



42A740-S1

Commonwealth of Kentucky  
DEPARTMENT OF REVENUE

UNDERPAYMENT OF ESTIMATED TAX  
BY INDIVIDUALS

► Attach to Form 740 or 740-NP.

Enter name(s) as shown on page 1, Form 740 or 740-NP.	Your Social Security Number

**PART I—EXCEPTIONS AND EXCLUSIONS**

The penalty shall not apply if one of the following exceptions is met. If one or more of the following applies to you, check the appropriate block(s), complete any necessary blank(s) and check the "Form 2210-K attached" block on Form 740, line 43a (Form 740-NP, line 43a). **If none of the exceptions apply, go to Part II.**

Check applicable block(s).

- 1.  The taxpayer died during the taxable year.
- 2.  The declaration was not required until after September 1, 2010, and the taxpayer files a return and pays the full amount of the tax computed on the return on or before January 31, 2011.
- 3.  Two-thirds ( $\frac{2}{3}$ ) or more of the gross income was from farming; this return is being filed on or before March 1, 2011; **and** the total tax due is being paid in full. Fiscal year taxpayers must file a return and pay the tax due on or before the first day of the third month following the close of the tax year.

a. Enter total gross income.....		
b. Multiply by $\frac{2}{3}$ (.67) .....		
c. Enter gross income from farming.....		
Line (c) must <b>equal or exceed</b> line (b) to qualify for the exception.		

- 4.  Prepaid tax **equals or exceeds** last year's income tax liability.
  - a. Enter the liability from the 2009 return, Form 740, line 28; Form 740-NP, line 28 .....
  - b. Enter amount from the 2010 Form 740, line 33 (Form 740-NP, page 2, line 33)\* .....

Line (b) must <b>equal or exceed</b> line (a) to claim the exception.		

**PART II—FIGURING THE UNDERPAYMENT AND PENALTY** (Complete Part II only if the **additional** tax due exceeds \$500; otherwise, proceed to page 2, Part III.)

1. a. Enter 2010 income tax liability from Form 740, line 28 (Form 740-NP, page 1, line 28)....	1a		
b. Enter credit for taxes paid to another state from Form 740, Section A, line 4 (Form 740-NP, Section A, line 4).....	1b		
c. Total (add lines 1a and 1b) .....	1c		
2. Percentage of liability required to be prepaid is 70% .....	2	x .7	
3. Multiply line 1c by line 2.....	3		
4. a. Enter the amount from Form 740, line 33 (Form 740-NP, page 2, line 33)* .....	4a		
b. Enter credit for taxes paid to another state from Form 740, Section A, line 4 (Form 740-NP, Section A, line 4).....	4b		
c. Total (add lines 4a and 4b) .....	4c		
5. Subtract line 4c from line 3 (If line 4c exceeds line 3, no penalty applies.).....	5		
6. Penalty percentage is 10%.....	6	x .1	
7. Multiply line 5 by line 6. This is the amount of the penalty for underpayment of estimated tax (minimum penalty \$25) .....	7		
8. Enter interest amount due from Form 2210-K, page 2, line 22.....	8		
9. Add lines 7 and 8. Enter here and on Form 740 or Form 740-NP, line 43(a). <b>Also check the "Form 2210-K attached" box</b> .....	9		

**To Avoid Underpayment Penalty in the Future, Obtain and File Form 740-ES.**

\*Do not include amounts prepaid with extension after the due date of the fourth declaration installment.



**NOTE: Use this page to calculate interest amount due on underpaid or untimely required estimated payments. See instructions for list of exclusions.**

**PART III—REQUIRED ANNUAL PAYMENT**

1. Enter 2010 income tax liability: (Form 740 or Form 740-NP, page 1, line 28).....	1		
2. Enter 2010 income tax withheld and refundable credits: (Form 740 or Form 740-NP, page 2, line 32a, 32c and 32d) .....	2		
3. Enter 2010 nonresident withholding: (Form 740-NP, page 2, line 32e) .....	3		
4. Add lines 2 and 3. Enter total here .....	4		
5. Subtract line 4 from line 1. (If the result is \$500 or less, stop here. Do not compute this schedule.).....	5		
6. Enter 2009 income tax liability: (2009 Form 740 or Form 740-NP, page 1, line 28) .....	6		
7. Required annual payment. Enter the smaller of line 1 or line 6.....	7		

**Note: If line 4 is equal to or greater than line 7, stop here. You do not owe interest.**

**PAYMENT DUE DATES**

- 8. **Required Installments.** Enter 1/4 (.25) of line 7 in each column..... 8
- 9. **Estimated tax paid and tax withheld.** For column A only, enter the amount from line 9 on line 13. If line 9 is equal to or greater than line 8 for all payment periods (columns A through D), stop here. You do not owe interest. Complete lines 10 through 17 of each column before going to the next column ..... 9
- 10. Enter amount, if any, from line 17 of previous column ..... 10
- 11. Add lines 9 and 10. Enter here ..... 11
- 12. Enter the amount from line 16 of previous column. .... 12
- 13. Subtract line 12 from line 11. If zero or less, enter -0-. For column A only, enter the amount from line 9..... 13
- 14. If the amount on line 13 is zero, subtract line 11 from line 12. Otherwise, enter zero..... 14
- 15. **Underpayment.** If line 8 is equal to or greater than line 13, subtract line 13 from line 8. Otherwise, go to line 17 ..... 15
- 16. Add lines 14 and 15. Enter here. If line 8 is equal to or greater than line 13, then go to line 10 of the next column ..... 16
- 17. **Overpayment.** If line 13 is more than line 8, subtract line 8 from line 13, then go to line 10 of the next column..... 17

	A 4-15-10	B 6-15-10	C 9-15-10	D 1-15-11
8.				
9.				
10.				
11.				
12.				
13.				
14.				
15.				
16.				
17.				
<b>FIGURING THE INTEREST</b>				
18. Interest calculation payment date .....	6-15-10	9-15-10	1-15-11	4-15-11
19. Number of days from the payment due date shown at the top of the column above line 8 to the date the amount on line 16 was paid, or the date shown for that column on line 18, whichever is earlier.....				
20. Annual Percentage Rate (APR).....	.05	.05	.05	.05
21. Underpayment Number of from line 16 X $\frac{\text{days from line 19}}{365}$ X APR on line 20 .....				

22. **INTEREST DUE:** Add amounts on line 21 columns A through D. Enter the total here and on Form 2210-K, page 1, line 8 .....