



General Information

What is the purpose of this form?

The purpose of this form is to figure any penalties you may owe if you did not

- make timely estimated payments,
- pay the tax you owe by the original due date, or
- file a processable return by the extended due date.

Note Form IL-2210, Computation of Penalties for Individuals, may only be used with original returns. This includes any corrected return filed before the extended due date of the return.

Do I need to complete this form if I owe penalties?

No, you do not need to complete this form if you owe penalties. We encourage you to let us figure your penalties and send you a bill instead of completing and filing this form yourself.

If you let us figure your penalties, complete your Form IL-1040 as usual, leave Line 29 on your Form IL-1040 blank, and do not attach Form IL-2210.

However, you must complete this form if you

- use the annualized income installment method in Step 6; or
- choose to write the actual amount of tax withheld in each quarter in Step 2, Line 10.

For more information, see Publication 103, Penalties and Interest for Illinois Taxes. To receive a copy of this publication, visit our web site at tax.illinois.gov, call our 24-hour Forms Order Line at **1 800 356-6302**, or call our TDD (telecommunications device for the deaf) at **1 800 544-5304**.

What is late-payment penalty?

Late-payment penalty is a penalty assessed for failure to pay the tax you owe by the due date. This penalty could result from two different underpayment situations and is assessed at either 2 percent or 10 percent of the unpaid liability based on the number of days the payment is late. The penalty rates used on this form are for returns due **on or after January 1, 2005**. For returns due before January 1, 2005, see Publication 103.

You will be assessed a **late-payment penalty for unpaid tax** if you did not pay the total tax you owe by the original due date of the return. **An extension of time to file does not extend the amount of time you have to make your payment.**

You will be assessed a **late-payment penalty for underpayment of estimated tax** if you were required to make estimated tax payments and failed to do so, or failed to pay the required amount by the payment due date.

You do **not** owe a late-payment penalty for underpayment of estimated tax if

- you qualify as a farmer for 2008;
- you were not required to file Form IL-1040 for 2007;
- your 2007 Form IL-1040 had zero tax liability (Form IL-1040, Line 16 minus Lines 19, 20b, 21b, 22b, and 23);
- your 2008 tax liability (Form IL-1040, Line 16 minus Lines 17, 18, 19, 22, 24, and 25) is \$500 or less; or
- you were 65 years of age or older, **and** you permanently lived in a nursing home during tax year 2008.

What is late-filing or nonfiling penalty?

Late-filing or nonfiling penalty is a penalty assessed for failure to file a processable return by the extended due date. This penalty is the lesser of \$250 or 2 percent of the tax amount required to be shown due on your return, reduced by withholding and payments made by the original due date and any credits allowed on your return (2008 Form IL-1040, Lines 17, 18, 19, and 25.)

An additional penalty will be assessed if you do not file a processable return within 30 days of the date we notify you that we are not able to process your return. This additional penalty is equal to the greater of \$250 or 2 percent of the tax shown on your return, determined **without** regard to any payments and credits, and may be assessed up to a maximum of \$5,000.

What if I underpaid my estimated tax because of a change in the law during the tax year?

If a change in the Illinois Income Tax Act (IITA) enacted during the tax year increased your liability and the new statute does not specifically provide for relief from penalties, you may reduce or eliminate your penalty for underpayment of estimated tax by using the annualized income installment method in Step 6 and computing your income and liability for each period according to the IITA as in effect as of the end of that period. See Specific Instructions for Step 6.

Specific Instructions

All instructions are written for calendar-year taxpayers.

Step 1: Provide the following information

Follow the instructions on the form.

Step 2: Figure your required installments

Line 1 – Write in Column A the tax shown on your 2008 Form IL-1040, Line 16. Write in Column B the tax shown on your 2007 Form IL-1040, Line 16.

Note For Columns A and B, if a corrected return was filed for either year on or before the automatic six-month extension date, the corrected tax should be used. If an amended return was filed for either year after the automatic six-month extension date, use the most current tax reported **prior** to the extension date.

