



Should I complete this form?

Yes, if you did not

- make timely estimated payments,
- pay the tax you owe by the original due date (refer to your form's instructions), or
- file a processable return by the extended due date.

Step 1: Complete the following information

- This form is for 19____ calendar year or for fiscal year beginning _____, 19____, and ending _____, 19____.
- Write your name as it appears on your annual return. **2** _____
- Write your FEIN as it appears on your annual return. **3** ____ - ____ - ____ - ____
- If your prior year return was filed under a different FEIN than the one shown on Line 3, write the number here. **4** ____ - ____ - ____ - ____

Step 2: Figure your required installments and any underpayment of estimated tax

Complete this step only if you are an IL-1120 filer. All others, skip to Step 4.

	A This year	B Last year		
5 Write the total net income and replacement tax from each Form IL-1120, Part II, Line 3. If prior year's tax was zero, write "N/A" in Column B. See instructions. 5	_____	_____		
6 Multiply Column A, Line 5, by 90% (.9). 6	_____			
7 If Column A, Line 5, is \$400 or less, write "0" and go to Step 4. Otherwise, write the lesser of Column A, Line 6, or Column B, Line 5. See instructions. 7	_____			
	Quarter 1	Quarter 2	Quarter 3	Quarter 4
8 In Quarters 1 through 4, write the installment dates that correspond with the 15th day of the 4th, 6th, 9th, and 12th month of the tax year. 8	_____	_____	_____	_____
9 Write the required installment. See instructions. 9	_____	_____	_____	_____
10 Write the amount of tax paid in each quarter. See instructions. 10	_____	_____	_____	_____
11 Subtract Line 10 from Line 9. If the amount is negative, use brackets. 11	_____	_____	_____	_____

Step 3: Figure your late payment penalty for underpayment of estimated tax

Complete Lines 12 through 16 of each quarter before proceeding to the next quarter.

12 Write the amount from Line 13 of the preceding quarter. 12 <u>Do not write on this line.</u>	_____	_____	_____	_____
13 Add Lines 11 and 12. If amount is negative, use brackets. 13	_____	_____	_____	_____
14 Write the lesser of Line 11 or Line 13. If this number is less than zero, write "0." 14	_____	_____	_____	_____
15 Penalty rate. 15	20% (.20)	20% (.20)	20% (.20)	20% (.20)
16 Multiply Line 14 by Line 15. 16	_____	_____	_____	_____
17 Add Quarters 1 through 4, Line 16. This is your late payment penalty for underpayment of estimated tax. 17	_____			

If you have any unpaid tax after the original due date or are filing your annual return after the extended due date, you will owe additional penalties. Go to Step 4 on the following page. If you do not need to go to Step 4, include the amount on Line 17 in your total amount due on Form IL-1120, Part II, Line 7. Check the box under that line and attach this form to your Form IL-1120.

Step 4: Figure your late payment penalty for unpaid tax and late filing penalty

- 18 Write the amount of your net tax. See instructions. 18 _____
- 19 Write the amount from Step 2, Line 7. If you annualized your income, add the amounts on Step 2, Line 9, and write the total here. If you did not complete Step 2 or Step 3, write "0." 19 _____
- 20 If Line 13 in Step 3, Quarter 4, is a negative amount, write that amount as a positive number without brackets. Otherwise, write "0." If you did not complete Step 3, write "0." 20 _____
- 21 Write the amount of payments made before the due date. See instructions. 21 _____
- 22 Add Lines 19, 20, and 21. 22 _____
- 23 Subtract Line 22 from Line 18. If this number is less than zero, write "0." 23 _____
- 24 If you have any unpaid tax after your original due date, multiply Line 23 by 20% (.20). Otherwise, write "0." This is your **late payment penalty for unpaid tax** after the due date. 24 _____
- 25 If you are filing Form IL-1120 and you completed Step 3, write your **late payment penalty for underpayment of estimated tax** from Line 17. Otherwise, write "0." If this number is greater than zero, see instructions. 25 _____
- 26 If you are filing after your extended due date, write your total tax amount. See instructions. 26 _____
- 27 Multiply Line 26 by 2% (.02). 27 _____
- 28 Write the lesser of Line 27 or \$250. This is your **late filing penalty**. 28 _____
- 29 Add Lines 24, 25, and 28. Write "penalty" to the left of the tax due line on your annual return and include this amount in any total amount due written on that line. Attach this form (front and back) to your return. 29 _____

Step 5: Complete the annualization worksheet for Step 2, Line 9

Complete this worksheet **only if** your income was not received evenly throughout the year and you choose to annualize your income. **Complete Column A, Lines 30 through 46 before going to the next column.**

