



## General Information

### What is the purpose of this form?

This form allows you to calculate 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** The late-payment penalty for underpayment of estimated tax is based on the tax shown due on your original return. Do not use the tax shown on an amended return filed after the extended due date of the return to compute your required installments in Step 2.

### 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 return as usual and do not attach Form IL-2220.

**Note** You must complete this form if you are using the annualized income installment method for late-payment penalty for underpayment of estimated tax in Step 6.

For more information, see Publication 103, Penalties and Interest for Illinois Taxes. To receive a copy of this publication, visit our website at [tax.illinois.gov](http://tax.illinois.gov) or call our TDD (telecommunications device for the deaf) at 1 800 544-5304.

### What is late-payment penalty?

A late-payment penalty is assessed when you fail 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 payments are 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 do 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 the late-payment penalty for underpayment of estimated taxes if

- you are not filing Form IL-1120;
- you were not required to file Form IL-1120 for last year; or
- your current year's net tax liability (Form IL-1120, Step 8, Line 53) is \$400 or less.

**Note** If in the previous taxable year you filed a short year return or a return showing no liability, you may still owe the late-payment penalty for underpayment of estimated tax. See the specific instructions for details.

### What is late-filing or nonfiling penalty?

A **late-filing or nonfiling penalty** is a penalty assessed for failure to file a processable return by the extended due date. The penalty is the lesser of \$250 or 2 percent of the tax amount required to be shown due on your return, reduced by any payments made by the original due date and any credits allowed on your return.

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 due on your return, determined

without regard to payments and credits, and may be assessed up to a maximum of \$5,000. For more information, see Publication 103, Penalties and Interest for Illinois Taxes.

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

If a change in the 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 in effect as of the end of that period. See Specific Instructions for Step 6.

## Specific Instructions

**Note** If a specific line is not referenced, follow the instructions on the form.

### Step 2: Figure your required installments (Form IL-1120 filers only)

**Line 5** — Write in Column A the total net income and replacement tax and surcharge written on your 2013 Form IL-1120, Step 8, Line 53.

Write in Column B the total net income and replacement tax written on your 2012 Form IL-1120, Step 8, Line 52.

If the preceding year's return was for a short tax year, or you reported zero total net tax, write "N/A" in Column B.

**Note** "N/A" does not equal zero. If you wrote "N/A" on Step 2, Column B, Line 5, you may still be required to make installments. See the instructions for Line 7.

**Line 7** — If Column A, Line 5 is \$400 or less, write "0" and go to Step 3. Otherwise, write the lesser of Column A, Line 6, or Column B, Line 5. **If you wrote "N/A" in Column B, Line 5, write the amount from Column A, Line 6.**

**Note** You do not owe the late-payment penalty for underpayment of estimated tax if you made timely estimated payments equaling at least 90 percent of this year's tax liability or 100 percent of the prior year's tax liability (provided you reported a tax liability in the prior year and it was not a short taxable year).

**Line 10** — Write the amount of your required installment for each due date. For most taxpayers, this is the amount shown on Line 8. However, if you are annualizing your income, you must complete Step 6 and write the required installments from Line 45.

**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 installments.

### Line 11 —

- **Credit carryforwards:** write the amount of credit carried forward from the prior year in Quarter 1.
- **Gambling withholding:** If you received a Form W-2G, Gambling Withholding, include the amount of withholding in four equal installments.
- **Pass-through entity payments:** 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.

For example, if your tax year ended on March 31, 2014, and your Schedule K-1-P shows a tax year ending of June 30, 2013, you would put the pass-through entity payment amount in Quarter 1.

**Line 12 — Quarters 1 through 4** — Subtract Line 11 from Line 10 and write that amount here. If this amount is negative, use brackets. If Line 11 is blank or zero, write the amount from Line 10.

**Lines 13 and 14** — Complete Lines 13 and 14 of each quarter before proceeding to the next quarter. Follow the instructions on the form.

### Step 3: Figure your unpaid tax

**Line 15** — Write the total from:

- Form IL-1120, Step 8, Line 53;
- Form IL-1120-ST, Step 8, Line 58;
- Form IL-1065, Step 8, Line 58;
- Form IL-1041, Step 7, Line 50;
- Form IL-1023-C, Step 4, Line 15; or
- Form IL-990-T, Step 6, Line 27.

**Line 16a** — Add the total of all payments you made on or before the original due date of your tax return. Include credit carryforwards from the prior tax year, withholding (including gambling withholding), estimated payments, extension payments (Form IL-505-B), pass-through entity payments made on your behalf, payments made with a voucher generated by a software program, electronic payments, and payments made with your tax return or “V” vouchers.

