



UNDERPAYMENT OF ESTIMATED TAX BY INDIVIDUALS

SC2210

(Rev. 2/12/07)
3098

2006

▶ Attach to SC1040 or SC1041

Name(s) as shown on SC1040 or SC1041

Social Security Number

Do You Have To File SC2210?

Complete lines 1 through 6 below. Is line 6 less than \$100?

Yes → Do not file SC2210. You do not owe a penalty

No ↓

Complete lines 7 and 8 below. Is line 5 equal to or more than line 8?

Yes → You do not owe a penalty. **Do not file SC2210** (but if box E applies, you must file page 1 of SC2210).

No ↓

You may owe a penalty. Does any box in Part II below apply?

Yes → You **must** file SC2210. Does box B, C, or D apply?

No ↓ You are not required to figure your penalty because the Department will figure it and send you a bill for any unpaid amount. If you want to figure it, you may use Part III or Part IV as a worksheet and enter your penalty amount on your tax return, but **file only page 1 of SC2210**.

Yes → You must figure your penalty.

No ↓ You are not required to figure your penalty because the Department will figure it and send you a bill for any unpaid amount. If you want to figure it, you may use Part III or Part IV as a worksheet and enter your penalty amount on your tax return, but **file only page 1 of SC2210**.

Part I Required Annual Payment

1	Enter your 2006 tax after credits from SC1040, line 14 or SC1041, line 13.	1	
2	Enter total of refundable credits from SC1040, lines 20 and 21	2	
3	Subtract line 2 from line 1. If less than \$100, you do not owe a penalty. Do not file SC2210	3	
4	Multiply line 3 by 90% (.90)	4	
5	Withholding taxes. Do not include any estimated tax payments or amounts paid with request for extension on this line.	5	
6	Subtract line 5 from line 3. If the result is less than \$100, do not file SC2210	6	
7	Enter the tax shown on your 2005 tax return (110% of that amount if the adjusted gross income shown on that return is more than \$150,000, or, if married filing separately for 2006, more than \$75,000)	7	
8	Required annual payment. (Enter the smaller of line 4 or line 7)	8	

Next: Is line 8 more than line 5?

- No.** You **do not** owe a penalty. **Do not file SC2210** unless box E below applies.
- Yes.** You may owe a penalty, but **do not file SC2210** unless one or more boxes in Part II below applies.
 - If box **B, C, or D** applies, you must figure your penalty and file SC2210
 - If only box **A or E** (or both) applies, file only page 1 of SC2210. You are **not** required to figure your penalty; the Department will figure it and send you a bill for any unpaid amount. If you want to figure your penalty, you may use Part III or IV as a worksheet and enter your penalty on your tax return, but **file only page 1 of SC2210**.

Part II Reasons For Filing - Check applicable boxes. If none apply, **do not file SC2210**.

- A** You request a **waiver** (see instructions for **waiver of penalty**) of your entire penalty. You must check this box and file page 1 of SC2210, but you are not required to figure your penalty.
- B** You request a waiver (see instructions for **waiver of penalty**) of part of your penalty. You must figure your penalty and waiver amount and file SC2210.
- C** Your income varied during the year and your penalty is reduced or eliminated when figured using the **Annualized Income Installment Method**. (see instructions). Complete federal Schedule AI for South Carolina purposes and file SC2210.
- D** Your penalty is lower when figured by treating the South Carolina income tax withheld from your wages as paid on the dates it was actually withheld, instead of in equal amounts on the payment due dates. You must figure your penalty and file SC2210.
- E** You filed or are filing a joint return for either 2005 or 2006, but not for both years, and line 7 above is smaller than line 4 above. You must file page 1 of SC2210, but you are **not** required to figure your penalty (unless box **B, C, or D** applies).

Part III Short Method

You may use the short method if:

- You made no estimated tax payments (or your only payments were South Carolina income tax withheld) **or**
- You paid estimated tax in **equal** amounts on your due dates.

You must use the regular method (Part IV) instead of the short method if:

- You made any estimated tax payments late, **or**
- You checked box **C** or **D** in Part II.

