable income (trusts) for each period (see the tax table in the instruction booklet for form IT 1041) ..... 4.				
4a. Nonrefundable credits for each period ..... 4a.				
4b. Line 4 minus line 4a (if less than -0-, enter -0-) ..... 4b.				
5. Deannualization factor ..... 5.	22.5%	45%	67.5%	90%
6. Multiply line 4b by the line 5 factor ..... 6.				
6a. Amount from line 1, page 2 (enter the same amount in all four columns) ..... 6a.				
6b. Applicable percentage ..... 6b.	25%	50%	75%	100%
6c. Line 6a times line 6b ..... 6c.				
7. Deannualized adjustment for first \$500 ..... 7.	\$125	\$250	\$375	\$500
8. Line 6c minus line 7. If line 7 is more than line 6c, enter -0- ..... 8.				
8a. Enter in columns A, B, C and D, respectively, 25%, 50%, 75% and 100% of the amount shown on line 5, page 2 ..... 8a.				
9. Enter here and in the respective columns on line 1, page 3 the smallest of lines 6, 8 or 8a ..... 9.				

## Ohio Form IT/SD 2210 Annualized Income Worksheet for IT 1140 Filers – Long Method

**Note:** If you annualize for one period, you **must** annualize for **all** periods. 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. Note that the ending dates of 6/30/08 and 9/30/08 for columns B and C do not reflect quarterly ending dates. Include a copy of (i) the IRS annual income tax worksheet and (ii) this Ohio annualized income worksheet.

The dates, below, are for calendar year taxpayers. So, fiscal year filers must adjust the dates, below, accordingly.



1. Cumulative net income and gain for each period ..... 1.
2. Additions, including additions for related member transactions ... 2.
3. Deductions ..... 3.
4. Adjusted distributive shares 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.
6. Annualized adjusted distributive shares (line 4 times line 5 factor) ..... 6.
7. Apportionment ratio for each period (see instructions for Ohio form IT 1140) ..... 7.
8. Annualized Ohio qualifying amount (line 6 times line 7 ratio) ..... 8.
9. Gross annualized tax on annualized Ohio qualifying amount for each period (see page 2, line 10 of Ohio form IT 1140) ..... 9.
10. Nonrefundable credits for the period ..... 10.
11. Net annualized tax (line 9 minus line 10) ..... 11.
12. Deannualization factor ..... 12.
13. For columns A through C, multiply line 11 by the line 12 factor. For column D, enter the amount from page 2, line 4 ..... 13.
- 13a. Amount from line 1, page 2 (enter the same amount in all four columns) ..... 13a.
- 13b. Applicable percentage ..... 13b.
- 13c. Line 13a times line 13b ..... 13c.
14. Deannualized adjustment for first \$500 ..... 14.
15. Line 13c minus line 14. If line 14 is more than line 13c, enter -0- ... 15.
- 15a. Enter in columns A, B, C and D, respectively, 25%, 50%, 75% and 100% of the amount shown on line 5, page 2 ..... 15a.
16. Enter here and in the respective columns on line 1, page 3 the smallest of lines 13, 15 or 15a ..... 16.

A 1/01/08 to 3/31/08	B 1/01/08 to 6/30/08	C 1/01/08 to 9/30/08	D 1/01/08 to 12/31/08
			N/A
4	2	1.33	
.	.	.	
-0-	-0-	-0-	
22.5%	45%	67.5%	↓
25%	50%	75%	100%
\$125	\$250	\$375	\$500

## Ohio Form IT/SD 2210 Annualized Income Worksheet for IT 4708 Filers – Long Method

**Note:** If you annualize for one period, you **must** annualize for **all** periods. 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. Note that the ending dates of 5/31/08 and 8/31/08 for columns B and C do not reflect quarterly ending dates. Include a copy of (i) the IRS annual income tax worksheet and (ii) this Ohio annualized income worksheet.

The dates, below, are for calendar year taxpayers. So, fiscal year filers must adjust the dates, below, accordingly.



