

Underpayment of Estimated Tax by Individuals and Fiduciaries

Department of the Treasury
Internal Revenue Service

▶ See separate instructions.

Attachment
Sequence No. **44**

▶ Attach to Form 1040, Form 1040A, or Form 1041.

Name(s) shown on tax return

Identifying number

A Change To Note

In response to many requests to simplify Form 2210, IRS has developed a new **Short Method** to figure the penalty. To see if you can use the short method, read the instructions on this page. Then, if you can use it, complete only Parts I and II below.

Purpose of Form

Use Form 2210 to see if you owe a penalty for underpaying your estimated tax and, if you do, to figure the amount of the penalty.

If you prefer, IRS will figure the penalty for you and send you a bill. But see **Lowering Your Penalty**, below. If you want IRS to figure the penalty for you, leave the penalty line on your return blank; do not file Form 2210.

Lowering Your Penalty

If any of the conditions below applies to you, you may be able to lower the amount of your penalty. But you must complete and attach Form 2210 to your tax return to do so. In the space next to the penalty amount on your tax return, you **must** write the letter (**A**, **B**, or **C**) that corresponds to any of the following conditions that applies to you.

- A.** You claim a **walver**. See page 1 of the separate instructions.
- B.** Your income varied during the year and you use the **annualized income installment method** to figure your required installment payments. See the instructions for line 20.
- C.** You had Federal income tax withheld from your wages and you treat it as being paid when it was **actually withheld** (instead of in four equal amounts). See the instructions for line 21.

Short Method

If you made estimated tax payments, you may use the short method **only** if:

- You paid your estimated tax in four equal amounts; **and**
- You paid your estimated tax on the due dates.

You may also use the short method if you made no payments at all, or your only credit for payment was due to Federal income tax withholding.

Note: If you made *estimated tax payments*, the short method will give the *precise penalty amount only if your payments were made exactly on the due dates*. If any payment was made early, using the short method may cause you to pay a larger penalty than the regular method. If the payment is only a few days early, the difference will generally be small.

Although line 17 of the short method requires a five-place decimal computation, it will relieve you of making the more complicated computations under the regular method.

Do not use the short method if you made any of your estimated tax payments late.

You must use the regular method if **B** or **C** under **Lowering Your Penalty** applies. But if **A** applies, and you meet the conditions above, you may use the short method.

Regular Method

Use the regular method to figure the penalty if you did not pay your estimated tax payments on the due dates or in four equal amounts. To use the regular method, complete Part I below and Part III on the back.

Part I Required Annual Payment—All filers must complete this part.

1 Enter your 1990 tax after credits (from Form 1040, line 47; Form 1040A, line 25; or Form 1041, Schedule G, line 4)	1	
2 Other taxes (see Instructions)	2	
3 Add lines 1 and 2	3	
4 Earned income credit	4	
5 Credit for Federal tax on fuels	5	
6 Add lines 4 and 5	6	
7 Current year tax. Subtract line 6 from line 3	7	
8 Multiply line 7 by 90% (.90) and enter the result	8	
9 Withholding taxes from 1990 Form 1040, lines 55 and 59; Form 1040A, line 28a; or Form 1041, line 24e. Include any credit from Form 4469. (Do not include any estimated tax payments on this line)	9	
10 Subtract line 9 from line 7. If the result is less than \$500, stop here; do not complete or file this form. You do not owe the penalty	10	
11 Enter your prior year (1989) tax. (Caution: See Instructions.)	11	
12 Required annual payment. Enter the smaller of line 8 or line 11 (see Instructions) Note: If line 9 is equal to or more than line 12, stop here. You do not owe the penalty.	12	

Part II Short Method—If you made estimated tax payments, use this method only if they were paid on the due dates and in four equal amounts. Otherwise, use the regular method (Part III) on the back.

13 Enter the amount, if any, from line 9 above	13	
14 Enter the total amount, if any, of estimated tax payments you made	14	
15 Add lines 13 and 14	15	
16 Total underpayment for year. Subtract line 15 from line 12. (If the result is zero or less, stop here; you do not owe the penalty.)	16	
17 Multiply line 16 by .07315 and enter the result	17	
18 • If the amount on line 16 was paid on or after 4/15/91, enter -0-. • If the amount on line 16 was paid before 4/15/91, make the following computation to find the amount to enter on line 18.	18	
Amount on line 16 × Number of days paid before 4/15/91 × .0003		
19 PENALTY. Subtract line 18 from line 17. Enter the result here and on Form 1040, line 67; Form 1040A, line 33; or Form 1041, line 26	19	

Part III Regular Method

Section A—Figure Your Underpayment	Payment Due Dates			
	(a) 4/15/90	(b) 6/15/90	(c) 9/15/90	(d) 1/15/91
20 Required Installment. Divide line 12 by 4 and enter the result in each column. Exception: If you use the annualized income installment method, see the Instructions and check this box <input type="checkbox"/> 20 <i>Complete lines 21 through 28 of one column before going to the next column.</i>				
21 Estimated tax paid and tax withheld. (See Instructions.) For column (a) only, also enter the amount from line 21 on line 25 21 <i>If line 21 is equal to or more than line 20 for all payment periods, stop here; you do not owe the penalty. But see "Lowering Your Penalty" on page 1.</i>				
22 Enter amount, if any, from line 28 of previous column 22				
23 Add lines 21 and 22 23				
24 Add amounts on lines 26 and 27 of the previous column. Enter the total here 24				
25 Subtract line 24 from line 23. If zero or less, enter -0-. For column (a) only, enter the amount from line 21 25				
26 Remaining underpayment from previous period. If the amount on line 25 is -0-, subtract line 23 from line 24 and enter the result. Otherwise, enter -0- 26				
27 Underpayment. If line 20 is equal to or more than line 25, subtract line 25 from line 20. Then go to line 21 of next column. Otherwise, go to line 28 27				
28 Overpayment. If line 25 is more than line 20, subtract line 20 from line 25. Then go to line 21 of next column 28				

Section B—Figure the Penalty (Complete lines 29 and 30 of one column before going to the next column.)

	4/15/90	6/15/90	9/15/90	1/15/91
29 Number of days FROM the date shown above line 29 TO the date the amount on line 27 was paid or 4/15/91, whichever is earlier 29	Days:	Days:	Days:	Days:
30 Number of days on line 29 $\times .11 \times$ underpayment on line 27 (see Instructions) 30	\$	\$	\$	\$
31 PENALTY. Add the amounts in each column of line 30. Enter the total here and on Form 1040, line 67; Form 1040A, line 33; or Form 1041, line 26. 31				\$