Note: *If any payment was made earlier than the due date, you may use the short method, but using it may cause you to pay a larger penalty than the regular method. If the payment was only a few days early, the difference is likely to be small.*

9 Enter the amount from SC2210, line 8.		9
10 Enter the amount, if any, from SC2210, line 5	10	
11 Enter the total amount, if any, of estimated tax payments you made	11	
12 Add lines 10 and 11		12
13 Total underpayment for year. Subtract line 12 from line 9. If zero or less, stop here; you do not owe the penalty. Do not file SC2210 unless you checked box E in Part II.		13
14 Multiply line 13 by .05258 and enter result		14
15 • If the amount on line 13 was paid on or after 4/15/2007, enter -0-.		
• If the amount on line 13 was paid before 4/15/2007, make the following computation to find the amount to enter on line 15.		
Amount on Number of days paid line 13 X before 4/15/07 X .00022 		15
16 Penalty. Subtract line 15 from line 14. Enter the result here and in the space provided on the tax return. If you owe tax, add penalty to tax and show the total on SC1040, line 30 or SC1041, line 18. If you are due a refund, subtract penalty from overpayment and show amount on SC1040, line 29 or SC1041, line 21.		16

Part IV Regular Method

Section A - Figure Your Underpayment		Payment Due Dates			
		(a) 4/15/06	(b) 6/15/06	(c) 9/15/06	(d) 1/15/07
17	Required installment. If box C in Part II applies, complete federal Schedule AI for SC purposes. Enter the amounts from federal Schedule AI, line 25 for South Carolina. Otherwise, enter 25% (.25) of line 8, SC2210, in each column				
18	Estimated tax paid and tax withheld (see instructions under How to Figure Your Underpayment). For column (a) only, also enter the amount from line 18 on line 22. If line 18 is equal to or more than line 17 for all payment periods, stop here; you do not owe the penalty. Do not file SC2210 unless you checked a box in Part II Complete lines 19 through 25 of one column before going to line 19 of the next column.				
19	Enter amount, if any, from line 25 of previous column				
20	Add lines 18 and 19				
21	Add amounts on lines 23 and 24 of the previous column				
22	Subtract line 21 from line 20. If zero or less, enter -0-. For column (a) only, enter the amount on line 18				
23	If the amount on line 22 is zero, subtract line 20 from line 21. Otherwise enter -0-				
24	UNDERPAYMENT. If line 17 is equal to or more than line 22, subtract line 22 from line 17. Then go to line 19 of next column. Otherwise, go to line 25				
25	OVERPAYMENT. If line 22 is more than 17, subtract line 17 from line 22. Then go to line 19 of the next column				

Section B - Figure the Penalty (Complete lines 26 through 29 of one column before going to the next column.)

Rate Period 1		April 16, 2006 - June 30, 2006			
		4/15/06	6/15/06		
26	Number of days FROM the date shown above line 26 TO the date the amount on line 24 was paid or 6/30/06, whichever is earlier	Days:	Days:		
27	Underpayment on line 24 X Number of days on line 26 X .07 (see instructions) 365	\$	\$		
Rate Period 2		July 1, 2006 - April 15, 2007			
		6/30/06	6/30/06	9/15/06	1/15/07
28	Number of days FROM the date shown above line 28 TO the date the amount on line 24 was paid or 4/15/2007, whichever is earlier	Days:	Days:	Days:	Days:
29	Underpayment on line 24 X Number of days on line 28 X .08 (see instructions) 365	\$	\$	\$	\$
30 PENALTY. Add all amounts on lines 27 and 29 in all columns. Enter the total here and in the space provided on the tax return.				30	\$

2006 INSTRUCTIONS FOR SC2210

PURPOSE OF FORM. Every taxpayer is required to prepay each year's tax by withholding or estimating tax payments. If you are an individual taxpayer, other than a qualified farmer or fisherman, and line 14, SC1040 or line 13, SC1041 is \$100 or more, use this form to find out if you paid enough income tax during the year. If you did not pay enough, you may have to pay a penalty on the amount of your underpayment.

FARMERS AND FISHERMEN. If you meet both tests 1 and 2 below, you will not have to pay a penalty for underpaying estimated tax:

1. Your gross income from farming and fishing is at least two-thirds of your annual gross income from all sources for 2005 or 2006; and
2. You filed SC1040 and paid the entire tax due by March 1, 2007.

