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. 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, Penalties and Interest for Illinois Taxes. To receive a copy of this publication, visit our web site at tax.illinois.gov, or 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. 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. The penalty will be assessed if your Illinois Income Tax exceeded the total amount of tax withheld and credits (Form IL-1040, Line 16 minus the total of Lines 17, 19, 20b, 21b, 22b, and 23) for the tax year by more than $500.

You do not owe a late-payment penalty for underpayment of estimated tax if
- you qualify as a farmer for 2005;
- you were not required to file Form IL-1040 for 2004;
- your 2004 Form IL-1040 was for a tax year of 12 months, but had zero tax liability (Form IL-1040, Line 16 minus Lines 19, 20b, 21b, 22b, and 23);
- your 2005 tax liability (Form IL-1040, Line 16 minus Lines 17, 19, 20b, 21b, 22b, and 23) is $500 or less; or
- you were 65 years of age or older, and you permanently lived in a nursing home during tax year 2005.

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 (Form IL-1040, Lines 19, 20b, 21b, 22b, 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.

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: 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 2005 Form IL-1040, Line 16. Write in Column B the tax shown on your 2004 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 2005 Form IL-1040, Lines 19, 20b, 21b, 22b, and 23. Write in Column B the total amount of credits you claimed on your 2004 Form IL-1040, Lines 19, 20b, 21b, 22b, and 23. **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 2004.

If you filed a joint return for 2004 and you are either filing a separate return this year or filing a joint return with a different spouse, skip Lines 5 and 6 of Column B. Write in Column B, Line 7, the following calculation:

\[
\text{Tax minus credits shown on your 2004 joint return} \times \frac{X}{\text{Total of the taxes minus credits you and your spouse would have shown on separate returns for 2004.}}
\]

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 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 52.

**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.
### 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 on or before the original due date, and your total withholding as shown on your Form(s) W-2, Wage and Tax Statement. This is the total of your payments and credits. Compare that total amount to the amount written on Line 11 and write the greater amount here.

- **Line 20a** – Write the amount and the date of any Form IL-505-I, Automatic Extension Payment, made on or before April 17, 2006.

- **Line 20b** – Write the amount and the date of any other payment you made on or before April 17, 2006 (i.e., payment made with your return).

**Line 20** – Add Lines 20a and 20b and write the amount here.

**Line 21** – Add Lines 19 and 20, and write the amount here.

**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, Line 24, 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.

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.

You must follow the instructions 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 18, 2006. List the payments in date order. If you need to list more than two, write the payments and dates next to Lines 23a and 23b.

- **Line 24** – Follow the instructions below for each column on Line 24.

- **Column C** – Write the amount from Line 22 on the first line of Column C.

- **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. 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.

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 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 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 25** – Add Column I. This is your late-payment penalty for unpaid tax. Write this amount here and in Step 5, Line 32.

#### Penalty Worksheet 2

**Late-payment penalty for underpayment of estimated tax**

If the amount in Step 2, Line 17, 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.

If you paid the required amount from Step 2, Line 17, by the payment due date for each quarter, do not complete Penalty Worksheet 2.

**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 in Step 3, Line 20a, Line 20b, Line 23a, or Line 23b.

**Line 27** – Follow the instructions below for each column on Line 27.

- **Column C** - Write the amounts from Step 2, Line 17, on the first line of Column C for each quarter.

- **Column D** – Apply the estimated payment with the earliest date from Line 26 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.
Step 5: Figure your late-filing penalty and the amount you owe

**Figure your late-filing penalty**

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

- your tax was not paid by April 17, 2006.
- your tax was not paid by April 16, 2006; and

If neither of these apply, you do not owe a late-filing penalty.

**Lines 29 through 31** – Follow the instructions on the form.

**Figure the amount you owe**

**Lines 32 - 34** – Follow the instructions on the form.

**Line 35** – Add Lines 32 through 34. Write the total on this line. This is the total of your tax, late-payment penalty for unpaid tax, and your late-filing penalty. Refer to Form IL-1040, Line 34 instructions for your payment options.

