



Form M-2210

Underpayment of Massachusetts Estimated Income Tax

1999

**Massachusetts
Department of
Revenue**

Enclose this form with your income tax return. Please print in ink or type.

Name(s) as shown on page 1 of return

Social Security or U.S. Tax Identification number

Exceptions to the Underpayment Penalty

You may qualify for an exception to the underpayment penalty if:

- Your 1999 income tax due after credits and withholding \$200 or less.
- You are a qualified farmer or fisherman filing and paying your full amount due on or before March 1, 2000.
- You were a resident of Massachusetts for 12 months and not liable for taxes during 1998.
- Your estimated payments and withholding equal or exceed your 1998 tax (where taxable year was 12 months and a return was filed).

Part 1. Required Annual Payment

| | |
|---|--|
| 1. 1999 tax (from Form 1, line 24; Form 1-NR/PY, line 28; Form 2, line 41; Form 3F, line 23; or Form 3M, line 8) | |
| 2. Total credits (from Form 1, lines 27, 34 and 36; Form 1-NR/PY, lines 32, 39 and 41; Form 2, lines 42 and 48; Form 3F, lines 24-27 and 32; or Form 3M, line 12) | |
| 3. Balance. <i>Subtract line 2 from line 1.</i> Not less than "0" | |
| 4. Enter 80% of line 3 or 66 $\frac{2}{3}$ % of line 3 if you are a qualified farmer or fisherman | |
| 5. Enter 1998 tax liability after credits (from 1998 return) (see instructions) | |
| 6. Enter the smaller of line 4 or line 5 | |

Part 2. Figuring Your Underpayment

| | Installment due dates | | | |
|---|-----------------------|------------------|-------------------|------------------|
| | a. April 15, 1999 | b. June 15, 1999 | c. Sept. 15, 1999 | d. Jan. 18, 2000 |
| 7. Divide the amount in line 6 by the number of installments required for the year. Enter the result in the appropriate columns | | | | |
| 8. Estimated taxes paid and taxes withheld for each installment. | | | | |
| 9. Overpayment of previous installment | | | | |
| 10. Total. <i>Add line 8 and line 9</i> | | | | |
| 11. Overpayment. <i>Subtract line 7 from line 10</i> | | | | |
| 12. Underpayment. <i>Subtract line 10 from line 7</i> | | | | |

Part 3. Figuring Your Underpayment Penalty

| | | | | |
|---|--|--|--|--|
| 13. Enter the date you paid the amount in line 12 or the 15th day of the 4th month after the close of the taxable year, whichever is earlier | | | | |
| 14. Number of days from the due date of installment to the date shown in line 13. | | | | |
| 15. Underpayment in line 12 \times (number of days in line 14 \div 365) \times 9% | | | | |
| 16. Penalty. <i>Add all amounts shown in line 15.</i> Enter this amount on line 41 of Form 1; line 46 of Form 1-NR/PY; line 54 of Form 2; line 37 of Form 3F; or line 18 of Form 3M. | | | | |

Form M-2210 Instructions

General Information

Who Should Use This Form. If you are an individual, or a taxpayer taxed as an individual, you should use Form M-2210 to determine if your 1999 estimated and/or withholding tax payments were sufficient. If they were not, an underpayment penalty will be imposed, unless you qualify for one of the exceptions or waivers explained below.

Filing Estimated Tax Vouchers. You are required to file estimated tax vouchers if you reasonably expect to pay more than \$200 in Massachusetts income tax on income which is not covered by withholding. For further information regarding estimated taxes, see the instructions for Form 1-ES Payment Vouchers or the publication *Should You Be Paying Estimated Taxes?*

Exceptions Which Avoid the Penalty. No underpayment penalty will be imposed if:

1. Your 1999 tax due after credits and withholding is \$200 or less.
2. You were a qualified farmer or fisherman who filed and paid in full with your return by March 1, 2000. To qualify, your gross income from farming or fishing must be at least $\frac{2}{3}$ of the annual gross income shown on your 1998 or 1999 return.
3. You were a resident of Massachusetts for the full 12 months of the previous taxable year and were **not** liable for taxes.
4. Your 1999 estimated payments and withholding (line 8) made on or before each installment due date in the taxable year equal or exceed the tax shown on your 1998 return divided among the four installment due dates **provided** that such return was for a full 12-month period.

