

UNDERPAYMENT OF ESTIMATED INCOME TAX

Issued under the authority of the Income Tax Act of 1967, as amended. Attach to your MI-1040 or MI-1041.

Round all money items to whole dollars.

MI-2210 1998

1. For 1998 or taxable year beginning _____, 1998 and ending _____, 19____.

2. First Name, Middle Initial and Last Name (if joint, use first names and initials of both) _____

3. Your Social Security Number _____

4. Spouse's Social Security Number _____

Treasury can now compute your interest for you. See instructions before completing this form. Before completing Part 1, add MI-1040 lines 29, 30 and 31. Subtract this sum from MI-1040, line 25. If the result is \$500 or less, do not complete this form. For MI-1041, subtract line 21 from line 20. If the result is \$500 or less, do not complete this form.

PART 1: ESTIMATED TAX REQUIRED FOR THE YEAR

5. Enter 1997 tax. Subtract the sum of MI-1040 lines 30 and 31 from line 25. (Fiduciaries, see inst.) 5. _____ .00

6. Enter 1998 tax. Subtract MI-1040 lines 29 and 30 from line 25. (Fiduciaries, see inst.) 6. _____ .00

7. Multiply amount on line 6 by 90% (.9) 7. _____ .00

8. Compare the amount on lines 5 and 7. Enter the smaller number 8. _____ .00

		A	B	C	D
		April 15, 1998	June 15, 1998	Sept. 15, 1998	Jan. 15, 1999
PAYMENT DUE DATES					
9.	Required quarterly estimate. Divide the amount on line 8 by 4. Enter in each column				
CAUTION: If you annualize, enter amount from worksheet line 16					
COMPLETE LINES 10 - 22 ONE COLUMN AT A TIME.					
10.	Estimated tax paid and withheld. (For column A only, enter the amount from line 10 on line 14.)				
11.	Enter amount, if any from line 17 of the previous column				
12.	Add lines 10 and 11				
13.	Add the amounts on lines 15 and 16 of the previous column and enter the result here				
14.	Subtract line 13 from line 12. If zero or less, enter zero (For column A only, enter the amount from line 10.)				
15.	Remaining underpayment from previous period. If the amount on line 14 is zero, subtract line 12 from line 13 and enter the result here				
16.	UNDERPAYMENT. If line 9 is greater than or equal to line 14, subtract line 14 from line 9 and enter the result. Then go to line 10 of the next column. Otherwise, go to line 17				
17.	OVERPAYMENT. If line 14 is greater than line 9, subtract line 9 from line 14 enter here. Then go to line 10 of next column				
PART 2: FIGURING THE INTEREST					
18.	Underpayment from line 16				
Rate Period 1: 9.5%. April 15, 1998 - June 30, 1998					
19a.	Computation starting date for this period	April 15, 1998	June 15, 1998		
19b.	Number of days from date on line 19a to the date line 18 was paid or June 30, 1998, whichever is earlier. If June 30 is earlier, enter 76 and 15 respectively				
19c.	.0002603 x days on line 19b x underpayment on line 18				
Rate Period 2: 9.5%. July 1, 1998 - Dec. 31, 1998					
20a.	Computation starting date for this period	June 30, 1998	June 30, 1998	Sept. 15, 1998	
20b.	Number of days from date on line 20a to the date line 18 was paid or December 31, 1998 whichever is earlier. If Dec. 31 is earlier, enter 184, 184 and 107 respectively				
20c.	.0002603 x days on line 20b x underpayment on line 18				
Rate Period 3: 9.5%. Jan. 1, 1999 - June 30, 1999					
21a.	Computation starting date for this period	Dec. 31, 1998	Dec. 31, 1998	Dec. 31, 1998	Jan. 15, 1999
21b.	Number of days from date on line 21a to the date line 18 was paid or April 15, 1999, whichever is earlier. If April 15 is earlier, enter 105, 105, 105 and 90 respectively				
21c.	.0002603 x days on line 21b x underpayment on line 18				
22.	Interest. Add amount on lines 19c, 20c and 21c in all columns. Enter the total interest here and on the appropriate line on your MI-1040 or MI-1041				

PART 3: FIGURING THE PENALTY

	A April 15, 1998	B June 15, 1998	C Sept. 15, 1998	D Jan. 15, 1999
23. Underpayment (see instructions) .....	.00	.00	.00	.00
24. Enter 25% (.25) or 10% (.10) (see instructions)	%	%	%	%
25. Multiply amount on line 23 by line 24 .....	.00	.00	.00	.00
26. TOTAL PENALTY. Add line 25, column A - D. Enter total penalty in appropriate space on the pay line of your MI-1040 or MI-1041 .....				.00
27. Add lines 22 and 26. This is your total penalty and interest to be added to your tax due .....				.00

This form computes penalty and interest for estimate vouchers to the date of payment or April 15, 1999, whichever is earlier. Additional penalty and interest for late filing accrues on your annual return from April 15 to the date of payment.

