



**Underpayment of Individual Income Tax  
Penalty Computation  
2008 Taxable Year Resident Filers**

**GENERAL INFORMATION**

- A. **UNDERPAYMENT PENALTY** - Louisiana imposes an underpayment penalty on an individual's failure to sufficiently pay income tax throughout the year by withholding or declaration payments. If adequate tax was not paid in a period, you may owe a penalty of twelve percent per annum (12%) on the underpayment.
- B. **FILING AN ESTIMATE AND PAYING THE TAX FOR CALENDAR YEAR TAXPAYERS** – If you file a return on a calendar year basis and are required to file Form IT-540ES, Estimated Tax Declaration for Individuals, you are generally required to file estimated tax by April 15, and to pay the tax in four installments. If you are not required to file estimated tax until later in the year because of a change in income, you may be required to pay in fewer installments. Below is a table that shows the due date(s) for estimated tax and the maximum number of installments required.

Period in Which Requirements Are First Met	Due Date of Payment	Maximum Number of Installments Required
Between Jan 1 and April 1	April 15, 2008	4
After April 1 and before June 2	June 16, 2008	3
After June 1 and before Sept 2	Sept 15, 2008	2
After September 1	Jan 15, 2009	1

- C. **FARMERS AND FISHERMEN** – An individual who is a farmer or a fisherman (including oyster farmers) may make one declaration of estimated tax after September 15 of the taxable year and on or before January 15 (or next business day) of the succeeding taxable year. **For farmers only**, one declaration payment of at least sixty-six and two-thirds percent (66.66%) of the estimated tax is construed to satisfy any underpayment. To meet the requirement for the time to file a declaration of estimated tax, as provided under R.S. 47:117(B), a farmer must **receive at least two-thirds** of total estimated gross income from all sources for the taxable year from farming activities. To meet the requirement of a fisherman, one must conduct the business of fishing and operate as a commercial fisherman.
- D. In order to properly complete Form R-210R for 2008, you will need the following information:
1. A copy of your 2007 Louisiana individual income tax return.
  2. Your 2008 Louisiana individual income tax return.
  3. The dates and amounts of your declaration payments made for the 2008 taxable year.
  4. The date and amount of your extension payment for 2008, if any.
- E. **Complete Exception 1 on page 3 to determine if you are possibly subject to an underpayment penalty for any period.** Exception 1 determines if your tax liability exceeds the threshold that subjects you to an underpayment penalty. If you do not meet Exception 1, complete Form R-210R and attach it to your 2008 Form IT-540. Exceptions 2 through 5 determine if the amount that was paid for a period satisfies the required period payment as calculated by the specific exception. You may apply a different exception to any period. Once you have determined an exception exists, you do not have an underpayment for that period.
- F. When applying credits and withholding to a period, you may equally distribute the amounts to each period based upon the number of months in the period. You may use the actual date when those amounts were withheld or the date on which the credit was earned. Because of Hurricanes Gustav and Ike, the due date for declaration payments for the third installment period of 2008 was extended to January 5, 2009. All 2008 individual income declaration payments made from September 15, 2008 through January 15, 2009 should be posted to September 15, 2008. Any extension payment or composite partnership return payments made on or before January 15, 2009, must be applied to the fourth installment period. Any credit carry forward from the 2007 tax year to the 2008 tax year must be included in the first installment period.

**INSTRUCTIONS – FORM R-210R**

**Section 1 – Required annual payment computation**

The required annual payment is the lesser of: ninety percent (90%) of your 2008 Louisiana income tax liability OR one hundred percent (100%) of your 2007 Louisiana income tax liability. The period of underpayment shall run from the date the installment was required to be paid to whichever of the following dates is earlier: the 15th day of the fourth month following the close of the taxable year OR the date on which any portion of the underpayment is paid but limited to the amount of such payment.

**Line 1** – Ninety percent (90%) of current year’s tax liability. Use the steps below to compute this amount from your **2008** Form IT-540.