	A	B First 3 months	C First 6 months	D First 9 months
30 Write your Illinois net income for each period.	30 <u>Do not write on this line.</u>	_____	_____	_____
31 Annualization factors	31 <u>Do not write on this line.</u>	4	2	1.33333
32 Multiply Line 30 by Line 31.	32 <u>Do not write on this line.</u>	_____	_____	_____
	First 3 months	First 5 months	First 8 months	First 11 months
33 Write your Illinois net income for each period.	33 _____	_____	_____	_____
34 Annualization factors	34 style="text-align: center;">4	2.4	1.5	1.09091
35 Multiply Line 33 by Line 34.	35 _____	_____	_____	_____
36 In Column A, write the amount from Line 35, Column A. In Columns B, C, and D, write the lesser of Line 32 or 35 for each period.	36 _____	_____	_____	_____
37 Net income and replacement tax for the period. See instructions.	37 _____	_____	_____	_____
38 Applicable percentage	38 style="text-align: center;">22.5%(.225)	45%(.45)	67.5%(.675)	90%(.9)
39 Multiply Line 37 by Line 38. This is your annualized installment.	39 _____	_____	_____	_____
40 Add the amounts on Line 46 of each of the preceding columns and write the total here.	40 <u>Do not write on this line.</u>	_____	_____	_____
41 Subtract Line 40 from Line 39. If less than zero, write "0."	41 _____	_____	_____	_____
42 Divide Step 2, Line 7 by four and write the result in each column.	42 _____	_____	_____	_____
43 Write the amount from Line 45 of the preceding column.	43 <u>Do not write on this line.</u>	_____	_____	_____
44 Add Lines 42 and 43.	44 _____	_____	_____	_____
45 If Line 44 is greater than Line 41, subtract Line 41 from Line 44. Otherwise, write "0."	45 _____	_____	_____	<u>Do not write on this line.</u>
46 Write the lesser of Line 41 or 44 here and on Step 2, Line 9. This is your required installment.	46 _____	_____	_____	_____



General Information

What is the purpose of this form?

The purpose of this form is 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.

What is late payment penalty?

Late payment penalty is a penalty assessed for failure to pay the tax you owe by the prescribed due date, as authorized by the Uniform Penalty and Interest Act (UPIA). This penalty could result from two different underpayment situations and is assessed at the rate of 20 percent for returns due on or after January 1, 1998.

Note For returns due January 1, 1994, through December 31, 1997, this penalty was assessed at the rate of 15 percent.

You will be assessed **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.

Note The late payment penalty for underpayment of estimated taxes is figured separately for each quarter. Therefore, you may still owe this penalty, even if you paid enough tax later to make up the underpayment from a previous quarter.

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 1996; or
- your 1997 net tax liability (Form IL-1120, Part II, Line 3) is \$400 or less.

You will be assessed **late payment penalty for unpaid tax** if you did not pay the tax you owe by the original due date of the return, even if you have an extension of time to file.

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, as authorized by the Uniform Penalty and Interest Act (UPIA). Effective January 1, 1996, the penalty is the lesser of \$250 or 2 percent of the tax amount required to be shown due on your return, without regard to payments and credits.

An additional penalty will be assessed if you do not file a processable return within 30 days of the date we notify you that your return is unprocessable. 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.

Note For returns due January 1, 1994, through December 31, 1995, this penalty was assessed at 5 percent of the tax amount required to be shown due on your return, less credits.

If you feel you do not owe one or more of these penalties due to a casualty, disaster, or other unusual circumstance, you may request a waiver of the penalty due to reasonable cause by submitting a separate detailed explanation and supporting documentation **after** you have received notice of the penalty.

You may be penalized even if your return is fully paid or shows an overpayment.

If I owe penalties, do I need to complete this form?

No, you do not need to complete this form. We will figure the penalties for you and, if you owe any, we will send you a notice. However, 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 5.

If you prefer to calculate your penalties, complete this form. For more information see Publication 103, Uniform Penalties and Interest. To receive a copy of this publication, call our Forms Order Line at 1 800 356-6302, call our Illinois Tax Fax at 217 785-3400, our TDD-telecommunications device for the deaf at 1 800 544-5304, or visit our Web site at <www.revenue.state.il.us>.

Specific Instructions

Step 1: Complete the following information

Lines 1 through 4 — Follow the instructions on the form.

Step 2: Figure your required installments and any underpayment of estimated tax (Form IL-1120 filers only)

Line 5 - Column A — Write the total net income and replacement tax written on your 1997 Form IL-1120, Part II, Line 3.

