AR2210 2004

STATE OF ARKANSAS
Underpayment of Estimated Tax by Individuals

(Attach to Form AR1000 or Form AR1000NR)

Name	Social Security Number

PART I REQUIRED ANNUAL PAYMENT

1.	Enter your 2004 net tax: *(Line 52, Form AR1000 or Line 52D, AR1000NR)* 1	
2.	Enter 90% (.90) of the amount shown on Line 1: 2	
3.	Enter 2004 Arkansas income tax withheld: *(Line 53, AR1000 or AR1000NR)* 3	
4.	Subtract Line 3 from Line 1: *(If the result is $1,000 or less , stop here, do not complete this schedule)* 4	
5.	Enter your 2003 net tax liability: *(Line 52, AR1000 or Line 52D, AR1000NR)* 5	
6.	Required annual payment. Enter the smaller of Line 2 or Line 5: 6	

Note: If Line 3 is equal to or more than Line 6, stop here, you do not owe the penalty.

PART II COMPUTING THE PENALTY

	PAYMENT DUE DATES			
	A 4-15-04	**B** 6-15-04	**C** 9-15-04	**D** 1-15-05
7. Required installments. Enter 1/4 (.25) of Line 6, AR2210 in each column: 7				
8. Estimated tax paid and tax withheld (See Instructions). For column A **only**, also enter the amount from Line 8 on Line 12. If Line 8 is equal to or more than Line 7 for all payment periods, stop here, you do not owe the penalty. Complete Lines 9 through 15 of each column before going to the next column: .. 8				
9. Enter amount, if any, from Line 15 of previous column: 9				
10. Add Lines 8 and 9: 10				
11. Add amounts on Line 13 and 14 of previous column: 11				
12. Subtract Line 11 from Line 10. If zero or less, enter 0. For column A only, enter the amount from Line 8: 12				
13. If the amount on Line 12 is zero, subtract Line 10 from Line 11, otherwise enter zero: 13				
14. **Underpayment.** If Line 7 is equal to or more than Line 12, subtract Line 12 from Line 7. Then go to Line 9 of the next column. Otherwise go to Line 15: 14				
15. **Overpayment.** If Line 12 is more than Line 7, subtract Line 7 from Line 12, then go to Line 9 of the next column: 15				
16. Number of days **from** the payment due date shown at top of column **to** the date the amount on Line 14 was paid, or 4-15-05, whichever is earlier: 16				
17. Underpayment on Line 14 X Number of days on Line 16 / 365 X .10 17				

18. **PENALTY.** Add all the amounts on Line 17 in all columns. Enter the total here and on Form AR1000/AR1000NR, Line 62B: 18	

PART III If you are claiming an **exception** (See list on back of this form) from the Underestimate Penalty, please enter the exception in the box to the right and on Form AR1000/AR1000NR, Line 62A.	

THIS FORM MUST BE ATTACHED TO ANY RETURN CLAIMING AN EXCEPTION FROM UNDERPAYMENT OF ESTIMATED TAX PENALTY. YOU MUST ENTER THE EXCEPTION NUMBER IN THE BOX ON LINE 62A, FORM AR1000/AR1000NR

Estimated Income Tax Penalty

1. (a) Every taxpayer subject to the tax levied by the Arkansas Income Tax Act shall make and file with the Commissioner a declaration of the estimated tax for the income year if the taxpayer can reasonably expect the estimated tax (in excess of prepayments) to be more than $1,000. Prepayments are individual income tax withholdings or individual estimate carryforwards from a prior year.
   (b) The declaration of estimated tax shall be made on such forms and shall include such information as the Commissioner shall prescribe. Individual forms can be obtained by contacting:

   Individual Income Tax
   P.O. Box 3628
   Little Rock, Arkansas 72203-3628
   or call (501) 682-1100

   (c) The declaration, with the first payment, must be filed with the Commissioner on or before the fifteenth (15th) day of the fourth (4th) month of the income year of the taxpayer. The remaining filings and payments are due on the fifteenth (15th) day of the sixth (6th) month, ninth (9th) month, and first (1st) month after the close of the income year.
   (d) A taxpayer who, due to change of circumstances, first meets the requirements for filing a declaration after the fifteenth (15th) day of the fourth (4th) month of the income year, shall make and file the declaration on or before the next regular quarterly tax payment date.
2. (a) A taxpayer who makes a declaration of estimated tax for the income year shall estimate an amount not less than ninety percent (90%) of the amount actually due.
   (b) If a taxpayer fails to make a declaration of estimated tax and pay on the quarterly due date the equivalent to at least ninety percent (90%) of the amount actually due, a penalty of ten percent (10%) per annum shall be added to the amount of the underestimate. The ten percent (10%) per annum penalty will be applied on a quarterly basis. A taxpayer who has an uneven income may compute the ten percent (10%) penalty on an annualized basis. The underestimate penalty is computed on the lesser of the current year's tax liability or the previous year's tax liability.
3. The penalty provided in ACA §26-18-208 (Supp. 1997) for failure to make correct payments of estimated income tax shall not apply to the exceptions noted hereafter.

