



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,
- receive your income evenly throughout the year, or
- file a processable return by the extended due date.

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

No, you do not need to complete this form if you owe penalties. You may choose to have us figure your penalties and send you a bill instead of completing and filing this form yourself.

If you choose to have us figure your penalties, complete your Form IL-1040 as usual, leave Line 27 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 14.

For more information, see Publication 103, Uniform Penalties and Interest. To receive a copy of this publication, visit our Web site at www.revenue.state.il.us; call our Illinois Tax Fax at **217 785-3400**; 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 increased rates, based on the number of days the payment is late. This method of figuring penalties is for returns due **on or after January 1, 2001**.

For returns due before January 1, 2001, 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, even if you have an extension of time to file.

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. The penalty will be assessed if your Illinois Income Tax exceeded the total tax withheld or credited (Form IL-1040, Line 16 minus the total of Lines 17, 19, 20, 21, 22, and 23) for the tax year by more than \$250.

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

- you qualify as a farmer for 2000;
- you were not required to file Form IL-1040 for 1999;
- your 1999 Form IL-1040 was for a tax year of 12 months, but had zero tax liability (Form IL-1040, Line 16 minus Lines 19, 20, and 21);
- your 2000 tax liability (Form IL-1040, Line 16 minus Lines 17, 19, 20, 21, 22, and 23) is \$250 or less; or
- you were 65 years of age or older **and** were permanently living in a nursing home during tax year 2000.

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 any payments made by the due date (not the extended due date) and any credits allowed on your return (Form IL-1040, Lines 19, 20, 21, 22, and 23.)

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.

Specific Instructions

All instructions are written for calendar-year taxpayers.

Please note that the late-payment penalty is figured differently for returns due on or after **January 1, 2001**. Previously, this penalty was figured on the **required estimated tax payment** at a flat rate. Now, this penalty is figured on the **amount of the payment** and the **number of days** the payment is late.

Step 1: Complete the following information

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

Step 2: Figure your required installments

Line 5 – Write in Column A the tax shown on your 2000 Form IL-1040, Line 16. Write in Column B the tax shown on your 1999 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 6 – Write in Column A the total amount of credits you claimed on your 2000 Form IL-1040, Lines 19, 20, 21, 22, and 23. Write in Column B the total amount of credits you claimed on your 1999 Form IL-1040, Lines 19, 20, and 21. **Do not** include your tax withheld or estimated payments on these lines.

Lines 7 through 12 – Follow the instructions on the form.

Line 13 – Write the amount of your required installment for each due date shown. For most taxpayers, this is the amount shown on Line 12. However, if you are annualizing your income, you must complete Step 6.

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 14 – Quarter 1: Write the amount of any overpayment carried forward from your 1999 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 → You are considered to have paid any Illinois tax withheld evenly over the entire year unless you can show otherwise. 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 15 – Subtract Line 14 from Line 13, and write the amount here. If the amount is negative, use brackets.

Lines 16 and 17 – Complete Lines 16 and 17 of each quarter before proceeding to the next quarter. Follow the instructions on the form.

Step 3: Figure your unpaid tax

Line 18 – Follow the instructions on the form.

Line 19 – Add your credit carried forward from the prior year, your total estimated income tax payments made during the tax year, and your total withholding as shown on your W-2 forms. Compare that total to **either** the amount written on Line 11, or, **if you annualized**, the total of Line 13, Quarters 1 through 4, and write the **greater** amount here.

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Line 20a – Write the amount and the date of any Form IL-505-I payment made **on or before** April 16, 2001.

Line 20b – Write the amount and the date of any other payment you made **on or before** April 16, 2001 (*i.e.*, payment made with your return).

Add Lines 20a and 20b. Write the total amount here.

Line 21 – Follow the instructions on the form.

Line 22 – Subtract Line 21 from Line 18.

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, 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 in order to properly complete the penalty worksheets.

Penalty Worksheet 1 – Late-payment penalty for unpaid tax

Line 23 – Write the amount and the date of any payments you made on or after April 17, 2001. List the payments in date order. If you need to list more than two, write them next to Line 23a and 23b.

