

SEE INSTRUCTIONS ON REVERSE

IMPORTANT: Please read the instructions before completing this form

Business Name (from your D-20 or D-30 return)	Your Federal Employer Identification Number (FEIN) or
<input type="text"/>	<input type="text"/>
Person to contact if there are questions	Social Security Number (SSN)
<input type="text"/>	<input type="text"/>
	Your daytime phone number
	<input type="text"/>

Exceptions which avoid the penalty

No penalty is due and this form should not be filed if:

- A. Your tax liability on taxable income after deducting District applicable credits and timely estimated payments is less than \$1000, or
- B. You have made quarterly estimated tax payments as required and the total amount is equal to or more than 100% of last year's taxes or 90% of the current year's taxes.

Computation of Underpayment

1	2004 DC franchise tax liability from Form D-20, Line 37 or D-30, Line 37	\$	<input type="text"/>
2	Multiply the amount on Line 1 by 90% (.90)		<input type="text"/>
3	2003 DC franchise tax liability from Form D-20, Line 37 or D-30, Line 37		<input type="text"/>
4	Minimum estimated tax requirement for tax year 2004 (lesser of line 2 or 3).		<input type="text"/>
5	Multiply the amount on Line 4 by 25% (.25)		<input type="text"/>

Note: If your income was not evenly received over 4 quarters, see instructions on the reverse side of this form on how to use the "Annualized Income" method.

Due date of Installments

Due dates shown are for calendar year filers; fiscal year filers, use the 15th day of the 4th, 6th, 9th and 12th months after the end of the fiscal year.

1 st Period	2 nd Period	3 rd Period	4 th Period
04/15/04	06/15/04	09/15/04	01/15/05

6 Enter the amount from Line 5 or the annualized amount in each period (the 2nd period includes the 1st Period amount, 3rd Period includes the 1st and 2nd Period amounts, the 4th Period includes all Period amounts)

<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
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Check here if using the "Annualized Income" method

7 DC estimated taxes paid each period (the 2nd period includes the 1st Period amount, 3rd Period includes 1st and 2nd Period amounts, the 4th Period includes all Period amounts)

<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
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8 Underpayment each period (Line 6 minus Line 7)

<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
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9 Penalty Factors

.0175 .0265 .0351 .0259

10 Line 8 amounts multiplied by Line 9 factors

<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
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11 Penalty – Total of amounts from Line 10. Pay this amount. (See instructions)

\$

Instructions for Underpayment of Estimated Tax by D-20 or D-30 Filers

Estimated Tax Penalty

What is the DC law regarding payment of Estimated Tax by franchise tax businesses?

DC law requires any business that expects its DC franchise tax liability to exceed \$1000 for the tax year to file a declaration of estimated franchise tax using the payment vouchers in:

- D-20ES -- Declaration for Corporations; or
- D-30ES -- Declaration for Unincorporated Businesses.

The law states that anyone who is required to file and pay estimated tax and fails to pay the amount required by the due dates is subject to an underpayment of estimated income tax penalty plus interest.

When is a penalty for Underpayment of Estimated Franchise Tax assessed?

A 10% penalty, compounded daily, is assessed if your total DC estimated income tax payments compared to your DC franchise tax do not equal at least the smaller of:

- 90% of the tax due (Line 37) on your 2004 return, or
- 100% of the tax due (Line 37) on your 2003 tax return.

You will also be assessed a penalty if any statement made on an estimated tax payment voucher is not true and accurate to the best of the signatory's knowledge.

Are there any exceptions?

You are not subject to the penalty for underpayment of estimated tax if:

- You had no DC income tax liability for the tax year 2003 and in that year, you were located in DC the entire 12 months,
- The tax due for 2004 minus any timely estimated tax payments and credits is less than \$1000,
- Your total DC estimated tax payments equal or are greater than your 2003 DC income tax liability, or
- The total due on your DC return (Line 42) is not more than 10% of your 2004 DC tax (Line 37); and your estimated tax payments were paid on time.

Who should file the D-2220?

Who needs to file this Underpayment of Estimated Franchise Tax form?

- You can use this form to calculate your penalty. If you do, attach it to your tax return and add the penalty and any interest you calculate on Line 41 of Form D-20 or D-30. If you do not wish to calculate the penalty and interest, we will do it automatically when your return is processed and will notify you of the amount due.
- You can also complete this form if you believe the penalty amount assessed for Underpayment of Estimated Franchise Tax is incorrect.
NOTE: Use the annualized income installment method if your income was disproportionately earned later in the year.

Where do you send this form?

If you complete it before filing your tax return, attach it to your return. If you complete it after receiving notice of a penalty assessment, send it to:

Office of Tax and Revenue
941 N Capitol St NE 6th Floor
Washington DC 20002-4265
Attn: Estimated Tax Penalty Adjustment

Completing this form

Line 1

Enter the amount from your 2004 D-20 or D-30 (Line 37).

Line 2

Multiply the amount on Line 1 by 90% (.90). Your estimated tax payments must be equal to or greater than this amount.

Line 3

Enter the amount from your 2003 DC Form D-20 or D-30, Line 37. If your 2003 return was amended or corrected, be sure to show the corrected amount.

Line 4

Enter the lesser of either Line 2 or Line 3. This is your minimum estimated tax payment amount for 2004.

Line 5

Multiply the amount on Line 4 by 25% (.25). This gives you an even distribution of your liability over the four quarters of the tax year.

Line 6

Enter the amount from Line 5 under each of the columns for installments. For example, If your Line 5 is \$2,000, you would enter \$2000 for the 1st period, \$4000 for the 2nd Period, \$6,000 for the 3rd Period and \$8,000 for the 4th Period.

Annualized income method: If your income was different for each period, determine the percentage for each period (divide the period amount by the full year's income). Multiply Line 4 by each period's percentage and enter the amounts earned by period on Line 6. Accumulate the period amounts as shown above. Check the box for "Annualized Income".

Line 7

Enter the amount of estimated payments paid for each period. Include the amounts from the previous period in with the 2nd, 3rd and 4th periods. For example, if your estimated payment amount is \$1,000 in each period, you would enter \$1,000 in the 1st Period, \$2,000 in the 2nd Period, \$3000 in the 3rd Period and \$4000 in the 4th Period.

Line 8 Underpayment each period

For each column, subtract Line 7 from Line 6. If Line 7 exceeds Line 6, you have no penalty. If Line 6 exceeds Line 7 the amount remaining is your quarterly underpayment.

Line 9 Penalty Factors

These are the penalty factors by period. They are the penalty percentage based on the number of days between periods.

Line 10

For each column, multiply the amount on Line 8 by the factor on Line 9. This is your penalty by period.

Line 11 Penalty

Add the amounts from each column on Line 10. This is your total Underpayment of Estimated Tax Penalty.

- If you are filing this with your form, include it in the amount you owe and pay the total amount with the return.
- If you are filing this form separately, pay the amount you owe. Make the check out to the **DC Treasurer**.