EXCEPTIONS

1. Taxpayers whose income from farming for the income year can reasonably be expected to amount to at least two thirds (2/3) of the total gross income from all sources for the income year, may file such declaration and pay the estimated tax on or before the fifteenth (15th) day of the second (2nd) month after the close of the income year. In lieu of filing any declaration, you may file an income tax return and pay the tax on or before the fifteenth (15th) day of the third (3rd) month after the close of the income year.

2. In lieu of filing the fourth (4th) quarter installment the taxpayer may file an income tax return and pay the tax on or before January 31 or on the last day of the first (1st) month after the close of the income year.

3. No penalty shall be imposed for a tax year if:
(a) the preceding tax year was a tax year of twelve (12) months, **and**
(b) the taxpayer did not have a tax liability for the preceding tax year **and**,
(c) the taxpayer was a resident of Arkansas throughout the preceding tax year.

4. No penalty shall be imposed with respect to any underpayment if the Commissioner of Revenue determines that by reasons of casualty, disaster, or other unusual circumstances the imposition of such penalty would be against equity and good conscience.

5. No penalty shall be imposed with respect to any underestimate or underpayment if the Commissioner determines that:
(a) the taxpayer
   (i) retired after having attained age 62, **or**
   (ii) became disabled in the tax year for which such estimated payments were required to be made or in the tax year preceding such tax year, **and**
(b) such underpayment was due to reasonable cause and not to willful neglect.

No penalty shall be imposed for a tax year if the tax shown on the return for such tax year is $1,000 or less, or where the original amount of estimated tax is the same amount shown to be due by the return of the taxpayer for the preceding income year where such return showing a liability for tax was filed by the taxpayer for the preceding income year of twelve (12) months.

4. Penalty Computation Example:

The underpayment of estimated tax shall be computed as follows: The number of days from the due date of the quarterly payment to the date payment is actually made divided by 365, times ten percent (10%), times the amount of underpayment.

EXAMPLE:	(1)	Tax Liability	$5,000
	(2)	90% of Tax Liability	$4,500
	(3)	Payments	$2,000
	(4)	Line (1) less Line (3)	$3,000
	(5)	Prior Year Tax Liability	$3,000
	(6)	Required Annual Payment [Lesser of (2) or (5)]	$3,000

Note: Payments reported on Line (3) shall be deemed to have been paid in four (4) equal payments on a quarterly due dates.

Required Installments .... $3,000 divided by 4 = $750
Payments .... $2,000 divided by 4 = $500

Column (a)	4-15-04	Required Installment		$750
		Payment 4-15-04		$500
		Underpayment		$250
		Paid 6-15-04		($250)
				-0-
		4-15-04 to 6-15-04 = 61 days		
		61/365 X .10 X $250 = **$4**		
Column (b)	6-15-04	Required Installment		$750
		Payment 6-15-04	$500	
		Used 4-15-04	($250)	($250)
		Underpayment		$500
		Paid 9-15-04		($500)
				-0-
		6-15-04 to 9-15-04 = 92 days		
		92/365 X .10 x $500 = **$13**		
Column (c)	9-15-04	Required Installment		$750
		Payment 9-15-04	$500	
		Used 6-15-04	($500)	–0-
		Underpayment		($750)
		Paid 1-15-05	$500	
		Paid 4-15-05	$250	($750)
				-0-
		9-15-04 to 1-15-05 = 122 days		
		122/365 X .10 X $500 = **$17**		
		9-15-04 to 4-15-05 = 212 days		
		212/365 X .10 X $250 = **$15**		
Column (d)	1-15-05	Required Installment		$750
		Payment	$500	
		Used 9-15-04	($500)	-0-
		Underpayment		$750
		Paid 4-15-05		($750)
				-0-
		1-15-05 to 4-15-05 = 90 days		
		90/365 X .10 x $750 = **$18**		

First Quarter Penalty	$ 4
Second Quarter Penalty	13
Third Quarter Penalty	32
Fourth Quarter Penalty	18
Total Penalty	$67