If you meet this test, write the word "farmer" or "fisherman", whichever the case, on line 8. Attach this form to your tax return.

EXCEPTIONS TO THE PENALTY. You will not have to pay the penalty if either of the two following situations applies:

1. You had no tax liability for 2005, **and** you were a South Carolina resident for the entire year, **and** your 2005 tax return was (or would have been had you been required to file) for a full 12 months; or
2. The total tax shown on your 2006 return less the amount of tax you paid through withholding is less than \$100. To determine whether the total tax is less than \$100, complete lines 1 through 6.

WHO MUST PAY THE UNDERPAYMENT PENALTY. In general, you may owe the penalty for 2006 if you did not pay at least the smaller of:

1. 90% of your 2006 tax liability or
2. 100% of the tax shown on your 2005 tax return. However, if your adjusted gross income is more than \$150,000, the 100% rule is modified to be 110% of the tax shown on your 2005 tax return. The penalty is figured separately for each installment due date. Therefore, you may owe the penalty for an earlier due date, even if you paid enough tax later to make up the underpayment. This is true even if you are due a refund when you file your tax return.

ANNUALIZED INCOME INSTALLMENT METHOD. If your income varied during the year due to the seasonal nature of your business, or for other reasons, you may be able to lower the amount of your required installment for the due dates by using the Annualized Income Method. To use this method to figure your required installments, complete Schedule AI of federal Form 2210 for South Carolina purposes. Write the word "annualized" to the left of line 17 to indicate use of this method, and attach a copy of the Federal Schedule AI for South Carolina. Print the word "waiver" in the penalty box on the front of SC1040, line 30.

WAIVER OF PENALTY. If you have an underpayment on line 13 (line 24 if you use the regular method), all or part of the penalty for that underpayment may be waived if any of the following applies:

- An underpayment was due to a casualty, disaster, or other unusual circumstance and it would be inequitable to impose the penalty.
- In 2005 or 2006, you retired after age 62 or became disabled and your underpayment was due to reasonable cause.
- A taxpayer will be granted a waiver of the portion of an underpayment of estimated income tax penalty attributed to personal service income earned in another state on which income tax due the other state was withheld.

To claim any of the above waivers, check box A or B. Complete the entire form through line 15 (line 29 if you use the regular method) without regard to the waiver provision. Write the amount to be waived in brackets in the margin to the left of line 16 (line 30 for the regular method). Subtract the amount to be waived from the total penalty without regard to the waiver and enter the result on line 16 (line 30 for the regular method). Attach a statement explaining the reason for the waiver. Print the word "waiver" in the penalty box on the front of SC1040, line 30.

HOW TO FIGURE YOUR UNDERPAYMENT (REGULAR METHOD). The underpayment of any installment is the difference between the amount of your required installment and any payments you made by the due date of the installment. Payments are applied to any prior underpayment before being applied to the current installment. Income taxes **withheld** from your salary, pension or winnings are considered payments of estimated tax in equal installments on the four installment dates, unless you prove otherwise.

PERIOD OF UNDERPAYMENT (REGULAR METHOD). The penalty is applied to the number of days that the installment was not paid. You figure the period of the underpayment by counting the number of days after the due date of the installment to and including the date of payment or the end of the rate period (6/30/06 or 4/15/07), whichever is earlier.

If you are a calendar year taxpayer, payments were due on April 15, June 15 and September 15, 2006, and January 15, 2007. Payment of your entire 2006 estimated tax liability, or any balance due by January 15, 2007, or the filing of your 2006 income tax return and payment of the tax shown on the return by January 31, 2007, will not relieve you of the penalty if you did not pay the estimated income tax due earlier in your tax year. If you file your return and pay the tax due by January 31, 2007, you will have no penalty for the installment due January 15, 2007, and the periods of underpayment for earlier installments will end on January 15, 2007.

Social Security Privacy Act Disclosure

It is mandatory that you provide your social security number on this tax form. 42 U.S.C 405(c)(2)(C)(i) permits a state to use an individual's social security number as means of identification in administration of any tax. SC Regulation 117-201 mandates that any person required to make a return to the SC Department of Revenue shall provide identifying numbers, as prescribed, for securing proper identification. Your social security number is used for identification purposes.