- |  |       |     |
|--|-------|-----|
| 1. Print the amount of your Louisiana Income Tax from your 2008 IT-540, Line 11.         | _____ | .00 |
| 2. Print the amount of Nonrefundable Credits from your 2008 Form IT-540, Line 15.        | _____ | .00 |
| 3. From your 2008 Form IT-540, add Lines 19 and 20 through 24 and print the result here. | _____ | .00 |
| 4. Subtract Lines 2 and 3 from Line 1 and print the result here.                         | _____ | .00 |
| 5. Multiply Line 4 by 90% (.90) and print the result here and on Form R-210R, Line 1.    | _____ | .00 |

**Line 2** – One hundred percent (100%) of previous year’s tax liability. Use the steps below to compute this amount from your **2007** Form IT-540.

- |   |       |     |
|---|-------|-----|
| 1. Print the amount of your Louisiana Income Tax from your 2007 IT-540, Line 11.            | _____ | .00 |
| 2. Print the amount of Nonrefundable Credits from your 2007 Form IT-540, Line 15.           | _____ | .00 |
| 3. From your 2007 Form IT-540, add Lines 19, 20, and 21 and print the result here.          | _____ | .00 |
| 4. Subtract Lines 2 and 3 from Line 1 and print the result here and on Form R-210R, Line 2. | _____ | .00 |

**Line 3** – On Form R-210R, Line 3 print the amount of Line 1 or Line 2, whichever is smaller. If no return was filed for 2007, use the amount from Form R-210R, Line 1.

**Line 4** – Number of installments. Generally, a person is required to make four installments beginning on April 15, 2008. You may be required to pay in fewer installments if you had a change in income. Print the number of installments required to be paid. (See General Information, Item “B.”)

**Section 2 – Underpayment computation**

**Line 5** – Required payment - From Form R-210R Section 1, divide the amount on Line 3 by the amount on Line 4. Round to nearest dollar and print the result in the appropriate columns.

**Line 6** – Amount paid for each period - For each period, print the amounts paid for estimated tax, withholding, and credit carry forward. All 2008 individual income declaration payments made on September 15, 2008 through January 15, 2009 should be posted to September 15, 2008. Include any extension or composite partnership payments made on or before January 15, 2009 in the last period. (See General Information, Item “F”.)

**Line 7** – Carryforward - Overpayment or underpayment from previous period shown on Section 2, Line 9 of each column. Carryforward amounts from the previous period can be a positive number or a negative number. **Note:** No carryforward amount can be shown for the first period.

**Example:**

	<b>04/15/08</b>	<b>06/16/08</b>	<b>09/15/08</b>	<b>01/15/09</b>
Required payment - Amount on Line 3 divided by amount on Line 4.	400.00	400.00	400.00	400.00
Amount paid for each period	300.00	600.00	350.00	0
Carryforward - No carryforward amount can be shown for the first period.	-	-100.00	100.00	50.00
Amounts available for period - Add the amount paid for each period plus any carryforward amount.	300.00	500.00	450.00	50.00
Overpayment (positive number) or Underpayment (negative number)	-100.00	100.00	50.00	-350.00

**Line 8** – Amount available for period. Add Lines 6 and 7.

**Line 9** – Underpayment or overpayment - Subtract the amount of the required payment (Line 5) in each column from the amount of payments available for each respective period (Line 8) in each column. A positive number indicates an overpayment for that particular period. A negative number indicates an underpayment for that particular period. Move the number on this line to Line 7 in next column.

**Section 3 – Exceptions**

**Line 10 – Exception 1**

You are **not** legally responsible for an underpayment penalty if your tax liability does not **exceed** one thousand dollars (\$1,000). For persons filing a joint return no underpayment penalty is imposed if the amount of your tax liability is two thousand dollars (\$2,000) or less. Use the calculation below to determine if your 2008 tax liability exceeds the guidelines listed above.