ANNUALIZED INCOME

Taxpayers who receive income unevenly during the year (for example, from a seasonal business, capital gain, severance pay or bonus) may benefit by completing this worksheet. If you use this method, you must annualize for the entire year by completing all four columns.

If you choose to annualize your income, you must attach this worksheet and a completed MI-2210 to your tax return (see General Instructions, next page.)

As you complete the worksheet remember the following.

Line 1 must be the year-to-date total for each period in the appropriate column. Each column is an accumulating total and should include the amount from the previous column plus any additional income earned to date. The last column should equal the amount on your MI-1040, line 13.

Example: You earned \$5,000 in the first three months of the year. You earned an additional \$4,000 during April and May. Enter on worksheet line 1, \$5,000 in the first column and \$9,000 in the second column.

Each entry on worksheet line 12 will be MI-2210, Part 1, line 8 divided by four regardless of how the income is earned. If you add worksheet line 16 across the columns, the sum should equal the total shown on MI-2210, line 8.

Taxpayers who annualize must also enter 25 percent of tax withheld in each column of the MI-2210, line 10 or submit documentation to substantiate uneven distribution of withholding.

ANNUALIZED INCOME WORKSHEET (Complete one column at a time.)

Line numbers refer to this worksheet unless another form is listed. **Estates and trusts** do not use the period ending date shown to the right. Instead, use the following: 2/28/98, 4/30/98, 7/31/98 and 12/1/98.

1. Enter the total income subject to tax (reported on your 1998 MI-1040, line 13) that is attributable to each period in the corresponding column
2. Annualization amounts
3. Annualized income. Multiply line 1 by line 2
4. Enter your total exemption allowance (MI-1040, line 14)
5. Subtract line 4 from line 3
6. Multiply line 5 by 1998 tax rate of 4.4% (.044)
7. Enter the sum of your 1998 MI-1040 credits from lines 24, 29 & 30
8. Subtract line 7 from line 6 (if zero or less, enter "0")
9. Multiply amount from line 8 by 22.5% (1st period), 45% (2nd period), 67.5% (3rd period) and 90% (4th period). Enter the results in each column
10. Enter combined amounts from line 16 of all previous columns
11. Subtract line 10 from line 9. If less than zero, enter zero "0"
12. Divide the amount on MI-2210, Part 1, line 8 by four and enter the result in each column
13. Enter the amount from line 15 of the previous column
14. Add lines 12 and 13
15. Subtract line 11 from line 14. If less than zero, enter zero "0"
16. Enter the smaller of lines 14 or 11 here and on MI-2210, line 9

	First 3 mos. 1-1 to 3-31-98	First 5 mos. 1-1 to 5-31-98	First 8 mos. 1-1 to 8-31-98	All 12 mos. 1-1 to 12-31-98
1.				
2.	4	2.4	1.5	1
3.				
4.				
5.				
6.				
7.				
8.				
9.	(line 8 x 22.5%)	(line 8 x 45%)	(line 8 x 67.5%)	(line 8 x 90%)
10.				
11.				
12.				
13.				
14.				
15.				
16.				

GENERAL INSTRUCTIONS

Use this form to see if you owe penalty and interest for failing to make estimated payments or for underpaying the estimated tax due. You can be charged interest (and possibly penalty) if your payment was low or late in any quarter. This is true even if you are due a refund when you file your tax return. The interest and penalty are figured separately for each due date. So you could still owe interest and penalty even if you made up an earlier underpayment with an overpayment later.

Because this is a complicated form, you may choose to have Treasury compute your interest and penalty and send you a bill instead of filing the form yourself. If you want Treasury to figure your interest, complete your MI-1040 form as usual, leaving the interest line blank and do not attach form MI-2210. Interest computed on this form and penalty charged for failing to file or underpaying estimates will be the same regardless of whether you pay with your return or if Treasury bills you.

If you annualize your income, you **must** complete the MI-2210 form and the annualization worksheet, and attach them to your Michigan annual tax return (individual or fiduciary). Individual income tax filers must check the box on MI-1040, line 34a and enter the amount of interest computed on that line. Fiduciary income tax filers must check the box on MI-1041, line 25 and enter the amount of interest computed on that line.

You may avoid penalty and interest and should not file this form if:

1. You had no tax liability for 1997 (if you had to file), or you were not required to file a 1997 return and your 1997 federal tax return was for a full 12 months.
2. The total tax on your 1998 return minus the amount you paid in withholding and all your credits is \$500 or less.
3. The amounts of tax withheld and timely estimated tax payments made in equal installments equal at least 90 percent of the tax due in 1998 or 100 percent of the tax due in 1997, unless the installment due in any period is paid later than the due date of that installment.

