



# Instructions for Form 2210

## Underpayment of Estimated Tax by Individuals, Estates, and Trusts

Section references are to the Internal Revenue Code unless otherwise noted.

### General Instructions

#### Future Developments

For the latest information about developments related to Form 2210 and its instructions, such as legislation enacted after they were published, go to [www.irs.gov/form2210](http://www.irs.gov/form2210).

#### What's New

**Personal exemption amount increased for certain taxpayers.** The personal exemption amount is increased to \$4,050 for 2016. There is a phaseout of the exemption, the amount of which is determined by the taxpayer's filing status and adjusted gross income.

**Limit on itemized deductions.** For 2016, itemized deductions for taxpayers with adjusted gross incomes above \$155,650 may be reduced.

**Health coverage tax credit.** The health coverage tax credit has been extended.

#### Reminders

**Saturday, Sunday, or legal holiday.** Generally, if a due date for performing any act for tax purposes falls on a Saturday, Sunday, or legal holiday, the act is considered to be performed timely if it's performed no later than the next day that isn't a Saturday, Sunday, or legal holiday. A legal holiday is any legal holiday in the District of Columbia. These instructions make the adjustment for Saturdays, Sundays, and legal holidays.

**Additional Medicare Tax.** A 0.9% Additional Medicare Tax applies to Medicare wages, railroad retirement act (RRTA) compensation, and self-employment income over a threshold amount based on your filing status. See Form 8959.

**Net Investment Income Tax.** You may be subject to Net Investment Income Tax (NIIT). NIIT is a 3.8% (0.038) tax on the lesser of net investment income or the excess of your modified adjusted gross income over a threshold amount. See Form 8960.

**Premium Tax Credit.** You may be eligible to claim the premium tax credit (PTC). The PTC is a tax credit for certain people who enroll, or whose family member enrolls, in a qualified health plan offered through a Health Insurance Marketplace (also called an Exchange). The PTC provides financial assistance to pay the premiums by reducing the amount of tax you owe, giving you a refund, or increasing your refund amount. Advance payment of the PTC may be made through the Marketplace directly to your insurance provider. If you received premium assistance through advance payments of the PTC in 2016, and the amount advanced exceeded the amount of PTC you can take, you could be subject to a penalty for underpaying your estimated tax. For example, you completed Form 8962, Premium Tax Credit, and have additional income tax liability because too much was advanced to your insurance provider. For more information about the PTC and advance payments of the PTC, see Form 8962 and Pub. 974.

### Purpose of Form

Generally, use Form 2210 to see if you owe a penalty for underpaying your estimated tax and, if you do, to figure the amount of the penalty. Even if you aren't required to file Form 2210, you can use it to figure your penalty if you wish to do so. In that case, enter the penalty on your return, but don't file Form 2210.

### Who Must File Form 2210

Use the flowchart at the top of Form 2210, page 1, to see if you must file this form.



*If box B, C, or D in Part II is checked, you must figure the penalty yourself and attach Form 2210 to your return.*

### The IRS Will Figure the Penalty for You

If you didn't check box B, C, or D in Part II, you don't need to figure the penalty. The IRS will figure any penalty for underpayment of estimated tax and send you a bill. If you file your return by April 18, 2017, no interest will be charged on the penalty if you pay the penalty by the date shown on the bill. If you want us to figure the penalty for you, complete your return as usual. Leave the penalty line on your return blank; don't file Form 2210.

### Other Methods of Figuring the Penalty

We realize that there are different ways to figure the correct penalty. You don't have to use the method used on Form 2210 as long as you enter the correct penalty amount on the "Estimated tax penalty" line of your return.

However, if you are required to file Form 2210 because one or more of the boxes in Part II applies, you must complete certain lines and enter the penalty on the "Estimated tax penalty" line of your return.

- If you use the short method, complete Part I, check the box(es) that applies in Part II, and complete Part III. Enter the penalty on Form 2210, line 17, and on the "Estimated tax penalty" line on your tax return.
- If you use the regular method, complete Part I, check the box(es) that applies in Part II, complete Part IV, Section A, and the Penalty Worksheet, later. Enter the penalty on Form 2210, line 27, and on the "Estimated tax penalty" line on your tax return.
- If you use the annualized income installment method, complete Part I, check the box(es) that applies in Part II, complete Schedule AI, complete Part IV, Section A, and the Penalty Worksheet, later. Enter the penalty on Form 2210, line 27, and on the "Estimated tax penalty" line on your tax return.

### Who Must Pay the Underpayment Penalty

In general, you may owe the penalty for 2016 if the total of your withholding and timely estimated tax payments didn't equal at least the smaller of:

1. 90% of your 2016 tax, or
2. 100% of your 2015 tax. (Your 2015 tax return must cover a 12-month period.)

**Special rules for certain individuals.** Different percentages are used for farmers and fishermen, and certain higher income taxpayers.

**Farmers and fishermen.** If at least two-thirds of your gross income for 2015 or 2016 is from farming and fishing, substitute 66% for 90% in (1) above. See *Farmers and fishermen*, later, to see if you qualify.

**Higher income taxpayers.** If your adjusted gross income (AGI) for 2015 was more than \$150,000 (\$75,000 if your 2016 filing status is married filing separately), substitute 110% for 100% in (2) above.