**Line 16b — Form IL-1120 filers only:** Add the amounts from Step 2, Line 10, all Columns. Write the result on Line 16b. All other filers, write zero.

**Line 16** — Write the greater of 16a or 16b.

**Line 17** — Subtract Line 16 from Line 15. 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 2, Column C, Line 21.
- **zero or negative**, write the amount here. If the result is negative, use brackets.

### Step 4: Figure your late-payment penalty

**Use:** *to figure your late payment penalty for:*

- Penalty Worksheet 1 underpayment of estimated tax.
- Penalty Worksheet 2 unpaid tax.

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

**Line 18** — Write your payments, regardless of the type of payment, and the date you made the payment. List the payments in date order.

**Note** — If you **do not** complete Penalty Worksheet 1, only write payments made after the original due date of your tax return.

**Do not include credits, withholding, or pass-through entity payments made on your behalf.**

#### Penalty Worksheet 1 — Late-payment penalty for underpayment of estimated tax (Form IL-1120 filers only)

If the amount on Line 14 is positive (greater than zero) for any quarter, you may owe a **late payment penalty for underpayment of estimated tax**. Use this worksheet to figure the penalty for any unpaid quarter.

**Note** — If you paid the required amount from Line 14 by the due date on Line 9 for each quarter, do not complete Penalty Worksheet 1.

**Column C** — Write the underpaid amount from Line 14 on the first line of the appropriate quarter. Do not write any overpaid amounts in this column.

**Column D** — Apply to the first unpaid quarter, the payment from Line 18 with the earliest payment date.

Continue applying payments in date order until all unpaid amounts in Column C have been satisfied (Column E is zero or a negative figure for all unpaid quarters) or you have no more payments to apply.

**For quarters two through four:** If you have an overpayment available from the previous quarter (quarters one through three, respectively) in Column E, you may use that amount for the first available payment in the current quarter.

**Note** — See the example on the final page of these instructions.

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

If this amount 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 the unpaid amount in Column C has been satisfied (Column E is a negative figure, zero, or you wrote “0” in Column D).
- **zero or negative**, you have paid your tax. Write the amount here and, if negative, use brackets. Complete columns F through I.

**Note** — If this amount is negative in the 4th quarter, and the payment date in Column F is after the original due date of the return, apply this overpayment to any unpaid tax shown on Penalty Worksheet 2, Line 21 when figuring your late payment penalty for unpaid tax. See the instructions for Penalty Worksheet 2, Column D.

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 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 listed on Form IL-2220, Page 2, above Penalty Worksheet 1.

If Column D is “0,” write 10 percent (.10).

**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 a negative figure, multiply Column C by Column H and write the amount here. Otherwise, multiply Column D by Column H and write the amount here.

**Line 20** — 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 Form IL-1120, Step 8, Line 54.

#### Penalty Worksheet 2 — Late-payment penalty for unpaid tax

**Line 21** —

**Column B** — Write the original due date of your return.

**Column C** — Write the amount from Line 17.

**Column D** — If you completed Penalty Worksheet 1, and you have a negative amount (overpayment) in Column E of the 4th quarter, **and** the payment date in Column F is **after** the original due date of your tax return, you may apply the overpayment from Line 19, Column E, as the first available payment for Line 21, Column D.

Continue applying unused payments received after the original due date of your tax return from Line 18, in date order until the unpaid amount in Column C has been satisfied (Column E is zero or a negative figure).

If you **did not** complete Penalty Worksheet 1, apply payments received after the original due date of your tax return from Line 18, in date order until the unpaid amount in Column C has been satisfied (Column E is zero or a negative figure).

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

**Note** See the example on the final page of these instructions.

### Complete Columns E through I

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

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

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 payment you applied in Column D. If

- you are applying an overpayment from Penalty Worksheet 1, Column E, write the date that corresponds to that payment, shown on Line 18.
- Column D is "0," do not write a date in Column F 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 listed on Form IL-2220, Page 2, above Penalty Worksheet 1.

If Column D is "0," write 10 percent (.10).

**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

**Column C** by Column H. Otherwise, multiply **Column D** by Column H and write the amount here.

**Line 22** — Add Column I. This is your **late-payment penalty for unpaid tax**. Write the amount here and on Step 5, Line 26.

### Step 5: Figure your late-filing penalty and your total penalties

Complete Lines 23 through 25 to figure your late-filing penalty **only** if

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

Otherwise, you do not owe a late-filing penalty.

**Line 23** — Write the amount of tax due from your annual return. Your tax due is tax and surcharge minus any payments made on or before the original due date and credits.

**Line 26** — Write your late-payment penalty for unpaid tax from Line 22.

**Line 27** — If your annual tax return shows that you have an

- overpayment (before any amount to be carried to the next year's estimated payments), write that amount as a negative number.
- balance due, write that amount as a positive number.