	A 1/01/08 to 3/31/08	B 1/01/08 to 5/31/08	C 1/01/08 to 8/31/08	D 1/01/08 to 12/31/08
1. Cumulative net income and gain for each period ..... 1.				N/A
2. Additions to federal adjusted gross income (see instructions on page 2) ..... 2.				
3. Deductions ..... 3.				
4. Income to be allocated and apportioned 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 income to be allocated and apportioned (line 4 times line 5 factor) ..... 6.				
7. Less: Annualized allocable income everywhere (attach explanation and supporting schedules; all income is presumed to be business income) ..... 7.				
8. Annualized apportionable income (line 6 minus line 7). If line 7 is more than line 6, enter -0- ..... 8.				
9. Apportionment ratio for each period (see instructions for Ohio form IT 4708) ..... 9.	.	.	.	
10. Annualized income apportioned to Ohio (line 8 times line 9 ratio) ... 10.				
11. Nonbusiness income allocated to Ohio (attach explanation and supporting schedules; all income is presumed to be business income) ..... 11.				
12. Annualized Ohio taxable income (line 10 plus line 11) ..... 12.				
13. Tax rate ..... 13.	6.24%	6.24%	6.24%	
14. Annualized tax before credits (line 12 times line 13 tax rate) ..... 14.				
15. Nonrefundable business credits for each period ..... 15.				
16. Annualized Ohio tax after credits (line 14 minus line 15). If less than zero, enter -0- ..... 16.				
17. Deannualization factor ..... 17.	22.5%	45%	67.5%	v
18. For columns A through C, multiply line 16 by line 17. For column D, enter the amount from page 2, line 4 ..... 18.				
18a. Amount from line 1, page 2 (enter the same amount in all four columns) ..... 18a.				
18b. Applicable percentage ..... 18b.	25%	50%	75%	100%
18c. Line 18a times line 18b ..... 18c.				
19. Deannualized adjustment for first \$500 ..... 19.	\$125	\$250	\$375	\$500
20. Line 18c minus line 19. If line 19 is more than line 18c, enter -0- .. 20.				
20a. Enter in columns A, B, C and D, respectively, 25%, 50%, 75% and 100% of the amount shown on line 5, page 2 ..... 20a.				
21. Enter here and in the respective columns on line 1, page 3 the smallest of lines 18, 20 or 20a ..... 21.				

## Notes for Part I and Part II

**Note 1 (for pages 2 and 3):** Some individuals may avoid the interest penalty if they combine their state income tax with their school district income tax and then determine if any of the following three circumstances applies:

- (a) The sum of (i) the taxpayer's state income tax liability for the current year (2008 Ohio form IT 1040, line 16) and (ii) the taxpayer's school district income tax liability (2008 Ohio form SD 100, line 6) minus the taxpayer's combined withholdings, refundable credits and combined overpayment credit carryovers from year 2007 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 2007 is equal to or greater than the sum of (i) the taxpayer's state income tax liability for the immediately preceding year (2007 Ohio form IT 1040, line 16) and (ii) the taxpayer's school district income tax liability for the immediately preceding year (2007 Ohio 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 2007 is equal to or greater than 90% of the sum of (i) the taxpayer's combined state income tax liability for the current year (2008 Ohio form IT 1040, line 16) and (ii) the taxpayer's school district income tax liability for the current year (2008 Ohio form SD 100, line 6).

If this note applies to you, modify this form accordingly and include with Ohio forms IT 1040 and SD 100 a copy of the modified Ohio form IT/SD 2210.

**Note 2 (for pages 2 and 3): Special Rule for Farmers and Fishermen**

Ohio Administrative Code Rule 5703-7-04 provides two options for each taxpayer for whom at least two-thirds of gross income is 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 individual income tax return and the yearly school district 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 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 would be Jan. 15 of the calendar year immediately following the

taxable year), and file the annual individual income tax return and school district income tax return and pay all remaining tax due 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 this 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 and the school district 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 taxes due. See Ohio Administrative Code Rule 5703-7-05, which addresses the imposition of interest and penalties (and safe harbors to avoid penalties) for taxpayers who fail to pay all taxes due by the unextended due date.

If the taxpayer qualifies for and chooses Option 1, enter -0- on Ohio form IT/SD 2210, page 1 and print "Option 1." Also, enter -0- on the interest penalty line on both Ohio form IT 1040 and form SD 100. When mailing Ohio form IT 1040, SD 100 or SD 100E, include page 1 of this form.

If the taxpayer qualifies for and chooses Option 2, do not complete columns A, B and C on page 3, but print "Option 2" on line 8 across columns A, B and C. Complete column D on page 3 to determine if there is any interest penalty due. Enter on page 1 of Ohio form IT/SD 2210 and on line 17 of Ohio form IT 1040 the amount shown on page 3, line 9, column D of this form. Follow the same procedures with respect to Ohio form SD 100 or SD 100E.