Line 2 – Write in Column A the total amount of credits you claimed on your 2008 Form IL-1040, Lines 17, 18, 19, and 25. Write in Column B the total amount of credits you claimed on your 2007 Form IL-1040, Lines 19, 20b, 21b, 22b, and 23. **Do not** include your tax withheld or estimated payments on these lines.

Note If you are filing a joint return this year and you and your spouse did not file a joint return last year, write in Column B the total of the taxes shown on both of your returns for 2007.

If you filed a joint return for 2007 and you are either filing a separate return this year or filing a joint return with a different spouse, skip Lines 1 and 2 of Column B. Write in Column B, Line 3, the following calculation:

Tax minus credits shown on your 2007 joint return	X	Tax minus credits you would have shown on a separate return for 2007.
<hr style="border: 0.5px solid black;"/> Total of the taxes minus credits you and your spouse would have shown on separate returns for 2007.		

Lines 3 through 8 – Follow the instructions on the form.

Line 9 – Write the amount of your required installment for each due date shown. For most taxpayers, this is the amount shown on Line 8. However, if you annualize your income, you must complete Step 6 to determine the amount of your required installment for each due date. For taxpayers who annualize, this is the amount shown on Step 6, Line 48.

Note Annualized income installment method: If your income was **not** received evenly throughout the year, you may be able to lower or eliminate the amount of your required installments by using the annualized income installment method in Step 6. If you choose to annualize your income in Step 6, you must use this method for all four installments.

Line 10 – Quarter 1: Write the amount of any overpayment carried forward from your 2007 Form IL-1040, plus one-fourth of the total tax withheld for this year (or the actual tax withheld from your wages for the first quarter).

Quarters 2 through 4: Write one-fourth of the total tax withheld for this year (or the actual tax withheld from your wages for each quarter).

Note We consider you to have paid any Illinois tax withheld evenly over the entire year unless you send us copies of pay stubs or a letter from your employer that states the amounts actually withheld during each quarter. To figure even payments of tax withheld, divide the total amount withheld by four. If you file a joint return, include the tax withheld for both you and your spouse.

Note If you received an Illinois Schedule K-1-P or K-1-T showing pass through entity payments made on your behalf, write the entire amount in the quarter in which the pass-through entity's tax year ended.

Line 11 – Subtract Line 10 from Line 9, and write the amount here. If the amount is negative, use brackets.

Lines 12 and 13 – Complete Lines 12 and 13 of each quarter before proceeding to the next quarter. Follow the instructions on the form.

Step 3: Figure your unpaid tax

Line 14 – Follow the instructions on the form.

Line 15 – Add your credit carried forward from the prior year, your total estimated income tax payments made **on or before** the original due date of your return, and your total withholding as shown on your Form(s) W-2, Wage and Tax Statement. This is the total of your payments and credits. Compare that total amount to the amount written on Line 7 and write the **greater** amount here.

If you annualized, compare your total payments and credits (as identified above) to the total of Line 9, Quarters 1 through 4, and write the **greater** amount here.

Line 16a – Write the amount and the date of any Form IL-505-I, Automatic Extension Payment, made **on or before** April 15, 2009.

Line 16b – Write the amount and the date of any other payment you made **on or before** the original due date of your return (e.g., payment made with your return).

Line 16 - Add Lines 16a and 16b and write the amount here.

Line 17 – Add Lines 15 and 16, and write the amount here.

Line 18 – Subtract Line 17 from Line 14.

If the amount is **positive**, write the amount here. You owe a late-payment penalty for unpaid tax. Continue to Step 4, and write this amount in Penalty Worksheet 1, Line 20, Column C.

If the amount is **zero or negative**, write the amount here, and if negative, use brackets. Continue to Step 4, skip Penalty Worksheet 1, and go to Penalty Worksheet 2.