**Penalty figured separately for each required payment.** The penalty is figured separately for each installment due date. Therefore, you may owe the penalty for an earlier due date even if you paid enough tax later to make up the underpayment. This is true even if you are due a refund when you file your tax return. However, you may be able to reduce or eliminate the penalty by using the annualized income installment method. For details, see the Schedule AI instructions later.

**Return.** In these instructions, “return” refers to your original return. However, an amended return is considered the original return if it is filed by the due date (including extensions) of the original return. Also, a joint return that replaces previously filed separate returns is considered the original return.

## Exceptions to the Penalty

You won't have to pay the penalty or file this form if either of the following applies.

- You had no tax liability for 2015, you were a U.S. citizen or resident alien for the entire year (or an estate of a domestic decedent or a domestic trust), and your 2015 tax return was (or would have been had you been required to file) for a full 12 months.
- The total tax shown on your 2016 return minus the amount of tax you paid through withholding is less than \$1,000. To determine whether the total tax is less than \$1,000, complete Part 1, lines 1 through 7.

**Estates and trusts.** No penalty applies to either of the following.

- A decedent's estate for any tax year ending before the date that is 2 years after the decedent's death.
- A trust that was treated as owned by the decedent if the trust will receive the residue of the decedent's estate under the will (or if no will is admitted to probate, the trust primarily responsible for paying debts, taxes, and expenses of administration) for any tax year ending before the date that is 2 years after the decedent's death.

**Farmers and fishermen.** If you meet both tests 1 and 2 below, you don't owe a penalty for underpaying estimated tax.

1. Your gross income from farming or fishing is at least two-thirds of your annual gross income from all sources for 2015 or 2016.
2. You filed Form 1040 or 1041 and paid the entire tax due by March 1, 2017.

See chapter 2 of Pub. 505, Tax Withholding and Estimated Tax, for the definition of gross income from farming and fishing.

If you meet test 1 but not test 2, use Form 2210-F, Underpayment of Estimated Tax by Farmers and Fishermen, to see if you owe a penalty. If you don't meet test 1, use Form 2210.

## Waiver of Penalty

If you have an underpayment, all or part of the penalty for that underpayment will be waived if the IRS determines that:

- In 2015 or 2016, you retired after reaching age 62 or became disabled, and your underpayment was due to reasonable cause; or
- The underpayment was due to a casualty, disaster, or other unusual circumstance, and it would be inequitable to impose the penalty. For federally declared disaster areas, see *Federally declared disaster*, later.

To request any of the above waivers, do the following.

1. Check box A or box B in Part II.
  - a. If you checked box A, complete only page 1 of Form 2210 and attach it to your tax return (you aren't required to figure the amount of penalty to be waived).
  - b. If you checked box B, complete Form 2210 through line 16 (or if you use the regular method, line 26 plus the Penalty Worksheet, later) without regard to the waiver. Enter the amount you want waived in parentheses on the dotted line next to line 17 (line 27 for the regular method). Subtract this amount from the total penalty you figured without regard to the waiver, and enter the result on line 17 (line 27 for the regular method).
2. Attach Form 2210 and a statement to your return explaining the reasons you were unable to meet the estimated tax requirements and the time period for which you are requesting a waiver.
3. If you are requesting a waiver due to retirement or disability, attach documentation that shows your retirement date (and your age on that date) or the date you became disabled.
4. If you are requesting a waiver due to a casualty, disaster (other than a federally declared disaster as discussed next), or other unusual circumstance, attach documentation such as copies of police and insurance company reports.

The IRS will review the information you provide and decide whether to grant your request for a waiver.

**Federally declared disaster.** Certain estimated tax payment deadlines for taxpayers who reside or have a business in a federally declared disaster area are postponed for a period during and after the disaster. During the processing of your tax return, the IRS automatically identifies taxpayers located in a covered disaster area (by county or parish) and applies the appropriate penalty relief. **Don't** file Form 2210 if your underpayment was due to a federally declared disaster. If you still owe a penalty after the automatic waiver is applied, the IRS will send you a bill.

An individual or a fiduciary for an estate or trust not in a covered disaster area but whose books, records, or tax professionals' offices are in a covered area is also entitled to relief. Also eligible are relief workers affiliated with a recognized government or charitable organization assisting in the relief activities in a covered disaster area. If you meet either of these eligibility requirements, you must call the IRS disaster hotline at 1-866-562-5227 and identify yourself as eligible for this relief. Details on the applicable disaster postponement period can be found at IRS.gov. Enter "disaster relief" in the search box, then select "Tax Relief in Disaster Situations." Select the federally declared disaster that affected you. See Pub. 505, chapter 4, for more details. For guidance on figuring estimated taxes for trusts and certain estates, see Notice 87-32, 1987-1 C.B. 477.

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## Specific Instructions

### Part I—Required Annual Payment

Complete lines 1 through 9 to figure your required annual payment.

If you file an amended return by the due date of your original return, use the amounts shown on your amended return to figure your underpayment. If you file an amended return after the due date, use the amounts shown on the original return.

**Exception.** If you and your spouse file a joint return after the due date to replace previously filed separate returns, use the amounts shown on the joint return to figure your underpayment.

