

If you have a 2009 IT-20 Corporate Income Tax Booklet, be sure to use these instructions instead of the ones on page 37 when completing Schedule IT-2220. The printed instruction booklet lists an incorrect threshold for making estimated quarterly payments. The actual threshold is \$2,500.

Instructions for Schedule IT-2220 for 2009

Who Should File?

Schedule IT-2220 must be completed and enclosed with corporate Form IT-20, IT-20S, or IT-20NP anytime the corporation did not pay the required amount of AGI tax in any particular quarter. It also must be completed if the corporation meets an exception to the penalty for underpayment as provided for in Indiana Code 6-3-4-4.1.

What Is the Required Amount?

The qualified estimated payments should equal 25 percent of the total income tax due for the year. To avoid the penalty, the quarterly estimate must equal at least 20 percent of the total income tax liability for the current taxable year or 25 percent of the final income tax liability for the prior taxable year.

Corporations having annual income tax liabilities exceeding **\$2,500** are subject to an underpayment penalty if:

- They fail to file estimated tax payments; or
- They fail to remit a sufficient amount on a quarterly basis.

Quarterly payments are due whenever the AGI tax liability exceeds **\$2,500** for a taxable year.

The Indiana Code does not provide corporations an exception to the penalty for underpayment of estimated taxes using either an annualized income or adjusted seasonal method.

PART I - How to Figure Underpayment of Corporate Taxes

This schedule must be used by Form IT-20, IT-20S, and IT-20NP filers to determine whether the minimum amount of tax was paid timely.

1. Enter the total Indiana AGI tax for your taxable year from Form IT-20, IT-20S, or IT-20NP.
2. Enter your total tax reduction (nonrefundable) credits (college credit, neighborhood assistance credit, etc.) reported on Form IT-20 or IT-20NP. **Do not** enter estimated tax payments, extension payments or prior year's overpayment credit. The total of the tax reduction credits can never exceed the total tax on line 1.