Line 24 – Follow the instructions on the form.

Column C – Write the amount from Line 22.

Column D – Apply the payment with the earliest date from Line 23. 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. You should 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 the 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.

IL-2210 Instructions (R-12/00)

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 15 percent (.15) 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 **Column C** by Column H. Otherwise, multiply **Column D** by Column H. Write the amount here.

Line 25 – Add Column I. This is your **late-payment penalty for unpaid tax**. Write this amount here and on Line 32.

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

If the amount on Line 17 is greater than zero for any quarter, you will owe a late-payment penalty for underpayment of estimated tax. Use Penalty Worksheet 2 to figure the penalty for any unpaid quarter.

Line 26 – 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 on Line 20a, Line 20b, or Line 23.

Line 27 – Follow the instructions on the form.

Column C – Write the **underpaid** amount from Line 17 on the first line of the appropriate quarter.

Column D – Apply the estimated tax payment with the earliest date from Line 26 to the first unpaid quarter. Complete Columns E through I.

Continue applying estimated tax 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 tax payments to apply. See example on Page 4.

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

- any overpayment (the negative amount) from Line 22, or
- any overpayment (the negative amount) from Penalty Worksheet 1, Line 24, Column E.

Note → If you did not complete Penalty Worksheet 1, write any payment made on or after April 17, 2001 on Line 26. Apply this payment to any amount in Column C that is unpaid after applying any overpayment from Line 22.

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 have written “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 income tax payment you applied in Column D as shown on Line 26. If

- you are applying an overpayment from Line 22, write the date that corresponds to that payment as shown on Lines 20a or 20b.
- you are applying an overpayment from Penalty Worksheet 1, Column E, write the date that corresponds to that payment as shown on Lines 23a or 23b.
- Column D is “0,” do not write a date and skip to Column H.

IL-2210 Instructions (R-12/00)

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 15 percent (.15) 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 **Column C** by Column H. Otherwise, multiply **Column D** by Column H. Write the amount here.

Line 28 – 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 27.

Step 5: Figure your total late-filing penalty and late-payment penalty for unpaid tax

Complete Lines 29 through 31 to figure your late-filing penalty **only** if

- you are filing your Form IL-1040 after October 15, 2001; and
- your tax was not paid by April 16, 2001.

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

Lines 29 through 32 – Follow the instructions on the form.

Line 33 – Add Lines 31 and 32. Write the total on this line. Also, write this amount and the word “penalty” to the left of Line 34 on your Form IL-1040. If you have tax due, include this amount in the total amount written on Line 34 of your Form IL-1040.

Step 6: Complete the annualization worksheet for Step 2, Line 13

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 the annualization worksheet, check the box on your Form IL-1040, Line 27, and attach Form IL-2210 to your form.

Complete Lines 34 through 50 of one column before going to the next, beginning with Column A.

Note → *Annualizing your income will reduce your penalty only if you made an estimated payment in the quarter in which you received the additional income.*

Line 34 – In Columns A through C, write the base income that you would have written on Form IL-1040, Line 11, 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 11.

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 45, if you completed a Schedule NR at the end of each period.

Lines 35 and 36 – Follow the instructions on the form.

Line 37 – Write the amount in each column that you would have written as your exemption allowance on Form IL-1040, Line 12, 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:

Exemption allowance (Form IL-1040, Line 12) X $\frac{\text{Illinois annualized income}}{\text{total annualized income}}$

Lines 38 through 50 – Follow the instructions on the form.

Example

Penalty Peterson's Illinois tax due is \$1,875 as shown on his 2000 Form IL-1040, Line 16. His tax due for 1999 was \$2,600.

The total amount of his credits (Form IL-1040, lines 19, 20, 21, 22, and 23) for 2000 is \$75. The total amount of his credits (lines 19, 20, and 21) for 1999 was \$250. No Illinois income tax was withheld

from his pay. He figured his penalty using the following estimated payments:

\$100 on April 15, 2000 \$750 on September 13, 2000
 \$200 on June 15, 2000 \$250 on January 19, 2001

Mr. Peterson filed his return August 1, 2001, and paid \$400.