### Line 1

Enter the amount from Form 1040, line 56; Form 1040A, line 39; Form 1040NR, line 53; or Form 1040NR-EZ, line 15. For an estate or trust, enter the amount from Form 1041, Schedule G, line 3.

### Line 2

Enter the total of the following amounts.

IF you file...	THEN include on line 2 the amounts on...
1040	<p>Lines 57, 59 (additional tax on distributions only), 60a*, 60b, and if applicable, the Additional Medicare Tax (Form 8959) and/or Net Investment Income Tax (Form 8960) on line 62, and any write-ins on line 62 with the exception of:</p> <ul style="list-style-type: none"> <li>• Uncollected social security and Medicare tax or RRTA tax on tips or group-term life insurance (identified as "UT"),</li> <li>• Tax on excess golden parachute payments (identified as "EPP"),</li> <li>• Excise tax on insider stock compensation from an expatriated corporation (identified as "ISC"),</li> <li>• Look-back interest due under section 167(g) (identified as "8866"), and under section 460(b) (identified as "8697"), and</li> <li>• Recapture of federal mortgage subsidy (identified as "FMSR").</li> </ul>
1040NR	<p>Lines 54, 55, 57 (additional tax on distributions only), 58, 59a*, 59b, and if applicable, Additional Medicare Tax (Form 8959) and/or Net Investment Income Tax (Form 8960) on line 60, and any write-ins on line 60 with the exception of:</p> <ul style="list-style-type: none"> <li>• Uncollected social security and Medicare tax or RRTA tax on tips or group-term life insurance (identified as "UT"),</li> <li>• Tax on excess golden parachute payments (identified as "EPP"),</li> <li>• Excise tax on insider stock compensation from an expatriated corporation (identified as "ISC"),</li> <li>• Look-back interest due under section 167(g) (identified as "From Form 8866"), and under section 460(b) (identified as "From Form 8697"), and</li> <li>• Recapture of federal mortgage subsidy (identified as "FMSR").</li> </ul>
1041	<p>Schedule G, lines 4, 5, 6*, and any write-ins on line 7 with the exception of:</p> <ul style="list-style-type: none"> <li>• Look-back interest due under section 167(g) (identified as "From Form 8866"), and</li> <li>• Look-back interest due under section 460(b) (identified as "From Form 8697").</li> </ul>
<p>* If you are a household employer, include your household employment taxes on line 2 only if you had federal income tax withheld from your income and would be required to make estimated tax payments even if the household employment taxes weren't included.</p>	

If you file Form 1040NR-EZ or Form 1040A, you won't have an entry on line 2.

### Line 3

Enter the total amount of the following refundable credits, if any, that you claim on your tax return.

- Earned income credit.
- Additional child tax credit.
- Refundable part of the American opportunity credit (Form 8863, Line 8).
- Credit for federal tax paid on fuels.

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- Health coverage tax credit.
- Premium tax credit (Form 8962).
- Credit determined under section 1341(a)(5)(B).

To figure the amount of the section 1341 credit, see *Repayments* in Pub. 525.

### Line 6

Enter the taxes withheld from Form 1040, lines 64 and 71; Form 1040A, line 40, plus any excess social security and tier 1 railroad retirement tax (RRTA) included on line 46; Form 1040NR, lines 62a, 62b, 62c, 62d, and 67; or Form 1040NR-EZ, lines 18a and 18b. For an estate or trust, enter the amount from Form 1041, line 24e.

**Filers of Form 8689, Allocation of Individual Income Tax to the U.S. Virgin Islands.** Also enter on this line the amount(s) from Form 8689, lines 40 and 45 that you entered on line 74 of your 2016 Form 1040.

### Line 8

To figure your 2015 tax, first add the amounts listed in (1) later, then subtract from that total amount the refundable credits listed in (2) later that are shown on your 2015 tax return. **(1) Add the amounts listed in the chart below based on which tax return you filed for 2015.**

IF you filed for 2015...	Add the following amounts shown on your 2015 tax return.
1040	<p>Lines 56, 57, 59 (additional tax on distributions only), 60a*, 60b, and any write-ins on line 62 with the exception of:</p> <ul style="list-style-type: none"> <li>• Uncollected social security and Medicare tax or RRTA tax on tips or group-term life insurance (identified as "UT"),</li> <li>• Tax on excess golden parachute payments (identified as "EPP"),</li> <li>• Excise tax on insider stock compensation from an expatriated corporation (identified as "ISC"),</li> <li>• Look-back interest due under section 167(g) (identified as "8866"), and under section 460(b) (identified as "8697"),</li> <li>• Recapture of federal mortgage subsidy (identified as "FMSR").</li> </ul>
1040A	Line 35
1040NR	<p>Lines 53, 54, 55, 57 (additional tax on distributions only), 58, 59a*, 59b, and any write-ins on line 60 with the exception of:</p> <ul style="list-style-type: none"> <li>• Uncollected social security and Medicare tax or RRTA tax on tips or group-term life insurance (identified as "UT"),</li> <li>• Tax on excess golden parachute payments (identified as "EPP"),</li> <li>• Excise tax on insider stock compensation from an expatriated corporation (identified as "ISC"),</li> <li>• Look-back interest due under section 167(g) (identified as "From Form 8866"), and under section 460(b) (identified as "From Form 8697"),</li> <li>• Recapture of federal mortgage subsidy (identified as "FMSR").</li> </ul>
1040NR-EZ	Line 15
1041	<p>Schedule G, lines 4, 5, 6*, and any write-ins on line 7 with the exception of:</p> <ul style="list-style-type: none"> <li>• Look-back interest due under section 167(g) (identified as "From Form 8866"), and</li> <li>• Look-back interest due under section 460(b) (identified as "From Form 8697").</li> </ul>
<p>*If you are a household employer, include your household employment taxes on line 2 only if you had federal income tax withheld from your income and would be required to make estimated tax payments even if the household employment taxes weren't included</p>	

