



## 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 31 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 10b.

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](http://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 2010;
- you were not required to file Form IL-1040 for 2009;
- your 2009 Form IL-1040 had zero tax liability (Form IL-1040, Line 16 minus Lines 17, 18, 19, and 25);
- your 2010 tax liability (Form IL-1040, Line 16 minus Lines 17, 18, 19, 24, 26, and 27) is \$500 or less; or
- you were 65 years of age or older, **and** you permanently lived in a nursing home during tax year 2010.

### 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 (2010 Form IL-1040, Lines 17, 18, 19, and 27.)

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 2010 Form IL-1040, Line 16. Write in Column B the tax shown on your 2009 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 2010 Form IL-1040, Lines 17, 18, 19, and 27. Write in Column B the total amount of credits you claimed on your 2009 Form IL-1040, Lines 17, 18, 19, and 25. **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 2009.

If you filed a joint return for 2009 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 2009 joint return	<b>X</b>	Tax minus credits you would have shown on a separate return for 2009.
-----		
Total of the taxes minus credits you and your spouse would have shown on separate returns for 2009.		

**Lines 3 through 6 and Line 8** – Follow the instructions on the form.

**Line 7** – If Line 5 is \$500 or less or if you checked the box on your Form IL-1040, Line 31a or 31b indicating you are not required to make estimated tax payments, write zero and skip to Step 3.

**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 54.

**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 10a – Quarter 1:** Write the amount of any overpayment carried forward from your 2009 Form IL-1040.

**Note** If your 2009 return was filed after October 15, 2010, the amount you requested as credit to your 2010 estimated tax was refunded to you. If you returned the refund check uncashed, it was credited as a payment on the date we received your return. If any of this overpayment was credited on or after April 19, 2011, you must enter the overpayment on Line 21 instead of this line.

**Line 10b – Quarters 1 through 4:** Write one-fourth of the total tax withheld (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.

**Line 10c – Quarters 1 through 4:** Write the amount of pass-through entity payments made on your behalf and shown on Schedule K-1-P or K-1-T. Write the entire amount in the quarter in which the pass-through entity's tax year ended.

**Lines 10d and 11** – Follow the instructions on the form.

**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

**Lines 14 through 16** – Follow the instructions on the form.

**Line 17** – 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, your total withholding as shown on your Form(s) W-2, Wage and Tax Statement, and the pass-through entity payments made on your behalf. 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 18a** – Write the amount and the date of any Form IL-505-I, Automatic Extension Payment, made **on or before** April 18, 2011.

**Line 18b** – 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).

**Lines 18 and 19** - Follow the instructions on the form.

**Line 20** – Subtract Line 19 from Line 16. 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 22, 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 21** – 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 four, write the payments and dates next to Lines 21c and 21d.

**Line 22** – Follow the instructions below for each column on Line 22.

**Column C** – Write the amount from Line 20 on the first line of Column C.

**Column D** – Apply the payment with the earliest date from Line 21. 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 on 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 23** – Add Column I. This is your late-payment penalty for unpaid tax. Write this amount here and in Step 5, Line 34.



#### 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 24** – 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 18a or 18b, or Step 4, Lines 21a through 21d.

**Line 25** – Follow the instructions below for each column on Line 25.

**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 24 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 20, or
- any overpayment (the negative amount) from Penalty Worksheet 1, Line 22, 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 24. Apply this payment to any amount in Column C that is unpaid after applying any overpayment from Line 20.

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 24. If

- you are applying an overpayment from Step 3, Line 20, write the date that corresponds to that payment as shown on Line 18a or 18b.
- 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 21a through 21d.
- 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 on 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 26** – 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 31.

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

### Figure your late-filing penalty

Complete Lines 27 through 33 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.

Unless both of these apply, you do not owe a late-filing penalty.

**Lines 27 through 33** – Follow the instructions on the form.

## Figure the amount you owe

**Lines 34 through 36** – Follow the instructions on the form.

**Line 37** – Add Lines 34 through 36. Write the total on this line. If the result is positive, this is the total of your tax, late-payment penalty for unpaid tax, and your late-filing penalty. See Form IL-1040, Line 38 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 31c, and attach Form IL-2210 to your return.

Complete Lines 38 through 54 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, 2010, that disallowed certain deductions allowed under prior law, for tax years ending on or after July 31, 2010, and you are completing this form for calendar year 2010, you should compute the amounts in Columns A and B, Line 38 by treating the deduction as though no law changes were made. The amount in Columns C and D, Line 38, must be computed by adding back the deduction in accordance with the new law.

To figure your tax liability on Line 47 for a period before a new act became law, use the tax rates and credits under the old law.

For example, if a credit was repealed by law, effective June 30, 2009, for tax years ending on or after December 31, 2009, and the credit was reinstated July 30, 2010, for tax years ending on or after December 31, 2010, you could use the credit to reduce the tax liability on your 2009 Form IL-2210, in Columns A and B, Line 47, but not for Columns C and D.

The credit could be used again on the 2010 Form IL-2210, in Columns C and D, Line 47, 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, 2010.

**Line 38** – 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 that entity's 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 39 and 40** – Follow the instructions on the form.

**Line 41** – 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 42 through 54** – Follow the instructions on the form.

# Example

Penalty Peterson's Illinois tax due is \$1,875 as shown on his 2010 Form IL-1040, Line 16. His tax due for 2009 was \$2,600.