Column B — Write the total net income and replacement tax written on your 1996 Form IL-1120, Part II, Line 3. 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 For Columns A and B, if a corrected return was filed for either year on or before the automatic extension date, the corrected tax should be used. If an amended return was filed after the automatic extension date for either year, use the most current tax reported **prior** to that date.

Line 6 — Follow the instructions on the form.

Line 7 — Write the lesser of Column A, Line 6, or Column B, Line 5. **If "N/A" was written in Column B, write the amount from Column A, Line 6.**

Line 8 — Follow the instructions on the form.

Line 9 — Write the amount of your required installment for each due date. For most taxpayers, this is the amount shown on Line 7, divided by four. However, if you are annualizing your income, you must complete Step 5.

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 installment by using the annualized income installment method in Step 5. If you choose to annualize your income in Step 5, you must use this method for all installments. When completing the worksheet, select the lesser of the annualized income installment or the regular installment to arrive at the amount of each required installment.

Line 10 - Quarter 1 — Write the total amount of estimated payments made during this quarter, including any credit carried forward from 1996.

Quarters 2 through 4 — Write the total amount of estimated payments made during each quarter.

Line 11 — Subtract Line 10 from Line 9 and write the difference here. If this amount is less than zero, write the amount in brackets “[].”

If the amount written on Line 11 is “0” or in brackets (less than zero) for **all** quarters, you do not owe a late payment penalty for underpayment of estimated tax and should go to Step 4. If the amount written on Line 11 is greater than “0” for any quarter, complete Step 3.

Step 3: Figure your late payment penalty for underpayment of estimated tax

Complete Lines 12 through 16 of each quarter before proceeding to the next quarter, following the instructions for each line.

Step 4: Figure your late payment penalty for unpaid tax and late filing penalty

You should complete this worksheet if you

- have any unpaid tax after your original due date; or
- are filing your return after the extended due date, even if you show an overpayment or no tax due on your return.

Line 18 — Write the amount of net tax from your annual return. This amount is found on

- Form IL-1120, Part II, Line 3
- Form IL-1065, Part II, Line 9
- Form IL-1120-ST, Part II, Line 9
- Form IL-1041, Part II, Line 3
- Form IL-990-T, Part IV, Line 6
- Form IL-1023-C, Part 3, Line 9

Lines 19 through 20 — Follow the instructions on the form.

Line 21 — If you **did** complete Step 3, do not include the amount of timely estimated tax payments you made during the year. However, you should include other payments you **made on time**.

If you **did not** complete Step 3, you should include on this line the amount of estimated tax payments you made during the year and any other payments you **made on time**.

Lines 22 through 24 — Follow the instructions on the form.

Line 25 — If this amount is greater than zero, check the box on Form IL-1120 under Part II, Line 7.

Line 26 — Write your total tax amount, (income tax, replacement tax, or both, if applicable) **without** regard to any payments or credits. These amounts are found on

- Form IL-1120, Part IV, Line 8a, and Part V, Line 2a
- Form IL-1065, Part II, Line 6a
- Form IL-1120-ST, Part II, Line 6a
- Form IL-1041, Part III, Line 4a, and Part IV, Line 2a
- Form IL-990-T, Part III, Line 3a, and Part IV, Line 1a
- Form IL-1023-C, Part 3, Line 9

Lines 27 through 28 — Follow the instructions on the form.

Line 29 — Add lines 24, 25, and 28. Write “penalty” and this amount to the left of the tax due line on your annual return. If you have tax due, include this amount on the tax due line. If you are overpaid, your refund or credit to your 1998 estimated tax will be reduced by this amount.

Step 5: Complete the annualization worksheet for Step 2, Line 9

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, Part II, under Line 7, and attach this form to your return.

Complete Column A, Lines 30 through 46 before going to the next column.

Line 30 — In Columns B through D, calculate and write the **net** income that would have been shown on Form IL-1120, Part IV, Line 7, if you had completed a 1997 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, Part IV, Line 7, is base income after apportionment, Illinois net loss deduction, and exemption.

Line 32 — Follow the instructions on the form.

Line 33 — In Columns A through D, calculate and write the **net** income that would have been shown on Form IL-1120, Part IV, Line 7, if you had completed a 1997 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.

Lines 35 through 36 — Follow the instructions on the form.

Line 37 — Using Line 36, calculate and write in each column the total net income and replacement tax that would have been shown on Form IL-1120, Part II, Line 3, if you had completed a 1997 Form IL-1120 for each period.

Note Your total net income and replacement tax from Form IL-1120, Part II, Line 3, is tax after recapture and all appropriate credits. (Refer to Form IL-1120, Parts IV and V.)

Lines 39 through 46 — Follow the instructions on the form.