**Note 3 (for page 3, line 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 credit 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 exceeds the amount of tax, reduced by credits and withholdings, then the Ohio Department of Taxation will credit 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 who file married filing separately income tax returns, may allocate in any manner those estimated payments. That is, for purposes of completing this form, the spouses need not follow the "first to file" rule set forth in the information release.

See Example 1 and Example 2 on page 12.

### Example 1 for Note 3 on Page 11

**Facts**

- 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
- 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 (so the "annualization method" is not applicable).
- 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.

**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	\$ 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 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:

<u>Date Paid</u>	<u>Amount Allocated to W</u>	<u>Amount Allocated to H</u>
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 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 90% of the tax for the current taxable year).

### Example 2 for Note 3 on Page 11

**Facts**

- 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
- For the previous taxable year W's married filing separately tax liability was \$1,000, and H's married filing separately tax liability was \$15,000.
- 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 taxable year (so the "annualization method" is not applicable).
- 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**

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 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:

<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 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 tax for the previous taxable year).

## Note 4 for Page 3, Line 7

The listed ratios on page 3, line 7 are based upon the statutory interest rate (8% for 2008 and 5% for 2009) 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 (i) never made the estimated payment or (ii) made full payment on or after the next payment due date.

**Example 1 – No payment made.** Assume that the underpayment shown on line 6 on page 3 for the 4/15/08 due date is \$1,000. Also assume that the taxpayer made no estimated payment during the period 4/15/08 through 6/15/08. The taxpayer will compute interest penalty for the period 4/15/08 through 6/15/08 by multiplying the underpayment shown on line 6, column A by the ratio (.013333) shown on line 7, column A:

Interest penalty = \$1,000 X .013333 = \$13.33 to line 8, column A

**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 date, ignore the ratio on line 7 on page 3 and calculate the line 8 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 6 on page 3 for the 4/15/08 due date is \$1,000. Also assume that the taxpayer paid this full amount on 5/15/08. The taxpayer should ignore the ratio on line 7 and compute the rate for the late payment as follows:

**Step 1 –** Determine the number of days from the date the payment was due (4/15/08) to the date the payment was made (5/15/08): 4/15/08 to 5/15/08 = 30 days.

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

Ratio = interest rate X number of days late/365\*  
Ratio = .08 X 30/366 = .006557

The taxpayer would enter the recomputed ratio (.006557) on page 3, line 7, and then compute the interest penalty (page 3, line 8, column A) for the period 4/15/08 through 5/15/08 by multiplying

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

the underpayment by the recomputed ratio. Line 8, column A would show \$6.56 (include detailed calculations).

This method applies **only** if the taxpayer 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 page 3, line 6 for the 4/15/08 due date is \$1,000. Also assume that the taxpayer paid \$600 of this amount on 5/15/08. The taxpayer would ignore the ratio on page 3, line 7 and would compute the line 8 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 (4/15/08) to the date the payment was made (5/15/08): 4/15/08 to 5/15/08 = 30 days.

**Step 2 –** Using the following formula, calculate the interest penalty for that period:

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

Interest penalty for 4/15/08-5/15/08 = \$1,000 X .08 X 30/366 = \$6.56

**Step 3 –** Determine the number of days from the payment date (5/15/08) to the next required due date (06/15/08): 5/15/08 to 6/15/08 = 31 days.

**Step 4 –** Using the following formula, calculate the interest penalty on the \$400 underpayment (\$1,000 minus \$600) for the 31-day period from 5/15/08 to 6/15/08:

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

Interest penalty for 5/15/08-6/15/08 = \$400 X .08 X 31/366\* = \$2.71

**Step 5 –** Add the amounts determined in Steps 2 and 4: \$6.56 + \$2.71 = \$9.27. The taxpayer would (i) cross out the ratio on line 7, column A, page 3, (ii) enter \$9.27 on page 3, line 8, column A, and (iii) include detailed calculations.

### Federal Privacy Act Notice

Because we require you to provide us with a Social Security number, the *Federal Privacy Act of 1974* requires us to inform you that providing us with your Social Security number is mandatory. Ohio Revised Code sections 5703.05, 5703.057 and 5747.08 authorize us to request this information. We need your Social Security number in order to administer this tax. Your failure to supply any information requested on a tax form prescribed by the tax commissioner may result in (i) the imposition of penalties for failing to file a complete tax return or (ii) the denial of a license, if applicable.