



**IMPORTANT: Please read the instructions on the reverse before completing this form.**

Your First name, M.I., Last name	Your SSN
Spouse's/domestic partner's First name, M.I., Last name	Spouse's/domestic partner's SSN
	Daytime telephone number

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

- A. Your tax liability on taxable income after deducting your District of Columbia withholding tax and applicable credits is less than \$100, or
- B. You made periodic estimated tax payments and had amounts withheld as required and the total is equal to or more than 100% of your last year's taxes or is at least 90% of your current year's taxes. Note: you must have been a 12-month DC resident last year in order to use the prior year 100% exception.

**Computation of Underpayment**

1	2008 DC Tax Liability "total tax" line 27, Form D-40, or "net tax" line 8, Form D-40EZ	\$	
2	Multiply the amount on line 1 by 90% (.90)	\$	
3	2007 DC Tax Liability "total tax" line 27, Form D-40 or "net tax" line 8, Form D-40EZ	\$	
4	Minimum withholding and estimated tax payment required for tax year 2007 (lesser of line 2 or 3).	\$	
5	Multiply Line 4 amount by 25% (.25) for amount required for each periodic payment	\$	

Note: If your income was not evenly divided over 4 periods, see instructions on the reverse of this form on the "Annualized Income" method.

	Due date of Payments			
	1 <sup>st</sup> Period 04/15/08	2 <sup>nd</sup> Period 06/15/08	3 <sup>rd</sup> Period 09/15/08	4 <sup>th</sup> Period 01/15/09
6 Enter Line 5 amount or the annualized income amount in each period (The 2 <sup>nd</sup> period includes the 1 <sup>st</sup> Period amount, 3 <sup>rd</sup> Period includes the 1 <sup>st</sup> and 2 <sup>nd</sup> period amounts, the 4 <sup>th</sup> Period includes all period amounts).				
Check here <input type="checkbox"/> if you are using the "Annualized Income" method.				
7 DC withholding and estimated tax paid each period (The 2 <sup>nd</sup> period includes the 1 <sup>st</sup> Period amount, 3 <sup>rd</sup> Period includes the 1 <sup>st</sup> and 2 <sup>nd</sup> period amounts, the 4 <sup>th</sup> Period includes all period amounts).				
8 Underpayment each period (Line 6 minus Line 7)				
9 Penalty Factors	.0175	.0265	.0351	.0259
10 Line 8 multiplied by Line 9				
11 Penalty - Total of amounts from Line 10. Pay this amount. (See instructions on reverse)	\$			

Make check or money order payable to: DC Treasurer

# Instructions for Underpayment of Estimated Income Tax by Individuals

## Estimated Tax Penalty

DC law requires every individual or couple filing jointly, to pay estimated tax if they:

- receive taxable income which is not subject to DC withholding; or
- receive wages with not enough withholding; and
- the tax on this taxable income is expected to be more than \$100.

The law states that anyone required to file and pay estimated tax who fails to pay the amount required by the periodic payment due date is subject to penalty and interest on the underpayment of estimated income tax.

### When is a penalty for underpayment of estimated income tax assessed?

A penalty is assessed if your total DC estimated income tax payments (and withheld amounts) compared to your DC tax liability do not equal at least the smaller of:

- 90% of the tax due as shown on your 2008 DC return; or
- 100% of the tax due as shown on your 2007 DC tax return. You must have been a DC resident during all of 2007 to use the 100% exception.

### Are there any exceptions to imposition of the penalty?

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

- You had no DC income tax liability for the tax year 2007 and in that year, you lived in DC the entire 12 months;
- The tax due for 2008 minus income tax withheld and/or estimated tax payments is less than \$100;
- Your DC estimated tax payments plus any DC income tax withheld equals or is greater than your 2007 DC income tax liability; or
- Your remaining tax due after totalling all credits, estimated tax payments and withholding, is less than 10% of your total DC tax liability for the year.

### When may you use this form?

- Use this form to calculate your penalty. If you do, attach it to your tax return and add the penalty and any interest to the amount you calculate for Line 42 of the D-40 or Line 16 of the D-40EZ. If you do not wish to calculate the penalty and interest, the Office of Tax and Revenue (OTR) will do it when your return is processed and will notify you of the amount due.
- You may also complete this form if you believe the penalty assessed by OTR for an underpayment of estimated income tax is incorrect.

### How do you file this form?

Attach it to your return. If you complete it after filing and/or receiving a notice of a penalty assessment, send it to:

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

## Completing this form

### Line 1

Enter the amount from your 2008 DC form D-40, line 27 or D-40EZ, line 8.

### Line 2

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

### Line 3

Enter the amount from your 2007 DC Form D-40, Line 28 or D-40EZ, Line 8. If your 2007 return was amended or corrected, show the corrected amount. You must have been a DC resident during all of 2007 to use this exception.

### Line 4

Enter the lesser amount of Line 2 and Line 3. If you did not file a DC return for 2007, use only the Line 2 amount.

### Line 5

Multiply the amount on Line 4 by 25% (.25). This gives you an even distribution of your liability, payable over four periods.

### Line 6

Enter the amount from Line 5 under each of the payment columns. For example, if Line 5 is \$2000, you would enter \$2000 for the 1st period, \$4000 for the 2nd period, \$6000 for the 3rd period and \$8000 for the 4th period.

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

### Line 7

Enter the amounts withheld and estimated tax payments made for each period. Include the amounts from the previous period in with the 2nd, 3rd and 4th periods. For example, if your withheld and estimated tax payment amount is \$1000 in each period, you would enter \$1000 in the 1st Period, \$2000 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 there is an amount remaining, this is your periodic underpayment amount.

**Line 9 Penalty factors** these are the penalty factors by period. They are based on the number of days between periods.

### Line 10

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

### Line 11 Penalty

Add the amounts from each period on Line 10. This is your total underpayment of estimated tax penalty.

- If you are filing the D-2210 with your return, include the penalty and interest in the amount you owe and pay it with the return.
- If you are filing the D-2210 separately, pay the amount you owe. Make the check or money order payable to the **DC Treasurer**.