Form -	Overpayment Line -	Tax Due Line-
IL-1120	Step 8, Line 58	Step 8, Line 62
IL-1120-ST	Step 9, Line 61	Step 9, Line 65
IL-1065	Step 9, Line 61	Step 9, Line 65
IL-1041	Step 7, Line 53	Step 7, Line 57
IL-990-T	Step 6, Line 30	Step 6, Line 34
IL-1023-C	Step 4, Line 18	Step 4, Line 22

**Line 28** — Add Lines 25, 26, and 27. This is your total tax and penalty amounts. This amount may not match the overpayment and may reduce any available amount to be credited to the next tax year, or the total amount due on your original tax return.

If Line 28 shows a balance due and you wish to pay your calculated penalty amounts, pay the amount shown here. Otherwise, we will send you a bill.

### Step 6: Complete the annualization worksheet for Step 2, Line 10

You should complete this worksheet if your income was **not** received evenly throughout the year, and you choose to annualize your income. If you complete this worksheet, check the box on Form IL-1120, Step 1, Line V, and attach this form to your return. Beginning with Column A, complete Lines 29 through 45 of each column.

**Note** You must complete all lines of Columns A through D in order to use this worksheet.

If the IITA was amended during your tax year and changed how you compute your net income or tax, 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 tax for each period ending before the date the amendment became law.

**Example:** If an income tax credit was repealed by law, effective June 20, 2013, for tax years ending on or after December 31, 2013, and the credit was reinstated July 30, 2014, for tax years ending on or after December 31, 2014, a calendar-year taxpayer could use the credit to reduce the tax liability on the 2013 Form IL-2220, in Columns A and B, Line 36b, but not for Columns C or D.

The credit could be used again on the 2014 Form IL-2220, in Column D, Line 36b, but not Columns A and B. The credit may be used in Column C of the 2014 Form IL-2220 only if the income used to compute the liability on Line 36b is the annualized amount for the first eight months of the year on Line 34. The credit may not be used if the annualized income for the first six months of the year on Line 31 is used, because the law restoring the credit was not in effect as of June 30, 2014.

**Line 29** — In Columns B through D, calculate and write the **net** income that would have been shown on Form IL-1120, Step 5, Line 39, if you had completed a 2013 Form IL-1120 for the first three months, the first six months, and the first nine months of the tax year.

**Note** Net income from Form IL-1120, Step 5, Line 39, is base income after apportionment and Illinois net loss deduction (during applicable years).

**Line 32** — In Columns A through D, calculate and write the **net** income that would have been shown on Form IL-1120, Step 5, Line 39, if you had completed a 2013 Form IL-1120 for the first three months, the first five months, the first eight months, and the first eleven months of the tax year.

**Line 36a** — Using the net income on Line 35, calculate and write in each column the total net replacement tax that would have been shown on Form IL-1120, Step 8, Line 50b, if you had completed a 2013 Form IL-1120 for each period.

**Line 36b** — Using the net income on Line 35, calculate and write in each column the total net income tax that would have been shown on Form IL-1120, Step 8, Line 51b, if you had completed a 2013 Form IL-1120 for each period.

**Note** Your net income and replacement tax from Form IL-1120, Step 8, Lines 50b and 51b, are amounts after recapture and all appropriate credits. (Refer to Form IL-1120, Steps 6 and 7.) See 100.8010(d)(2)(C) (iv) for more information.

**Line 36c** — For each column, determine the period and annualization factor used when calculating Line 35. Next, compute the amount of surcharge that would have been shown on Form IL-1120, Step 8, Line 52, if you had completed a 2013 Form IL-1120 for each period. Finally, multiply that amount by the annualization factor used for that period. Write the result on Line 36c.

**Line 41** — Write the amount you would have entered in the corresponding column of Step 2, Line 10, if you were not annualizing your income.

# Example

ABC Corporation's total Illinois net income and replacement tax and surcharge is \$1,875, as shown on its 2013 Form IL-1120, Step 8, Line 53. The 2012 tax was \$2,600. The corporation filed Form IL-1120 on September 2, 2014, and paid \$300 with the return.