### (2) Subtract refundable credits listed below:

Subtract the total of the following refundable credits, if any, that you claimed on your 2015 tax return:

- Earned income credit.



- Additional child tax credit.
- Refundable part of the American opportunity credit (Form 8863, line 8).
- Credit for federal tax paid on fuels.
- Health coverage tax credit.
- Premium tax credit (Form 8962).
- Credit determined under section 1341(a)(5)(B).

Enter the 2015 tax you figured above unless the AGI on your 2015 return is more than \$150,000 (\$75,000 if married filing separately for 2016). If the AGI shown on your 2015 tax return is more than \$150,000 (\$75,000 if married filing separately), enter 110% of the amount of the tax computed earlier.

If you are filing a joint return for 2016, but you didn't file a joint return for 2015, add your 2015 tax (as figured earlier) to your spouse's 2015 tax (as figured earlier) and enter the total on line 8. If you filed a joint return for 2015 but you aren't filing a joint return for 2016, see Pub. 505, chapter 4, *General Rule*, to figure your share of the 2015 tax to enter on line 8. If you didn't file a return for 2015 or your 2015 tax year was less than 12 months, don't complete line 8. Instead, enter the amount from line 5 on line 9. However, see *Exceptions to the Penalty*, earlier.

### Part III—Short Method

If you can use the short method (see Form 2210, Part III, *Can You Use the Short Method?*), complete lines 10 through 14 to figure your total underpayment for the year, and lines 15 through 17 to figure the penalty. In certain circumstances, the IRS will waive all or part of the underpayment penalty. See *Waiver of Penalty*, earlier.

### Part IV—Regular Method

Use the regular method if you aren't eligible to use the short method. See Form 2210, Part III, *Must You Use the Regular Method?* If you checked box C in Part II, complete Schedule AI before Part IV.

**Form 1040NR or 1040NR-EZ filers.** If you are filing Form 1040NR or 1040NR-EZ and didn't receive wages as an employee subject to U.S. income tax withholding, the instructions for completing Part IV are modified as follows.

1. Skip column (a).
2. On line 18, column (b), enter one-half of the amount on line 9 of Part I (unless you are using the annualized income installment method).
3. On line 19, column (b), enter the total tax payments made through June 15, 2016, for the 2016 tax year. If you are treating federal income tax (and excess social security or tier 1 railroad retirement tax) as having been withheld evenly throughout the year, you are considered to have paid one-third of these amounts on each payment due date.
4. Skip all lines in column (b) that are shaded in column (a).

### Section A—Figure Your Underpayment

#### Line 18

Enter on line 18, columns (a) through (d), the amount of your required installment for the due date shown in each column heading. For most taxpayers, this is one-fourth of the required annual payment shown in Part I, line 9. However, it may be to your benefit to figure your required installments by using the annualized income installment method. See the Schedule AI instructions later.

#### Line 19

**Table 1—List your estimated tax payments for 2016.** Before completing line 19, enter in Table 1 the payments you made for 2016. Include the following payments.

- Any overpayment from your 2015 return applied to your 2016 estimated tax payments. Generally, treat the payment as made on April 18, 2016.
- Estimated tax payments you made for the 2016 tax year, plus any federal income tax and excess social security and tier 1 railroad retirement tax withheld.
- Any payment made on your balance due return for 2016. Use the date you filed (or will file) your return or April 18, 2017, whichever is earlier, as the payment date.

**Table 1. Estimated Tax Payments**

Date	Payment amount	Date	Payment amount

**Entries on Form 2210.** Enter on line 19 the following tax payments.

- Column (a)—payments you made by April 18, 2016.
- Column (b)—payments you made after April 18, 2016, through June 15, 2016.
- Column (c)—payments you made after June 15, 2016, through September 15, 2016.
- Column (d)—payments you made after September 15, 2016, through January 17, 2017.

When figuring your payment dates and the amounts to enter on line 19 of each column, apply the following rules.

- For withheld federal income tax and excess social security or tier 1 railroad retirement tax (RRTA), you are considered to have paid one-fourth of these amounts on each payment due date unless you can show otherwise. You will find these amounts on Form 1040, lines 64 and 71; Form 1040A, line 40, plus any excess social security and tier 1 RRTA included on line 46; Form 1040NR, lines 62a, 62b, 62c, 62d, and 67; Form 1040NR-EZ, lines 18a and 18b; and Form 1041, line 24e.