The total amount of his credits (Form IL-1040, lines 17, 18, 19, and 27) for 2010 is \$75. The total amount of his credits (Lines 17, 18, 19, and 25) for 2009 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 9, 2010      \$750 on September 10, 2010  
 \$200 on June 11, 2010    \$250 on January 19, 2011

Mr. Peterson filed his return August 4, 2011, and paid \$400.

### Step 3: Figure your unpaid tax

14 Write the amount from Column A, Line 3.	14 <u>1,800</u>
15 Write the amount of use tax from IL-1040, Line 22.	15 <u>0</u>
16 Add Lines 14 and 15. Write the total amount here.	16 <u>1,800</u>
17 Add your credit carried forward from the prior year (credited on or before April 18, 2011), your total estimated payments made on or before April 18, 2011, your withholding as shown on your W-2 forms, and the pass-through entity payments made on your behalf. Compare that total to either the amount written on Line 7, or, if you <b>annualized</b> , the total of Line 9 Quarters 1 through 4, and write the <b>greater</b> amount here.	17 <u>1,620</u>
18 Write other payments made on or before April 18, 2011.	
a Write the amount and the date of your Form IL-505-I. <b>18a</b> _____ Date: ____/____/____	
b Write the amount and the date of any other payment. <b>18b</b> _____ Date: ____/____/____	
Add Lines 18a and 18b. Write the amount here.	18 <u>0</u>
19 Add Lines 17 and 18. Write the total amount here.	19 <u>1,620</u>
20 Subtract Line 19 from Line 16. If the amount is	
• <b>positive</b> , write that amount here. Continue to Step 4, and write this amount in Penalty Worksheet 1, Line 22, Column C.	
• <b>zero or negative</b> , 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.	20 <u>180</u>

### 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

21 Write the amount and the date of any payment you made on or after April 19, 2011. See instructions.

a	Amount	Date paid	c	Amount	Date paid
a	<u>400.00</u>	<u>08 / 04 / 2011</u>	c	_____	____/____/____
b	_____	____/____/____	d	_____	____/____/____

22 Write the amount from Line 20 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 18, 2011	<u>180</u>	<u>400</u>	<u>[220]</u>	<u>08 / 04 / 2011</u>	<u>108</u>	<u>.10</u>	<u>18.00</u>
_____	_____	_____	_____	_____	____/____/____	_____	_____	_____
_____	_____	_____	_____	_____	____/____/____	_____	_____	_____

23 Add Column I. This is your late-payment penalty for unpaid tax. Write the total amount here and on Line 34.

23 18.00

← 180 x .10 = 18.00

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

#### 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.

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

Estimated Income Tax Payments					
a	Amount	Date paid	c	Amount	Date paid
a	<u>100</u>	<u>04 / 09 / 2010</u>	c	<u>750</u>	<u>09 / 10 / 2010</u>
b	<u>200</u>	<u>06 / 11 / 2010</u>	d	<u>250</u>	<u>01 / 19 / 2011</u>
e	_____	____/____/____	f	_____	____/____/____

25 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, 2010	<u>405</u>	<u>100</u>	<u>305</u>	<u>04 / 09 / 2010</u>	<u>0</u>	<u>0</u>	<u>0.00</u>
		<u>305</u>	<u>200</u>	<u>105</u>	<u>06 / 11 / 2010</u>	<u>57</u>	<u>.10</u>	<u>20.00</u>
		<u>105</u>	<u>750</u>	<u>[645]</u>	<u>09 / 10 / 2010</u>	<u>148</u>	<u>.10</u>	<u>10.50</u>
_____	_____	_____	_____	_____	____/____/____	_____	_____	_____
_____	_____	_____	_____	_____	____/____/____	_____	_____	_____
Qtr 2	June 15, 2010	<u>405</u>	<u>645</u>	<u>[240]</u>	<u>09 / 10 / 2010</u>	<u>87</u>	<u>.10</u>	<u>40.50</u>
		_____	_____	_____	____/____/____	_____	_____	_____
		_____	_____	_____	____/____/____	_____	_____	_____
Qtr 3	Sept. 15, 2010	<u>405</u>	<u>240</u>	<u>165</u>	<u>09 / 10 / 2010</u>	<u>0</u>	<u>0</u>	<u>0.00</u>
		<u>165</u>	<u>250</u>	<u>[85]</u>	<u>01 / 19 / 2011</u>	<u>126</u>	<u>.10</u>	<u>16.50</u>
		_____	_____	_____	____/____/____	_____	_____	_____
_____	_____	_____	_____	_____	____/____/____	_____	_____	_____
Qtr 4	Jan. 18, 2011	<u>405</u>	<u>85</u>	<u>320</u>	<u>01 / 19 / 2011</u>	<u>1</u>	<u>.02</u>	<u>1.70</u>
		<u>320</u>	<u>220</u>	<u>100</u>	<u>08 / 04 / 2011</u>	<u>198</u>	<u>.10</u>	<u>22.00</u>
		<u>100</u>	<u>0</u>	<u>100</u>	____/____/____	_____	<u>.10</u>	<u>10.00</u>
_____	_____	_____	____/____/____	_____	_____	_____	_____	
_____	_____	_____	_____	_____	____/____/____	_____	_____	_____

26 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 31 (round to whole dollars).

26 121.20

← 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