<b>Exception 1</b>	
1. Print the amount from your 2008 Form IT-540, Line 11.	.00
2. Print the amount from your 2008 Form IT-540, Line 15.	.00
3. Print the amount from your 2008 Form IT-540, Line 30.	.00
4. Subtract Lines 2 and 3 from Line 1 and enter the result here.	.00
5. Print any extension payment(s) included on your 2008 Form IT-540, Line 29 that were made after January 15, 2009.	.00
6. Add Line 4 to Line 5 and enter result here.	.00
7. If your filing status is Single, Married Filing Separately, Head of Household, or Qualifying Widow(er) <b>AND</b> the amount on Line 6 above is less than or equal to \$1,000, <b>STOP – NO PENALTY IS DUE.</b>	
8. If your filing status is Married Filing Joint <b>AND</b> the amount on Line 6 above is less than or equal to \$2,000, <b>STOP – NO PENALTY IS DUE.</b>	
<b>IF YOU MEET THIS EXCEPTION, DO NOT PROCEED WITH ANY OTHER CALCULATIONS. YOU DO NOT OWE AN UNDERPAYMENT PENALTY.</b>	

**Line 11 – Exception 2 – Prior Year’s Tax Liability. This exception does NOT apply to part year residents for 2007.**

This exception applies if your 2008 payments (withholding, declarations, and any extension payments made before January 15, 2009) equal or exceed your 2007 income tax liability for each installment period. Your Louisiana income tax return for 2007 must have covered a full twelve month taxable year and must have reflected an income tax liability.

<b>Exception 2</b>									
<b>Line A</b> – In each column, print the total amount of payments for the indicated period. Payments include declarations, withholding, and any extension or composite partnership payments made on or before January 15, 2009.									
<b>Line B</b> – Use the amount from Form R-210R, Line 2. This is 100% of your 2007 tax liability. Multiply the 2007 tax liability by the percentage in each column and print the result.									
A. Total amount paid and withheld from January 1, 2008, through the installment date indicated.	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 25%;">April 15, 2008</th> <th style="width: 25%;">June 16, 2008</th> <th style="width: 25%;">Sept. 15, 2008</th> <th style="width: 25%;">Jan. 15, 2009</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">.00</td> <td style="text-align: center;">.00</td> <td style="text-align: center;">.00</td> <td style="text-align: center;">.00</td> </tr> </tbody> </table>	April 15, 2008	June 16, 2008	Sept. 15, 2008	Jan. 15, 2009	.00	.00	.00	.00
April 15, 2008	June 16, 2008	Sept. 15, 2008	Jan. 15, 2009						
.00	.00	.00	.00						
Amount from Form R-210R, Line 2 ( _____ )	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 25%;">25%</th> <th style="width: 25%;">50%</th> <th style="width: 25%;">75%</th> <th style="width: 25%;">100%</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">.00</td> <td style="text-align: center;">.00</td> <td style="text-align: center;">.00</td> <td style="text-align: center;">.00</td> </tr> </tbody> </table>	25%	50%	75%	100%	.00	.00	.00	.00
25%	50%	75%	100%						
.00	.00	.00	.00						
B. 2007 tax. Multiply the 2007 tax by the percentage in each column.	<table border="1" style="width: 100%; border-collapse: collapse;"> <tbody> <tr> <td style="text-align: center;">.00</td> <td style="text-align: center;">.00</td> <td style="text-align: center;">.00</td> <td style="text-align: center;">.00</td> </tr> </tbody> </table>	.00	.00	.00	.00				
.00	.00	.00	.00						
If Line A is greater than or equal to Line B, the period has met the exception. On Form R-210R, Line 11 print “Exception” for each period exempted. If you have an exception for all periods, you do not owe an underpayment penalty.									

**Line 12 – Exception 3 – Prior Year’s Income. This exception does NOT apply to part year residents for 2007.**

This exception applies if your 2008 payments equal or exceed the tax computed on prior year’s income using 2008 rates and filing status.