*If you treat withholding as paid for estimated tax purposes when it was actually withheld, you must check box D in Part II and complete and attach Form 2210 to your return.*

- Include all estimated tax payments you made for each period. Include any overpayment from your 2015 tax return you elected to apply to your 2016 estimated tax. If your 2015 return was fully paid by the due date, treat the overpayment as a payment made on April 18, 2016. If you mail your estimated tax payments, use the date of the U.S. postmark as the date of payment.
- If an overpayment is generated on your 2015 return from a payment made after the due date, treat the payment as made on the date of payment. For example, you paid \$500 due on your 2015 return on July 1, 2016, and later amended the return and were due a \$400 refund which you elected to have applied to your estimated taxes. The \$400 overpayment would be treated as paid on July 1.
- If you file your return and pay the tax due by January 31, 2017, include on line 19, column (d), the amount of tax you pay with your tax return. In this case, you won't owe a penalty for the payment due on January 17, 2017.

**Example 1.** You filed your 2015 tax return on June 1, 2016, showing a \$2,000 refund. You elected to have \$1,000 of your 2015 overpayment applied to your 2016 estimated tax payments. In 2016, you had \$4,000 of federal income tax withheld from wages. You also made \$500 estimated tax

payments on September 15, 2016 and January 17, 2017. On line 19, column (a), enter \$2,000 (\$1,000 withholding + \$1,000 overpayment). In column (b) enter \$1,000 (withholding), and in columns (c) and (d), enter \$1,500 (\$1,000 withholding + \$500 estimated tax payment).

## Line 25

If line 25 is zero for all payment periods, you don't owe a penalty. But if you checked box C or D in Part II, you must file Form 2210 with your return. If you checked box E, you must file page 1 of Form 2210 with your return. In certain circumstances, the IRS will waive all or part of the underpayment penalty. See *Waiver of Penalty*, earlier.

## Section B—Figure the Penalty

Use the Penalty Worksheet, later, to figure your penalty for each period by applying the appropriate rate against each underpayment shown in Section A, line 25. The penalty is figured for the number of days that each underpayment remains unpaid.

Your payments are applied first to any underpayment balance on an earlier installment even if you designate a payment for a later period. See *Example 2*. Use lines 3, 6, 9, and 12 of the Penalty Worksheet to show the number of days an underpayment remained unpaid. Use lines 4, 7, 10, and 13 to figure the actual penalty amount by applying the appropriate rate to an underpayment for the number of days it remained unpaid.

**Example 2.** You had a \$500 underpayment remaining after your April 15 payment. The June 15 installment required a payment of \$1,200. On June 10, you made a payment of \$1,200 to cover the June 15 installment. However, \$500 of this payment is applied first to the April 15 installment. The penalty for the April 15 installment is figured from April 15 to June 10 (56 days). The amount remaining to be applied to the June 15 installment is \$700.

**Total days per rate period.** If an underpayment remained 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 the Penalty Worksheet.

**Table 2. Chart of Total Days**

Rate Period	(a) 4/15/16	(b) 6/15/16	(c) 9/15/16	(d) 1/15/17
4/16/16-6/30/16	76	15	—	—
7/1/16-9/30/16	92	92	15	—
10/1/16-12/31/16	92	92	92	—
1/1/17-4/15/17	105	105	105	90

For example, if you have an underpayment on line 25, column (a), but Table 1 shows you have no payments until after January 3, 2017, you would enter "76" on line 3, column (a), of the Penalty Worksheet.

**TIP** If you make a payment during a rate period, see Pub. 505, chapter 4, Table 4-1, for an easy way to figure the number of days the payment is late.

## Worksheet for Form 2210, Part IV, Section B—Figure the Penalty

**Line 1b.** If more than one payment was applied to fully pay the underpayment amount in a column (line 1a), enter on line 1b the date and amount applied up to the underpayment amount. If a

payment was more than the underpayment amount, enter the excess in the next column with the same date.

**Example 3.** Your required installment for each payment due date is \$4,000. You made the following estimated tax payments.

Date	Payments
4/30/16	\$2,000
6/15/16	\$3,000
9/15/16	\$4,000
1/15/17	\$4,000

Line 1a, column (a), shows \$4,000. You enter "4/30 \$2,000" and "6/15 \$2,000" on line 1b, column (a). The remaining \$1,000 (\$3,000 – \$2,000) of the June 15 payment is entered on line 1b, column (b), "6/15 \$1,000." Also enter "9/15 \$3,000" on line 1b, column (b), because \$3,000 of the \$4,000 September payment must be used to fully pay the June underpayment. Continue in this manner until all your payments are used.

**Line 3.** If more than one payment was applied to an underpayment on line 1a, enter the number of days each payment was late.

**Example 4.** Using the same facts as *Example 3* above, enter "15" (number of days from 4/15 to 4/30) and "61" (number of days from 4/15 to 6/15) on line 3, column (a) (see illustration under *Example 5*).

**Line 4.** Make the computation requested on line 4 and enter the result. If more than one payment was required to fully satisfy an underpayment amount, make a separate computation for each payment. See *Example 5* and the example in Pub. 505, chapter 4.