Special rules for farmers, fishermen and seafarers.

Do not file this form if BOTH of these apply:

1. Your gross income from farming, fishing or seafaring is at least 2/3 of your annual gross income for 1997 or 1998, **AND**
2. You filed your MI-1040 and paid the entire tax due by March 2, 1999.

If you need to file estimated tax, request a 1999 Michigan estimated income tax formset (MI-1040ES for individuals, MI-1041ES for fiduciaries), by calling 1-800-FORM-2-ME (367-6263). Forms are also available from your local Treasury field office.

LINE-BY-LINE INSTRUCTIONS

Before completing Part 1, add MI-1040 lines 29, 30 and 31. Subtract this sum from MI-1040, line 25. If the result is \$500 or less, do not complete this form. For MI-1041 subtract line 21 from line 20. If the result is \$500 or less, do not complete this form.

FISCAL-YEAR FILERS: Change due dates and interest rates to correspond with your tax year.

Part 1. FIGURING THE UNDERPAYMENT

Line 5: Figure your 1997 tax from your 1997 return. On the MI-1040 form, subtract the sum of lines 30 and 31 from line 25 and enter here. Fiduciaries, enter the amount from MI-1041, line 20.

Line 6: Figure your 1998 tax. On the MI-1040 form, subtract the total of lines 29 and 30 from line 25 and enter here. Fiduciaries, enter the amount from MI-1041, line 20.

Line 9: If you did not receive your income evenly throughout the year, you may annualize your income. See the instructions and worksheet on this form. The sum of the four installments must equal the lowest of:

- 90 percent of the tax shown on your 1998 tax return, OR
- 100 percent of the tax shown on your 1997 tax return.

Line 10: Enter the estimated tax payments you made plus any withholding. Note:

- One-fourth of your total withholding is considered paid on each due date unless you can document the dates the tax was withheld.
- An overpayment from 1997 that has been credited forward to 1998 will be applied to the first installment.
- Do not enter extension payments on this form.

(Continued on back.)

In column A, enter the estimated tax payments made by April 15, 1998 that were for the 1998 tax year. In column B, enter payments made after April 15 and through June 15, 1998. In column C, enter payments made after June 15 and through September 15, 1998. In column D, enter payments made after September 15 and through January 15, 1999. Extension payments or other payments received after January 15 are not considered estimate payments.

Part 2. FIGURING THE INTEREST

The MI-2210 computes interest to April 15, 1999 or the date of payment, whichever is earlier. This part of the form breaks down underpayments to the payment period they are due, then gives the interest rate for that period. Interest is figured for the number of days the installment remained unpaid. All payments are applied to any underpayment first, regardless of when the payment is received. The balance (if any) is applied to the next period.

Lines 10-22: Complete all of these lines for column A before going to column B, etc. You need only complete each column to the date the payment was made. If the total underpayment for any payment period was not paid off with one payment, you may need to do several calculations in each column.

Example: Your tax due each period is \$2,000. You have an underpayment of \$1,000 for the first period (due April 15). On June 10 you send \$2,000 to pay the second installment. But, \$1,000 of this payment goes toward your \$1,000 underpayment first. Interest is computed on \$1,000 from April 15 to June 10 (56 days). The remaining \$1,000 is applied to your second installment payment, creating a second period underpayment of \$1,000. Interest will continue to accrue on this \$1,000 until another payment is received.

Interest rates are set by Treasury twice each year for six-month periods starting January 1 and July 1. The rate is 1 percent above the prime rate in Michigan. For example, if the Michigan prime rate is 10.2 percent, your interest rate for completing the MI-2210 is 11.2 percent for that six-month period. For current interest rates, request *Revenue Administrative Bulletin 1998-2*.

Part 3. FIGURING THE PENALTY

Penalty is 25 percent of the tax due for failing to file estimated payments, or 10 percent for failing to pay enough with your estimates or paying late.

Line 23: The underpayment for the penalty charge is figured in the same general way as the underpayment for interest.

Exceptions:

- Payments are applied in the quarter they are received.
- If an overpayment occurs in any quarter, the overpayment amount is carried forward to the next quarter and applied as a timely payment.
- Payments are not carried back to offset underpayments in previous quarters.

The amount on line 23 cannot be less than zero (0).

Line 24: Enter 25 percent if estimated tax payments were not made for 1998. Enter 10 percent if estimated tax payments were made for 1998.

Example: In the example in Part 2, the \$2,000 payment received on June 10 is applied to the \$2,000 required payment in the second quarter. The penalty in the first quarter is \$100 (10 percent of the \$1,000 underpayment in the first quarter). The penalty in the second quarter would be zero (0).