Note If this amount is negative, you may apply this overpayment if you have an underpayment when figuring your Penalty Worksheet 2. See instructions for Penalty Worksheet 2, Column D.

Step 4: Figure your late-payment penalty

Use Penalty Worksheet 1 to figure your late-payment penalty for unpaid tax. Use Penalty Worksheet 2 to figure your late-payment penalty for underpayment of estimated tax.

Note You must follow the instructions to properly complete the penalty worksheets.



Penalty Worksheet 1 Late-payment penalty for unpaid tax

Line 19 – Write the amount and the date of any payments you made after the original due date of your return. List the payments in date order. If you need to list more than two, write the payments and dates next to Lines 19a and 19b.

Line 20 – Follow the instructions below for each column on Line 20.

Column C – Write the amount from Line 18 on the first line of Column C.

Column D – Apply the payment with the earliest date from Line 19. Complete Columns E through I.

Continue applying payments in date order until the unpaid amount in Column C has been satisfied (Column E is zero or an overpayment), or you have no more payments to apply. See example on Page 4.

If you have no more payments to apply and Column C remains unpaid, write “0” in Column D, and complete Columns E through I.

Column E – Subtract the payment in Column D from the unpaid amount in Column C.

If the result is **positive**, complete Columns F through I. Write this positive (unpaid) amount on the next line in Column C, and continue completing Columns D through I. Continue doing this until Column E is an overpayment, zero, or you have written “0” in Column D.

If the result is **negative or zero**, you have paid your tax. Write the amount here and, if negative, use brackets. Complete Columns F through I.

Note If you are completing Penalty Worksheet 2, you may apply this negative (overpayment) amount to any underpaid quarters. See instructions for Penalty Worksheet 2.

If you have written “0” in Column D, write the amount from Column C here, and complete Columns F through I.

Column F – Write the date the payment in Column D was made. If Column D is “0,” do not write a date and skip to Column H.

Column G – Figure the number of days from the date in Column B to the date in Column F and write that number here. This is the number of days the payment was late.

Column H – Write the penalty rate that applies to the number of days you wrote in Column G. See the penalty rates at the top of Form IL-2210, Page 2. If Column D is “0” and you did not write a date in Column F, write 10 percent (.10) here.

Column I – Figure this amount using the **payment portion** in either Column C or Column D.

If Column D is “0” or if Column E is “0” or an overpayment, multiply the unpaid amount in **Column C** by the penalty rate in **Column H**. Otherwise, multiply the payment amount in **Column D** by the penalty rate in **Column H**. Write the amount here.

Line 21 – Add Column I. This is your late-payment penalty for unpaid tax. Write this amount here and in Step 5, Line 28.



Penalty Worksheet 2 Late-payment penalty for underpayment of estimated tax

If the amount in Step 2, Line 13, is a positive number (greater than zero) for any quarter, you may owe a late-payment penalty for underpayment of estimated tax. Use Penalty Worksheet 2 to figure the penalty for any unpaid quarter.

Note If you paid the required amount from Step 2, Line 13, by the payment due date for each quarter, do not complete Penalty Worksheet 2.

Line 22 – Write the amount and the date of each estimated tax payment you made during the year. List the payments in date order. **Do not include** any payments already written in Step 3, Lines 16a or 16b, or Step 4, Lines 19a or 19b.

Line 23 – Follow the instructions below for each column on Line 23.

Column C - Write the amounts from Step 2, Line 13, on the first line of Column C for each quarter.

Column D – Apply the estimated payment with the earliest date from Line 22 to the first unpaid quarter. Complete Columns E through I.

Continue applying estimated payments in date order until all unpaid amounts in Column C have been satisfied (Column E is zero or

has an overpayment for all unpaid quarters), or you have no more estimated payments to apply. See example on Page 4.

If you apply all of your estimated payments and Column C remains unpaid for any quarter, you may apply

- any overpayment (the negative amount) from Step 3, Line 18, or
- any overpayment (the negative amount) from Penalty Worksheet 1, Line 20, Column E.