**Exception 3**

**Line A** – In each column, enter the total amount of payments for the indicated period. Payments include declarations, withholding, and any extension or composite partnership payments made on or before January 15, 2009.

**Line B** – Use the following worksheet to compute the amount for Line B.

- 1. Print the amount of your taxable income from your 2007 Form IT-540, Line 10. \_\_\_\_\_ .00
- 2. Compute tax on above amount using 2008 filing status and tables. \_\_\_\_\_ .00
- 3. Print the amount of 2007 Non-refundable Credits from Form IT-540, Line 15. \_\_\_\_\_ .00
- 4. Print the amount of 2007 Refundable credits from Form IT-540, Lines 19, 20, and 21. \_\_\_\_\_ .00
- 5. Subtract Lines 3 and 4 from Line 2. \_\_\_\_\_ .00

A. Total amount paid and withheld from January 1, 2008, **through the installment date indicated.**

April 15, 2008	June 16, 2008	Sept. 15, 2008	Jan. 15, 2009
.00	.00	.00	.00

B. 2007 tax. Multiply the 2007 recomputed tax (Line 5 above) by the percentage in each column.

25%	50%	75%	100%
.00	.00	.00	.00

If Line A is greater than or equal to Line B, the period has met the exception. On Form R-210R, Line 12 print “Exception” for each period exempted. If you have an exception for all periods, you do not owe an underpayment penalty.

**Line 13 – Exception 4 – Annualized Income**

This exception provides for annualizing the income for the 1<sup>st</sup>, 2<sup>nd</sup>, and 3<sup>rd</sup> **quarters**. This exception applies if your 2008 payments equal or exceed ninety percent (90%) of the tax computed on annualized income for **the period ending based on calendar quarters. Important: Except for the first installment period, the remaining installment periods do not coincide with calendar quarters.** You must be careful when calculating your payments for each quarter. “Annualized income” means the actual income (Federal Adjusted Gross Income – “AGI”) received during the period.

Complete Lines A through L. Compare the amount in each column of Line L to the corresponding column on Line M. If Line M is equal to or greater than the amount on Line L, you have met the exception for that period. If using this exception, please attach a schedule indicating your computation for the federal income tax deduction taken on Line D. On Form R-210R, Line 13 print “Exception” for each period exempted. If you have an exception for all periods, you do not owe an underpayment penalty. **Note:** If you are a farmer or fisherman, on Line K substitute 16.67% for the period ending 03/31/08; 33.33% for the period ending 06/30/08; and 50% for the period ending 09/30/08.

		01/01/08 through 03/31/08	01/01/08 through 06/30/08	01/01/08 through 09/30/08	
A	Print the amount of your AGI for <b>each period</b> .	A	.00	.00	.00
B	Annualization factors.	B	4	2	1.33
C	Multiply Line A by Line B.	C	.00	.00	.00
D	Print the amount of <b>federal income tax</b> associated with the income for <b>each period</b> .	D	.00	.00	.00
E	Multiply Line D by corresponding annualization factor on Line B.	E	.00	.00	.00
F	Subtract Line E from Line C.	F	.00	.00	.00
G	For the amounts on Line F, determine the correct Louisiana tax based upon filing status and number of exemptions claimed on your 2008 Form IT-540, Line 6D.	G	.00	.00	.00
H	Print the amount of refundable and nonrefundable credits <b>associated with each period</b> . Refer to your 2008 Form IT-540, Schedules F and G along with other available credits for 2008: Child Care Credit, Child Care Credit Carryforward, School Readiness Credit, Education Credit, Earned Income Tax Credit, Louisiana Property Insurance Credit, and Louisiana Citizens Insurance Credit.	H	.00	.00	.00
I	Multiply Line H by corresponding annualization factor on Line B.	I	.00	.00	.00
J	Subtract Line I from Line G.	J	.00	.00	.00
K	Applicable percentage - (Farmers and fishermen see instructions above.)	K	22.5%	45%	67.5%
L	Multiply Line J by Line K.	L	.00	.00	.00
M	Print the total of credit carry forward, declarations and withholding <b>associated with each period</b> . First, second, and third period declaration payments paid during the extended time to file should be attributed to their respective periods	M	.00	.00	.00