Step 3: Figure your unpaid tax

18 Write the amount from Column A, Line 7. 18 1,800

19 Add your credit carried forward from the prior year, your total estimated payments made this year, and your withholding as shown on your W-2 forms. Compare that total to **either** the amount written on Line 11, or, **if you annualized**, the total of Line 13, Quarters 1 through 4, and write the **greater** amount here. See instructions. 19 1,620

20 Write other payments made **on or before** April 16, 2001. See instructions.

a Write the amount and the date of your Form IL-505-I. **20a** _____ Date: ____/____/____

b Write the amount and the date of any other payment. **20b** _____ Date: ____/____/____

Add Lines 20a and 20b. Write the amount here. 20 0

21 Add Lines 19 and 20. Write the total amount here. 21 1,620

22 Subtract Line 21 from Line 18. If the amount is

- positive**, write that amount here. Continue to Step 4, and write this amount in Penalty Worksheet 1, 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. 22 180

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	Number of days late	Penalty rate
1 - 30	.02	91 - 180	.10
31 - 90	.05	181 or more	.15

Penalty Worksheet 1 – Late-payment penalty for unpaid tax

23 Write the amount and the date of any payment you made **on or after** April 17, 2001. See instructions.

Amount	Date paid
a <u>400</u>	<u>08/01/2001</u>
b _____	____/____/____

24 Write the amount from Line 22 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	4/16/2001	<u>180</u>	<u>[400]</u>	<u>[220]</u>	<u>08/01/2001</u>	<u>106</u>	<u>.10</u>	<u>18.00</u>
_____	_____	_____	_____	_____	____/____/____	_____	_____	_____

25 Add Column I. This is your **late-payment penalty for unpaid tax**.

Write the total amount here and on Line 32. 25 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

26 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>04/15/2000</u>	c <u>750</u>	<u>09/13/2000</u>	e _____	____/____/____
b <u>200</u>	<u>06/15/2000</u>	d <u>250</u>	<u>01/19/2001</u>	f _____	____/____/____

27 Write the unpaid amounts from Line 17, 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	4/17/2000	<u>405</u>	<u>[100]</u>	<u>305</u>	<u>04/15/2000</u>	<u>0</u>	<u>0</u>	<u>0</u>
		<u>305</u>	<u>[200]</u>	<u>105</u>	<u>06/15/2000</u>	<u>59</u>	<u>.05</u>	<u>10.00</u>
		<u>105</u>	<u>[750]</u>	<u>[645]</u>	<u>09/13/2000</u>	<u>149</u>	<u>.10</u>	<u>10.50</u>
Qtr 2	6/15/2000	<u>405</u>	<u>[645]</u>	<u>[240]</u>	<u>09/13/2000</u>	<u>90</u>	<u>.05</u>	<u>20.25</u>
Qtr 3	9/15/2000	<u>405</u>	<u>[240]</u>	<u>165</u>	<u>09/13/2000</u>	<u>0</u>	<u>0</u>	<u>0</u>
		<u>165</u>	<u>[250]</u>	<u>[85]</u>	<u>01/19/2001</u>	<u>126</u>	<u>.10</u>	<u>16.50</u>
Qtr 4	1/16/2001	<u>405</u>	<u>[85]</u>	<u>320</u>	<u>01/19/2001</u>	<u>3</u>	<u>.02</u>	<u>1.70</u>
		<u>320</u>	<u>[220]</u>	<u>100</u>	<u>08/01/2001</u>	<u>196</u>	<u>.15</u>	<u>33.00</u>
		<u>100</u>	<u>0</u>	<u>100</u>	_____	_____	<u>.15</u>	<u>15.00</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 27. 28 106.95

← 200 x .05 = 10.00

← 105 x .10 = 10.50

← 405 x .05 = 20.25

← 165 x .10 = 16.50

← 85 x .02 = 1.70

← 220 x .15 = 33.00

← 100 x .15 = 15.00