If you qualify for an exception, do not complete lines 13 through 16. Instead, check the appropriate box on the front of this form and fill in the "EX" oval on the back of Form 1 or Form 1-NR/PY. Enclose this form with your return. If you qualify for the first exception (your 1999 tax due after credits and withholding is \$200 or less) you do not need to complete this form.

Waiver of Underpayment Penalty. A waiver of underpayment penalty for one or more installments may be granted if:

1. Your underpayment was by reason of casualty, disaster or unusual circumstance; or
2. You retired in 1998 or 1999 after reaching age 62, or you became disabled and your underpayment was due to reasonable cause and not willful neglect.

If you qualify for the waiver, complete lines 7 through 12 for the installment(s) for which you are claiming a waiver, and write "WAIVER" in the appropriate box(es) in line 13. Fill in the "EX" oval on the back of Form 1 or Form 1-NR/PY. Enclose this form and an explanation of your reasons for claiming the waiver with your return.

Line-by-Line Instructions

Figuring Your Underpayment and Penalty. To determine the underpayment amount, complete lines 1 through 12, in order of installment due dates, taking care to complete all four columns for lines 7 through 12.

Line 5

- If you filed a return for 1998 **and** it was for a full 12 months, enter your 1998 tax liability after credits.
- If you were a resident of Massachusetts for 12 months in 1998 and you were not liable for taxes, enter "0."
- If you did not file a return for 1998, or if your 1998 tax year was less than 12 months, **do not** complete line 5. Instead, enter the amount from line 4 in line 6.

Line 8

If more than one payment is made for a given installment, attach a separate penalty computation for each payment.

If you had any taxes withheld during the year, you may apply an equal part of those taxes as payment on each required installment(s). If you can establish the actual dates and amounts of your withholding, you may consider those amounts as payments on the dates they were actually withheld.

Line 11

If line 11 shows an overpayment, that overpayment may be used as payment of any existing underpayment amount. Overpayments used as payments of prior underpayment amounts **do not** decrease the actual underpayment amount but serve to reduce instead the **period** of underpayment subject to penalty. If there are no existing underpayment amounts, the overpayment is applied as a credit against the next installment.

Line 12

If line 12 shows an underpayment, see the General Information section to determine whether you qualify for an exception to, or waiver of, the underpayment penalty. If you do not qualify, continue on through line 16 to determine your underpayment penalty.

Line 14

If an underpayment remains unpaid for an entire rate period, use the chart below to determine the number of days to enter in each column. The chart is organized in the same format as Form M-2210.

| Column | Chart of total days per rate period | | | |
|---------|-------------------------------------|-----|-----|-----|
| | (a) | (b) | (c) | (d) |
| Line 14 | 365 | 304 | 212 | 90 |

Example: If an underpayment was shown in line 12, columns (a), (b), (c) and (d) and the date shown in line 13, columns (a), (b), (c) and (d) was April 15, 2000, you should enter 365 in line 14, column (a), 304 in line 14, column (b), 212 in line 14, column (c), and 90 in line 14, column (d).

Annualized Income Installment Method. If you do not receive taxable income evenly throughout the year, you may wish to annualize your income to adjust your required installment amount(s). Enter any adjusted installment amount in the appropriate column in line 7 and calculate any underpayment penalty from those figures. Write "ANNUALIZED" under the column in line 16. For more information on using the Annualized Income Installment method, please refer to the Massachusetts Department of Revenue's Annualized Income Installment Worksheet, Form M-2210A. Form M-2210A may be obtained at any DOR location or by calling (617) 887-MDOR.

Fiscal Year Taxpayers. If you file on a fiscal year basis and are subject to an underpayment penalty, attach a separate statement to calculate the penalty due based on the interest rate(s) in effect for the period(s) of the underpayment(s).