**Line 14 – Exception 5 – Installment Period Income**

This exception is computed by paying an amount equal to ninety percent (90%) of the tax computed, at the rates applicable to the taxable year, on the basis of the actual taxable income for the months in the taxable year ending before the month in which the installment is required to be paid. Complete Lines A through G. For each column, compare the amount on Line G to the amount on Line H. If Line H is equal to or greater than the amount on Line G, you have met the exception for that period. If using this exception, please attach a schedule indicating your computation for the federal income tax deduction taken on Line B. On Form R-210R, Line 14 print "Exception" for each period exempted. If you have an exception for all periods, you do not owe an underpayment penalty.

		01/01/08 through 03/31/08	01/01/08 through 05/31/08	01/01/08 through 08/31/08	01/01/08 through 12/31/08	
A	Print the amount of your AGI for <b>each period</b>	A	.00	.00	.00	.00
B	Print the amount of <b>federal income tax</b> associated with the income from Line A	B	.00	.00	.00	.00
C	Subtract Line B from Line A and print the result for each period.	C	.00	.00	.00	.00
D	Print the amount of Louisiana individual income tax due using the 2008 Louisiana individual income tax tables. Determine tax based upon the total exemptions claimed on your 2008 Form IT-540, Line 6D.	D	.00	.00	.00	.00
E	Print the amount of nonrefundable and refundable credits <b>associated with each period</b> . Refer to your 2008 Form IT-540, Schedules F and G along with other available credits for 2008: Child Care Credit, Child Care Credit Carryforward, School Readiness Credit, Education Credit, Earned Income Tax Credit, Louisiana Property Insurance Credit, and Louisiana Citizens Insurance Credit	E	.00	.00	.00	.00
F	Subtract Line E from Line D and enter the result for each period. This is your tax for each period	F	.00	.00	.00	.00
G	Multiply Line F by 90% (.90).	G	.00	.00	.00	.00
H	Print the amount of payments and withholding for each period. First, second, and third period declaration payments paid during the extended time to file should be attributed to their respective periods.	H	.00	.00	.00	.00

**Section 4 – Penalty Computation**

**Line 15** – Print any underpayment in the appropriate column for each period that is not subject to one of the exemptions cited on Form R-210R, Lines 11 through 14.

**Line 16** – Print the payment date that satisfies the underpayment. Note that the payment date may be the date you filed an extension or filed the return.

**Line 17** – Compute the number of days from the due date of the installment to the date that the underpayment is satisfied OR the 15<sup>th</sup> day of the fourth month following the close of the taxable year, whichever is earlier. The installment due date for each installment is shown at the top of each column.

**Line 18** – The penalty rate is 12 percent per annum (.12). The daily penalty rate is: .0329% (0.000329). Multiply the number of days late by the daily penalty rate to determine the penalty factor. Example: Assume the installment is 30 days late. The penalty factor is  $30 \times 0.000329 = 0.00987$ . Multiply the computed penalty factor times the amount of the underpayment and enter it in the appropriate column. To compute the underpayment penalty for farmers and fishermen, determine the number of days from January 15, 2008 to the date that the underpayment is satisfied OR the 15<sup>th</sup> day of the fourth month following the close of the taxable year, whichever is earlier. Use this number to compute the penalty factor.

**Line 19** – Add the amounts on Form R-210R, Line 18 and print the result on Line 19. This penalty must be printed on Form IT-540, Line 32 if you have calculated an **overpayment** on your 2008 return, and you failed to sufficiently pay income tax throughout the year. If you have a **balance due** on your 2008 Form IT-540, Line 44, and you failed to sufficiently pay income tax throughout the year, print the amount from R-210R, Line 19 to Form IT-540, Line 49.