The corporation made the following estimated payments:

\$100 4-15-13	\$750 9-16-13
\$200 6-17-13	\$250 12-20-13

### Step 3: Figure your unpaid tax - all taxpayers

- 15 Write your total net income and replacement tax (and surcharge, if applicable). See instructions. 15 1875.00
- 16 a Write the total amount of all payments made on or before the original due date of your tax return. Include your credit carryforward from the prior year, total estimated payments made this year, 505-B payments, any pass-through entity payments made on your behalf, annual payments made with your tax return or "V" vouchers, electronic payments, and any gambling withholding shown on Form W-2G. 16a 1300.00
- b Form IL-1120 filers only: Write the total of all Columns, Line 10. All others, write zero. 16b 1688.00
- Write the **greater** of Line 16a or Line 16b here. 16 1688.00
- 17 Subtract Line 16 from Line 15. If this amount is **—positive**, write that amount here. Continue to Step 4 and write this amount in Penalty Worksheet 2, Column C, Line 21. **—zero or negative**, write that amount here and, if negative, use brackets. 17 187.00

### Step 4: Figure your late-payment penalty

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

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

- 18 Write the amount and the date of each payment you made. See instructions.

Amount	Date paid	Amount	Date paid	Amount	Date paid
a <u>100</u>	<u>04/15/2013</u>	e <u>300</u>	<u>09/02/2014</u>	i _____	____/____/____
b <u>200</u>	<u>06/17/2013</u>	f _____	____/____/____	j _____	____/____/____
c <u>750</u>	<u>09/16/2013</u>	g _____	____/____/____	k _____	____/____/____
d <u>250</u>	<u>12/20/2013</u>	h _____	____/____/____	l _____	____/____/____

#### Penalty rates

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

### Penalty Worksheet 1 — Late-payment penalty for underpayment of estimated tax

**Note** If you paid the required amount from Line 14 by the payment due date on Line 9 for each quarter, do not complete this worksheet.

- 19 Write the unpaid amounts from Line 14, 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	No. of days late	Penalty rate (see above)	Penalty
Qtr. 1	<u>04/15/2013</u>	<u>422</u>	<u>100</u>	<u>322</u>	<u>04/15/2013</u>	<u>0</u>		
		<u>322</u>	<u>200</u>	<u>122</u>	<u>06/17/2013</u>	<u>63</u>	<u>.10</u>	<u>20.00</u>
		<u>122</u>	<u>750</u>	<u>(628)</u>	<u>09/16/2013</u>	<u>154</u>	<u>.10</u>	<u>12.20</u>
Qtr. 2	<u>06/17/2013</u>	<u>422</u>	<u>628</u>	<u>(206)</u>	<u>09/16/2013</u>	<u>91</u>	<u>.10</u>	<u>42.20</u>
		_____	_____	_____	____/____/____	_____	_____	_____
		_____	_____	_____	____/____/____	_____	_____	_____
Qtr. 3	<u>09/16/2013</u>	<u>422</u>	<u>206</u>	<u>216</u>	<u>09/16/2013</u>	<u>0</u>		
		<u>216</u>	<u>250</u>	<u>(34)</u>	<u>12/20/2013</u>	<u>95</u>	<u>.10</u>	<u>21.60</u>
		_____	_____	_____	____/____/____	_____	_____	_____
Qtr. 4	<u>12/16/2013</u>	<u>422</u>	<u>34</u>	<u>388</u>	<u>12/20/2013</u>	<u>4</u>	<u>.02</u>	<u>.68</u>
		<u>388</u>	<u>300</u>	<u>88</u>	<u>09/02/2014</u>	<u>260</u>	<u>.10</u>	<u>30.00</u>
		<u>88</u>	<u>0</u>	<u>88</u>	____/____/____	_____	<u>.10</u>	<u>8.80</u>

← (200 x .10 = 20.00)  
 ← (122 x .10 = 12.20)  
 ← (422 x .10 = 42.20)  
 ← (216 x .10 = 21.60)  
 ← (34 x .02 = .68)  
 ← (300 x .10 = 30.00)  
 ← (88 x .10 = 8.80)

- 20 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 Form IL-1120, Step 8, Line 54. 20 135.48

**Note** You may apply any remaining overpayment from the 4th quarter, in Column E above to any underpayment when figuring Penalty Worksheet 2, only if the payment date in Column F is after the original due date of the return.

### Penalty Worksheet 2 — Late-payment penalty for unpaid tax

- 21 Write any positive amount from Line 17 on the first line of Column C below.

A	B	C	D	E	F	G	H	I
Return	Due date	Unpaid amount	Payment applied	Balance due (Col. C - Col. D)	Payment date	No. of days late	Penalty rate (see above)	Penalty
<u>Return</u>	<u>03/17/2014</u>	<u>187</u>	<u>0</u>	<u>187</u>	____/____/____	_____	<u>.10</u>	<u>18.70</u>
_____	_____	_____	_____	_____	____/____/____	_____	_____	_____
_____	_____	_____	_____	_____	____/____/____	_____	_____	_____

← (187 x .10 = 18.70)

- 22 Add Column I. This is your **late-payment penalty for unpaid tax**. Write the total amount here and on Step 5, Line 26. 22 18.70

## Calculations