**Example 5.** Assume the same facts as in *Example 3*. On line 4, enter the penalty for each underpayment: "\$3.28" ( $\$2,000 \times (15 \div 366) \times 0.04$ ) and "\$13.33" ( $\$2,000 \times (61 \div 366) \times 0.04$ ). The entries are illustrated below.

(a)		
2	4/15/16	
3	Days: 15	Days: 61
4	\$3.28	\$13.33

Column (a) is fully paid in the first rate period; therefore, lines 6, 7, 9, 10, 12, and 13 for column (a) would be blank. Continue with the underpayment in columns (b), (c), and (d) in the same manner.

**Note:** If an underpayment balance remains for the remaining rate periods, calculate the penalty using the same steps as explained above, but use the dates and interest rates on lines 6 and 7 for rate period 2, lines 9 and 10 for rate period 3, and lines 12 and 13 for rate period 4.

## Schedule AI—Annualized Income Installment Method

If your income varied during the year because, for example, you operated your business on a seasonal basis or had a large capital gain late in the year, you may be able to lower or eliminate the amount of one or more required installments by using the annualized income installment method. Use Schedule AI to figure the required installments to enter on Form 2210, Part IV, line 18.



If you use Schedule AI for any payment due date, you must use it for all payment due dates.

**Worksheet for Form 2210, Part IV, Section B—Figure the Penalty**

Complete Rate Period 1 of each column before going to the next column; then go to Rate Periods 2, 3, and 4 in the same manner. If multiple estimated tax payments are applied to the underpayment amount in a column of line 1a, you will need to make more than one computation for that column.

		Payment Due Dates			
		(a) 4/15/16	(b) 6/15/16	(c) 9/15/16	(d) 1/15/17
<b>1a</b> Enter your underpayment from Part IV, Section A, line 25 . . . . .	<b>1a</b>				
<b>1b</b> Date and amount of each payment applied to the underpayment amount on line 1a for each column (see instructions). <b>Note:</b> Your payments are applied in the order made first to any underpayment balance in an earlier column until that underpayment is fully paid.	<b>1b</b>				
<b>Rate Period 1: April 16, 2016—June 30, 2016</b>					
<b>2</b> Computation starting dates for this period . . . . .	<b>2</b>	4/15/16	6/15/16		
<b>3</b> Number of days <b>from</b> the date on line 2 to the date the amount on line 1a was paid <b>or</b> 6/30/16, whichever is earlier . . . . .	<b>3</b>	Days:	Days:		
<b>4</b> Underpayment on line 1a × $\frac{\text{Number of days on line 3}}{366}$ × 0.04	<b>4</b>	\$	\$		
<b>Rate Period 2: July 1, 2016—September 30, 2016</b>					
<b>5</b> Computation starting dates for this period . . . . .	<b>5</b>	6/30/16	6/30/16	9/15/16	
<b>6</b> Number of days <b>from</b> the date on line 5 to the date the amount on line 1a was paid <b>or</b> 9/30/16, whichever is earlier . . . . .	<b>6</b>	Days:	Days:	Days:	
<b>7</b> Underpayment on line 1a × $\frac{\text{Number of days on line 6}}{366}$ × 0.04	<b>7</b>	\$	\$	\$	
<b>Rate Period 3: October 1, 2016—December 31, 2016</b>					
<b>8</b> Computation starting dates for this period . . . . .	<b>8</b>	9/30/16	9/30/16	9/30/16	
<b>9</b> Number of days <b>from</b> the date on line 8 to the date the amount on line 1a was paid <b>or</b> 12/31/16, whichever is earlier . . . . .	<b>9</b>	Days:	Days:	Days:	
<b>10</b> Underpayment on line 1a × $\frac{\text{Number of days on line 9}}{366}$ × 0.04	<b>10</b>	\$	\$	\$	
<b>Rate Period 4: January 1, 2017—April 15, 2017</b>					
<b>11</b> Computation starting dates for this period . . . . .	<b>11</b>	12/31/16	12/31/16	12/31/16	1/15/17
<b>12</b> Number of days <b>from</b> the date on line 11 to the date the amount on line 1a was paid <b>or</b> 4/15/17, whichever is earlier . . . . .	<b>12</b>	Days:	Days:	Days:	Days:
<b>13</b> Underpayment on line 1a × $\frac{\text{Number of days on line 12}}{365}$ × 0.04	<b>13</b>	\$	\$	\$	\$
<b>14 Penalty.</b> Add all amounts on lines 4, 7, 10, and 13 in all columns. Enter the total here and on line 27 of Part IV, Section B . . . . .	<b>14</b>				\$

To use the annualized income installment method to figure the penalty, you must do all of the following.

1. Complete Schedule AI, Part I (and Part II, if necessary). Enter the amounts from Schedule AI, Part I, line 25, columns (a) through (d), in the corresponding columns of Form 2210, Part IV, line 18.
2. Complete Part IV to figure the penalty. This includes completing the Penalty Worksheet in the instructions.
3. Check box C in Part II.
4. Attach Form 2210, Parts I, II, IV, and Schedule AI to your return.

**Additional information.** See Pub. 505, chapter 4, for more details about the annualized income installment method. Estates and trusts, see Notice 87-32.