Note If you did not complete Penalty Worksheet 1, write any payment made after the original due date of your return on Line 22. Apply this payment to any amount in Column C that is unpaid after applying any overpayment from Line 18.

If you have applied all your payments and overpayments and you still have an unpaid amount in Column C, write "0" here.

Complete Columns E through I.

Column E – Subtract the payment in Column D from the unpaid amount in Column C.

If the result is **positive**, complete Columns F through I. Write this positive (unpaid) amount on the next line in Column C. Continue applying payments in date order until Column E is an overpayment, zero, or you have written "0" in Column D.

If the result is **negative or zero**, you have paid this quarter. Write the amount here and, if negative, use brackets. Complete Columns F through I. Apply any negative (overpayment) amount in Column E to the next underpaid quarter.

If you wrote "0" in Column D, write the amount from Column C here, and complete Columns F through I.

Column F – Write the date of the estimated payment you applied in Column D as shown on Line 22. If

- you are applying an overpayment from Step 3, Line 18, write the date that corresponds to that payment as shown on Line 16a or 16b.
- you are applying an overpayment from Penalty Worksheet 1, Column E, write the date that corresponds to that payment as shown in Step 4, Line 19a or 19b.
- Column D is "0," do not write a date and skip to Column H.

Column G – Figure the number of days from the date in Column B to the date in Column F and write that number here. This is the number of days the payment was late.

Column H – Write the penalty rate that applies to the number of days you wrote in Column G. See the penalty rates at the top of Form IL-2210, Page 2. If Column D is "0" and you did not write a date in Column F, write 10 percent (.10) here.

Column I – Figure this amount using the **payment portion** in either Column C or Column D.

If Column D is "0" or if Column E is "0" or an overpayment, multiply the unpaid amount in **Column C** by the penalty rate in **Column H**. Otherwise, multiply the payment amount in **Column D** by the penalty rate in **Column H**. Write the amount here.

Line 24 – Add Column I, Quarters 1 through 4. This is your late-payment penalty for underpayment of estimated tax. Write the amount here and on your Form IL-1040, Line 29.

Step 5: Figure your late-filing penalty and the amount you owe

Figure your late-filing penalty

Complete Lines 25 through 27 to figure your late-filing penalty **only** if

- you are filing your Form IL-1040 after the extended due date of your return; and
- your tax was not paid by the original due date of your return.

If neither of these apply, you do not owe a late-filing penalty.

Lines 25 through 27 – Follow the instructions on the form.

Figure the amount you owe

Lines 28 - 30 – Follow the instructions on the form.

Line 31 – Add Lines 28 through 30. Write the total on this line. This is the total of your tax, late-payment penalty for unpaid tax, and your late-filing penalty. See Form IL-1040, Line 36 instructions for your payment options.

Step 6: Complete the annualization worksheet for Step 2, Line 9

Unless you made timely estimated payments, annualizing your income will usually not reduce your penalty. If you complete the annualization worksheet, check the box on your Form IL-1040, Line 29c, and attach Form IL-2210 to your return.

Complete Lines 32 through 48 of one column before going to the next, beginning with Column A.

If the IITA was amended during your tax year and changed how you compute your net income or credits, and the amendment does not provide relief for taxpayers who computed their estimated tax obligations following the old law, use the old law to compute your net income and credits for each period ending before the date the amendment became law.

For example, if a law was passed on May 30, 2008, that disallowed certain deductions allowed under prior law, for tax years ending on or after July 31, 2008, and you are completing this form for calendar year 2008, you should compute the amounts in Columns A and B, Line 32 by treating the deduction as though no law changes were made. The amount in Columns C and D, Line 32, must be computed by adding back the deduction in accordance with the new law.

To figure your tax liability on Line 37 for a period before a new act become law, use the tax rates and credits under the old law.