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

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 27a, and attach Form IL-2210 to your form.

Complete Lines 36 through 52 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, 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 for each period ending before the date the amendment became law.

For example, a law was passed on July 30, 2004, that disallows certain deductions allowed under prior law, for tax years ending on or after December 31, 2004.

A taxpayer completing this form for calendar year 2004 should compute the amounts in Columns A and B, Line 36 by treating the deduction as though no law changes were made. The amount in Columns C and D, Line 36, must be computed by adding back the deduction in accordance with the new law.

To figure your tax liability on Line 41 for a period before a new act became law, use the tax rates and credits under the old law.

For example, the Research and Development Credit was repealed by law, effective June 20, 2003, for tax years ending on or after December 31, 2003. The credit was reinstated July 30, 2004, for tax years ending on or after December 31, 2004. A taxpayer could use the Research and Development Credit to reduce the tax liability on their 2003 Form IL-2210, in Columns A and B, Line 41, but not for Columns C and D.

The credit could be used again on the 2004 Form IL-2210, in Columns C and D, Line 41, 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, 2004.

**Line 36** – 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 50, if you completed a Schedule NR at the end of each period.

**Lines 37 and 38** – Follow the instructions on the form.

**Line 39** – 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)**
- **Illinois annualized income**
- **Total annualized income**

Lines 40 through 52 – Follow the instructions on the form.
Example

Penalty Peterson’s Illinois tax due is $1,875 as shown on his 2005 Form IL-1040, Line 16. His tax due for 2004 was $2,600. The total amount of his credits (Form IL-1040, lines 19, 20b, 21b, 22b, and 23) for 2005 is $75. The total amount of his credits (Lines 19, 20b, 21b, 22b, and 23) for 2004 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 15, 2005
- $750 on September 13, 2005
- $200 on June 14, 2005
- $250 on January 20, 2006

Mr. Peterson filed his return August 2, 2006, and paid $400.

### Step 3: Figure your unpaid tax

1. Write the amount from Column A, Line 7.  
   \[ 18 \times 0.10 = 1.800 \]
2. 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.  
   \[ 19 \times 1.620 \]
3. Write other payments made on or before April 17, 2006.  
   a. Write the amount and the date of your Form IL-505.  
   b. Write the amount and the date of any other payment.  
   Add Lines 20a and 20b. Write the amount here.  
   \[ 20 \times 0 \]
4. Add Lines 19 and 20. Write the total amount here.  
   \[ 21 \times 1.620 \]
5. 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, Line 24, Column C.  
   \[ 22 \times 1.800 \]
6. 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.

### 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.

#### Penalty rates

<table>
<thead>
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<th>Number of days late</th>
<th>Penalty rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 - 30</td>
<td>.02</td>
</tr>
<tr>
<td>31 or more</td>
<td>.10</td>
</tr>
</tbody>
</table>

#### Penalty Worksheet 1 – Late-payment penalty for unpaid tax

<table>
<thead>
<tr>
<th>Amount</th>
<th>Date paid</th>
</tr>
</thead>
<tbody>
<tr>
<td>$400</td>
<td></td>
</tr>
<tr>
<td>$200</td>
<td></td>
</tr>
</tbody>
</table>

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

If you paid the required amount from Line 17 by the payment due date for each quarter, do not complete this worksheet.

<table>
<thead>
<tr>
<th>Amount</th>
<th>Date paid</th>
</tr>
</thead>
<tbody>
<tr>
<td>$100</td>
<td></td>
</tr>
<tr>
<td>$200</td>
<td></td>
</tr>
</tbody>
</table>

Calculations

\[ 180 \times 0.10 = 18.00 \]

\[ 200 \times 0.10 = 20.00 \]

\[ 105 \times 0.10 = 10.50 \]

\[ 405 \times 0.10 = 40.50 \]

\[ 165 \times 0.10 = 16.50 \]

\[ 85 \times 0.02 = 1.70 \]

\[ 220 \times 0.10 = 22.00 \]

\[ 100 \times 0.10 = 10.00 \]

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