**Individuals filing Form 1040NR or 1040NR-EZ.** If you are filing Form 1040NR or 1040NR-EZ and you didn't receive wages as an employee subject to U.S. income tax withholding, follow these modified instructions for Schedule AI.

1. Skip column (a).
2. Beginning with column (b), enter on line 1 your income for the period that is effectively connected with a U.S. trade or business.
3. Increase the amount on line 17 by the amount determined by multiplying your income for the period that isn't effectively connected with a U.S. trade or business by the following.
  - In column (b), 72%.
  - In column (c), 45%.
  - In column (d), 30%.

However, if you can use a treaty rate lower than 30%, use the percentages determined by multiplying your treaty rate by 2.4, 1.5, and 1, respectively.

4. Enter on line 22, column (b), one-half of the amount from Form 2210, Part I, line 9. In columns (c) and (d), enter one-fourth of that amount.
5. Skip column (b) of lines 20 and 23.

### Part I—Annualized Income Installments

To figure the amount of each required installment, Schedule AI selects the smaller of the annualized income installment or the regular installment (that has been increased by the amount saved by using the annualized income installment method in figuring any earlier installments).

#### Line 1

For each period (column), figure your total income minus your adjustments to income. Include your share of partnership or S corporation income or loss items for the period.

If you are self-employed, be sure to take into account the deductible part of your self-employment tax. For more information on how to figure this amount for each period, see Pub. 505, chapter 4.

#### Line 2

Estates and trusts don't use the amounts shown in columns (a) through (d). Instead, use 6, 3, 1.71429, and 1.09091, respectively, as the annualization amounts.

#### Line 6

If you itemized deductions, multiply line 4 of each column by line 5 and enter the result on line 6. But if line 3 is more than the following amounts based on your filing status, use the Itemized

Deductions Worksheet – Line 6 to figure the amount to enter on line 6.

• Married filing jointly or Qualifying widow(er) . . . . .	\$311,300
• Head of household . . . . .	\$285,350
• Single . . . . .	\$259,400
• Married filing separately . . . . .	\$155,650

### Itemized Deductions Worksheet – Line 6

1.	Enter line 4 of Schedule AI . . . . .	1. _____
2.	Enter the total amount included on line 1 above for medical and dental expenses, investment interest, casualty or theft losses, and gambling losses (after applying the same limits used in line 1) . . . . .	2. _____
3.	Subtract line 2 from line 1 . . . . .	3. _____
4.	Enter line 5 of Schedule AI . . . . .	4. _____
5.	Multiply line 1 by line 4 . . . . .	5. _____
	<i>Note: If line 3 is zero or less, your deduction isn't limited. Stop here and enter line 5 above on Schedule AI, line 6.</i>	
6.	Multiply line 3 by line 4 . . . . .	6. _____
7.	Multiply line 6 by 80% (0.80) . . . . .	7. _____
8.	Enter line 3 of Schedule AI . . . . .	8. _____
9.	Enter the amount shown below for your filing status: <ul style="list-style-type: none"> <li>• \$311,300 if married filing jointly or qualifying widow(er),</li> <li>• \$285,350 if head of household,</li> <li>• \$259,400 if single, or</li> <li>• \$155,650 if married filing separately . . . . .</li> </ul>	9. _____
10.	Subtract line 9 from line 8 . . . . .	10. _____
	<i>Note: If line 10 is zero or less, your deduction isn't limited. Stop here and enter line 5 above on Schedule AI, line 6.</i>	
11.	Multiply line 10 by 3% (0.03) . . . . .	11. _____
12.	Enter the <b>smaller</b> of line 7 or line 11 . . . . .	12. _____
13.	<b>Total itemized deductions.</b> Subtract line 12 from line 5. Enter the result here and in the appropriate column of Schedule AI, line 6 . . . . .	13. _____

#### Line 7

If you are a resident of India and a student or business apprentice, enter your standard deduction from Form 1040NR, line 38; or Form 1040NR-EZ, line 11.

#### Line 10

For each column, multiply \$4,050 by your total exemptions. But if line 3 is more than the following amount based on your filing status, use the Deduction for Exemptions Worksheet – Line 10 to figure the amount to enter on line 10.



- Married filing jointly or Qualifying widow(er) . . . . . \$311,300
- Head of household . . . . . \$285,350
- Single . . . . . \$259,400
- Married filing separately . . . . . \$155,650

**Deduction for Exemptions Worksheet – Line 10**

1. Multiply \$4,050 by the number of exemptions you plan to claim . . . . .	1. _____
2. Enter line 3 of Schedule AI . . . . .	2. _____
3. Enter the amount shown below for your filing status:	
<ul style="list-style-type: none"> <li>• \$311,300 if married filing jointly or qualifying widow(er),</li> <li>• \$285,350 if head of household,</li> <li>• \$259,400 if single, or</li> <li>• \$155,650 if married filing separately . . . . .</li> </ul>	
3. _____	
4. Subtract line 3 from line 2 . . . . .	4. _____
5. Is line 4 more than \$122,500 (more than \$61,250 if married filing separately)?	
<input type="checkbox"/> <b>Yes. Stop</b> here. Enter -0- on lines 5 and 8. Don't complete the rest of this worksheet.	
<input type="checkbox"/> <b>No.</b> Divide line 4 by \$2,500 (\$1,250 if married filing separately). If the result isn't a whole number, increase it to the next highest whole number (for example, increase 0.0004 to 1) . . . . .	
5. _____	
6. Multiply line 5 by 2% (0.02). Enter the result as a decimal . . . . .	6. _____
7. Multiply line 1 by line 6 . . . . .	7. _____
8. <b>Deduction for exemptions.</b> Subtract line 7 from line 1. Enter the result here and in the appropriate column of Schedule AI, line 10 . . . . .	8. _____