For example, if a credit was repealed by law, effective June 30, 2007, for tax years ending on or after December 31, 2007, and the credit was reinstated July 30, 2008, for tax years ending on or after December 31, 2008, you could use the credit to reduce the tax liability on your 2008 Form IL-2210, in Columns A and B, Line 41, but not for Columns C and D.

The credit could be used again on the 2008 Form IL-2210, in Columns C and D, Line 37, but not Columns A and B. The credit may not be used for the first five months of the year, because the law restoring the credit was not in effect as of May 31, 2008.

Line 32 – In Columns A through C, write the base income that you would have written on Form IL-1040, Line 9, if you completed a Form IL-1040 for the first three months, the first five months, and the first eight months of the tax year. In Column D, write the amount from your Form IL-1040, Line 9.

Income you received through a partnership, S corporation, trust, or estate is considered received on the last day of the business' tax year.

Nonresidents and part-year residents – Write the amount in each column that you would have written on Schedule NR, Step 5, Line 46, if you completed a Schedule NR at the end of each period.

Lines 33 and 34 – Follow the instructions on the form.

Line 35 – Write the amount in each column that you would have written as your exemption allowance on Form IL-1040, Line 10, as if you had completed a Form IL-1040 at the end of each period.

If your number of exemptions changed during the tax year, determine the exemption allowance that you were entitled to claim at the end of each period. Write this amount in the appropriate column.

Nonresidents and part-year residents – Prorate your exemptions as follows:

$$\text{Exemption allowance (Form IL-1040, Line 10)} \times \frac{\text{Illinois annualized income}}{\text{Total annualized income}}$$

Lines 36 through 48 – Follow the instructions on the form.

Example

Penalty Peterson's Illinois tax due is \$1,875 as shown on his 2008 Form IL-1040, Line 16. His tax due for 2007 was \$2,600.

The total amount of his credits (Form IL-1040, lines 17, 18, 19, and 25) for 2008 is \$75. The total amount of his credits (Lines 19, 20b, 21b, 22b, and 23) for 2007 was \$250. No Illinois income tax was

withheld from his pay nor did he have a credit from a prior year. He figured his penalty using the following estimated payments:

\$100 on April 11, 2008 \$750 on September 12, 2008
 \$200 on June 13, 2008 \$250 on January 16, 2009

Mr. Peterson filed his return August 4, 2009, and paid \$400.

Step 3: Figure your unpaid tax

14 Write the amount from Column A, Line 3. 14 1,800

15 Add your credit carried forward from the prior year, your total estimated payments made this year, your withholding as shown on your W-2 forms, and any pass through entity payments made on your behalf. Compare that total to either the amount written on Line 7, or, if you annualized, the total of Line 9, Quarters 1 through 4, and write the greater amount here. 15 1,620

16 Write other payments made on or before April 15, 2009.

a Write the amount and the date of your Form IL-505-I. **16a** _____ Date: ___/___/____

b Write the amount and the date of any other payment. **16b** _____ Date: ___/___/____

Add Lines 16a and 16b. Write the amount here. 16 0

17 Add Lines 15 and 16. Write the total amount here. 17 1,620

18 Subtract Line 17 from Line 14. If the amount is

- **positive**, write that amount here. Continue to Step 4, and write this amount in Penalty Worksheet 1, Line 20, Column C.
- **zero or negative**, write that amount here, if negative use brackets. Continue to Step 4, skip Penalty Worksheet 1, and go to Penalty Worksheet 2. You may apply this amount to any underpayment when figuring your Penalty Worksheet 2. See instructions.

18 180

Calculations

Step 4: Figure your late-payment penalty

Use Penalty Worksheet 1 to figure your late-payment penalty for unpaid tax.
 Use Penalty Worksheet 2 to figure your late-payment penalty for underpayment of estimated tax.

Note You must follow the instructions in order to properly complete the penalty worksheets.

Penalty rates

Number of days late	Penalty rate
1 - 30	.02
31 or more	.10

Penalty Worksheet 1 – Late-payment penalty for unpaid tax

19 Write the amount and the date of any payment you made on or after April 16, 2009. See instructions.

Amount	Date paid
a <u>400</u>	<u>08/04/2009</u>
b _____	____/____/____

20 Write the amount from Line 18 on the first line of Column C below.

A	B	C	D	E	F	G	H	I
Period	Due date	Unpaid amount	Payment applied	Balance due (Col. C - Col. D)	Payment date	Number of days late	Penalty rate (See above)	Penalty
Return	April 15, 2009	<u>180</u>	<u>400</u>	<u>[220]</u>	<u>08/04/2009</u>	<u>111</u>	<u>.10</u>	<u>18.00</u>

21 Add Column I. This is your late-payment penalty for unpaid tax. Write the total amount here and on Line 28. 21 18.00

Note You may apply any remaining overpayment in Column E above to any underpayment when figuring the Penalty Worksheet 2.

← 180 x .10 = 18.00

Penalty Worksheet 2 – Late-payment penalty for underpayment of estimated tax

Note If you paid the required amount from Line 13 by the payment due date for each quarter, do not complete this worksheet.

22 Write the amount and the date of each estimated income tax payment you made. See instructions.

Estimated Income Tax Payments					
Amount	Date paid	Amount	Date paid	Amount	Date paid
a <u>100</u>	<u>04/11/2008</u>	c <u>750</u>	<u>09/12/2008</u>	e _____	____/____/____
b <u>200</u>	<u>06/13/2008</u>	d <u>250</u>	<u>01/16/2009</u>	f _____	____/____/____

23 Write the unpaid amounts from Line 13, Quarters 1 through 4, on the first line of the appropriate quarters in Column C below.

A	B	C	D	E	F	G	H	I
Period	Due date	Unpaid amount	Payment applied	Balance due (Col. C - Col. D)	Payment date	Number of days late	Penalty rate (See above)	Penalty
Qtr 1	April 15, 2008	<u>405</u>	<u>100</u>	<u>305</u>	<u>04/11/2008</u>	<u>0</u>	<u>0</u>	<u>0.00</u>
		<u>305</u>	<u>200</u>	<u>105</u>	<u>06/13/2008</u>	<u>59</u>	<u>.10</u>	<u>20.00</u>
		<u>105</u>	<u>750</u>	<u>[645]</u>	<u>09/12/2008</u>	<u>150</u>	<u>.10</u>	<u>10.50</u>
Qtr 2	June 16, 2008	<u>405</u>	<u>645</u>	<u>[240]</u>	<u>09/12/2008</u>	<u>88</u>	<u>.10</u>	<u>40.50</u>
Qtr 3	Sept. 15, 2008	<u>405</u>	<u>240</u>	<u>165</u>	<u>09/12/2008</u>	<u>0</u>	<u>0</u>	<u>0.00</u>
		<u>165</u>	<u>250</u>	<u>[85]</u>	<u>01/16/2009</u>	<u>123</u>	<u>.10</u>	<u>16.50</u>
Qtr 4	Jan. 15, 2009	<u>405</u>	<u>85</u>	<u>320</u>	<u>01/16/2009</u>	<u>1</u>	<u>.02</u>	<u>1.70</u>
		<u>320</u>	<u>220</u>	<u>100</u>	<u>08/04/2009</u>	<u>201</u>	<u>.10</u>	<u>22.00</u>
		<u>100</u>	<u>0</u>	<u>100</u>			<u>.10</u>	<u>10.00</u>

28 Add Column I, Quarters 1 through 4. This is your late-payment penalty for underpayment of estimated tax. Write the total amount here and on your Form IL-1040, Line 29. 28 121.20

← 200 x .10 = 20.00

← 105 x .10 = 10.50

← 405 x .10 = 40.50

← 165 x .10 = 16.50

← 85 x .02 = 1.70

← 220 x .10 = 22.00

← 100 x .10 = 10.00