**Estates, trusts, and Form 1040NR or 1040NR-EZ filers.** Use the exemption amount shown on your return.

**Line 12**

To compute the tax, use the Tax Table, Tax Computation Worksheet, Qualified Dividends and Capital Gain Tax Worksheet, Schedule D Tax Worksheet, Foreign Earned Income Tax Worksheet, Schedule J, or Form 8615, as appropriate. See the instructions for your tax return for the applicable Tax Table or worksheet.

**Note:** Pub. 505, chapter 4, contains a Qualified Dividends and Capital Gain Tax Worksheet and a Foreign Earned Income Tax Worksheet designed for use with Schedule AI.

**Line 14**

Enter all of the other taxes you owed because of events that occurred during the months shown in the column headings. Include the same taxes used to figure Form 2210, Part I, line 2 (except self-employment tax), plus the tax from Form 4972, Tax on Lump-Sum Distributions; Form 8814, Parents' Election To Report Child's Interest and Dividends; and any alternative minimum tax (AMT).

To figure the AMT, Form 1040 filers use Form 6251; Form 1040A filers use the Alternative Minimum Tax Worksheet in the Form 1040A instructions; and estates and trusts use Schedule I (Form 1041). Figure alternative minimum taxable income based

on your income and deductions during the periods shown in the column headings. Multiply this amount by the annualization amounts shown for each column on Schedule AI, line 2, before subtracting the AMT exemption.

**Line 16**

For each column, enter the credits you are entitled to because of events that occurred during the months shown in the column headings. These are the credits you used to arrive at the amounts on lines 1 and 3 of Part I, Required Annual Payment.

When figuring your credits, annualize any item of income or deduction used to figure each credit. For example, if your earned income (and AGI) for the first period (column (a)) is \$8,000 and you qualify for the earned income credit (EIC), use your annualized earned income (\$32,000) to figure your EIC for column (a).

**Part II—Annualized Self-Employment Tax**

If you had net earnings from self-employment during any period, complete Part II for that period to figure your annualized self-employment tax.

If you are married and filing a joint return and both you and your spouse had net earnings from self-employment, complete a separate Part II for each spouse. Enter on line 13 of Schedule AI, Part I, the combined amounts from line 34 of each spouse's Part II.

Any Additional Medicare Tax on self-employment income will be computed in Part I.

**Line 26**

Generally, to figure your net earnings from self-employment on line 26, multiply your net profit from all trades or businesses for each period by 92.35% (0.9235).

However, if your Form W-2 showed church employee income or you deducted Conservation Reserve Program payments on your Schedule SE, use a separate Schedule SE as a worksheet to calculate net earnings from self-employment for each period. For this purpose, net earnings from self-employment is the amount on Short Schedule SE, line 4, or Long Schedule SE, line 6.

**Line 28**

If you filed Form 4137, Social Security and Medicare Tax on Unreported Tip Income, or Form 8919, Uncollected Social Security and Medicare Tax on Wages, use the following instructions to figure the additional amount to include in the appropriate columns of line 28.

- Form 4137: Include the actual unreported tips for the period subject to social security tax. This will be the amount on Form 4137, line 10, when the form is completed for a specific period.
- Form 8919: Include the actual wages for the period from which the social security tax wasn't withheld. This will be the amount on Form 8919, line 10, when the form is completed for a specific period.

**Paperwork Reduction Act Notice.** We ask for the information on this form to carry out the Internal Revenue laws of the United States. You are required to give us the information. We need it to ensure that you are complying with these laws and to allow us to figure and collect the right amount of tax.

You are not required to provide the information requested on a form that is subject to the Paperwork Reduction Act unless the form displays a valid OMB control number. Books or records relating to a form or its instructions must be retained as long as



their contents may become material in the administration of any Internal Revenue law. Generally, tax returns and return information are confidential, as required by section 6103.

The time needed to complete and file this form will vary depending on individual circumstances. The estimated burden for individual taxpayers filing this form is approved under OMB control number 1545-0074 and is included in the estimates shown in the instructions for their individual income tax return. The estimated burden for all other taxpayers who file this form is shown below.

If you have comments concerning the accuracy of these time estimates or suggestions for making this form simpler, we would be happy to hear from you. See the instructions for the tax return with which this form is filed.

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	<b>Short Method</b>	<b>Regular Method</b>
<b>Recordkeeping</b> . . . . .	13 min.	13 min.
<b>Learning about the law or the form</b> . . . . .	15 min.	34 min.
<b>Preparing the form</b> . . . . .	35 min.	4 hr. 1 min.
<b>Copying, assembling, and sending the form to the IRS</b> . . . . .	16 min.	41 min.