



Part III—Figuring the Underpayment (For all entities)

If you checked the box in Part I, Line 2, (a) and/or (b), complete the worksheet on Page 6 before proceeding to Part III. Large corporations who only checked the box in Part I, Line 2, (c) must **calculate** all columns of Part III, Line 7 per instructions for large corporations (page 7) before completing the worksheet on Page 6. For large corporations who have checked Part I, Line 2, box (a) and/or (b), in addition to box (c), the amounts to enter in all columns of Part III, Line 7 will come from Line 10 of the worksheet on Page 6.

6 Installment Due Dates.....

7 Required Income Installments—If Part I, line 2, box (a) and/or (b) is checked, enter the amounts from each column of Adjusted Seasonal Method and/or Annualized Income Installment Method Worksheet, line 10 into each column here. If Part I, line 2, box (c) is checked, refer to instructions on page 7. If none of the boxes in Part I, line 2 are checked and Part II, Column C, line 5 is equal to Part II, Column C, line 3, enter 25% (.25) of Part II, Column B, line 3 in each column. Otherwise, enter 25% of Part II, Column B, line 4 in each column.....

8 Required LLET Installments—If Part I, line 2, box (a) and/or (b) is checked, enter the amounts from each column of Adjusted Seasonal Method and/or Annualized Income Installment Method Worksheet, line 11 into each column here. If none of the boxes in Part I, line 2 are checked and Part II, Column C, line 5 is equal to Part II, Column C, line 3, enter 25% (.25) of Part II, Column A, line 3 in each column. Otherwise, enter 25% of Part II, Column A, line 4 in each column.....

9 Total Required Income and LLET Installments—Add lines 7 and 8 and enter into each column here.....

10 Estimated tax paid or credited for each period. For column (a) only, enter the amount from line 10 on line 14.....

(a)	(b)	(c)	(d)
15th Day of 4th month of tax year	15th Day of 6th month of tax year	15th Day of 9th month of tax year	15th Day of 12th month of tax year

Complete lines 11 through 17 of one column before going to next column.

11 Enter amount, if any, from line 17 of the preceding column.....

12 Add lines 10 and 11 in each column.....

13 Add amounts on lines 15 and 16 of the preceding column.....

14 Subtract line 13 from line 12 in each column. If zero or less, enter -0-. For column (a) only, enter the amount from line 10.....

15 If the amount on line 14 is zero, subtract line 12 from line 13 in each column. Otherwise, enter -0-.....

16 Underpayment. If line 14 is less than or equal to line 9, subtract line 14 from line 9. Then, go to line 11 of next column. Otherwise, go to line 17.....

17 Overpayment. If line 9 is less than line 14, subtract line 9 from line 14. Then, go to line 11 of the next column.....

**Part IV—Figuring the Penalty (For all entities)**

	(a)	(b)	(c)	(d)
18 Enter the date when the specific installment is paid in full or the 15th day of the 4th month after the close of the tax year, whichever date is earlier, in each column				
19 Number of days from the due date of the installment on line 6 to the date shown on line 18 in each column.....				
20 Number of days on line 19 after 04/15/2025 and before 01/01/2026 in each column.				
21 Line 16 X $\left(\frac{\text{Line 20}}{365} \right)$ X 10%				
22 Number of days on line 19 after 12/31/2025 and before the day after the due date of the return or 01/01/2027, whichever date is earlier, in each column.....				
23 Line 16 X $\left(\frac{\text{Line 22}}{365} \right)$ X 9%				
24 Number of days on line 19 after 12/31/2026 and before 03/16/2027 or the day after the due date of the return, whichever date is earlier, in each column.....				
25 Line 16 X $\left(\frac{\text{Line 24}}{365} \right)$ X <i>2027 Tax Due Penalty Rate</i>				
26 Add lines 21, 23, and 25 in each column.				
27 Penalty. Add columns (a) through (d) of line 26. Enter total in column (d) and add to the line specified in the instructions of the applicable form.....				

PURPOSE OF FORM—The form is used by a corporation or pass-through entity required by KRS 141.044 to file a declaration of estimated tax to determine:

- Whether they are subject to the penalty for underpayment of estimated tax and if so,
- The amount of underpayment and addition to tax penalty per KRS 141.044.

WHO MUST PAY THE UNDERPAYMENT PENALTY —A corporation or pass-through entity is subject to the penalty if it did not timely pay at least the smaller of:

1. The tax shown on its 2025 return, or
2. The tax shown on its 2024 return (if the filed 2024 return shows an LLET amount greater than the \$175 minimum OR the income tax amount is greater than \$0 AND the return was for a full 12 months). However, a large corporation can base only its first required installment on the prior year's tax.

In these instructions, "return" generally refers to the corporation's or pass-through entity's original return. However, an amended return is considered the original return if the amended return is filed by the due date (including extensions) of the original return. Also, for purposes of determining a required installment of a corporation's or pass-through entity's estimated tax, if an amended return is filed for the prior tax year, then "prior tax year" includes the amended return, but only if the amended return is filed before the applicable installment due date.

The penalty is figured separately for each installment due date. Therefore, the corporation or pass-through entity may owe a penalty for an earlier due date even if it paid enough tax later to make up the underpayment. This is true even if the corporation or pass-through entity is due a refund when its return is filed. However, a corporation may be able to reduce or eliminate the penalty by using the annualized income installment method or the adjusted seasonal installment method. See the instructions for Part I for details.

Exception to the Penalty—A corporation or pass-through entity will not have to pay a penalty if the tax shown on the entity's 2025 return (Form 2220-K, Part II, Column C, Line 3 amount or if applicable, Worksheet on Page 6, Line 12, sum of all columns) is less than \$5,000 or the tax period is less than 4 months.

PART I—REASONS FOR FILING (ONLY CORPORATE FORM 720 OR 720U FILERS COMPLETE THIS PART)

Note: Even if the corporation does not owe a penalty, complete and attach this form to the corporation's tax return if:

1. the sum of Part II, Column A and Column B, Line 3 is \$5,000 or greater for a "large corporation" with Part I, Line 2, boxes (a) and/or (b) not checked; or
2. the sum of all columns on Line 12 of the Worksheet on page 6 is \$5,000 or greater; and
3. any of the following apply:
 - The adjusted seasonal installment method is used.
 - The annualized income installment method is used.
 - The corporation is a "large corporation" per IRC § 6655 figuring its first required installment based on the prior year's tax.

Lines 1 and 2. Adjusted seasonal installment method and/or annualized income installment method. If the corporation's income varied during the year because, for example, it operated its business on a seasonal basis, it may be able to lower or eliminate the amount of one or more required installments by using the adjusted seasonal installment method and/or the annualized income installment method. If the corporation uses the annualized income installment method and/or the adjusted seasonal installment method, or is a "large corporation" per IRC § 6655, see Federal Instructions for Form 2220 for guidance. An entity may calculate income tax installments based on the adjusted seasonal installment method and/or annualized income installment method by converting Federal Form 2220, Schedule A, to a Kentucky form by entering Kentucky at the top center of the schedule above "Adjusted Seasonal Installment Method and Annualized Income Installment Method."

Converted Form 2220, Schedule A Exception Instructions:

Part I – Adjusted Seasonal Installment Method

- (1) Part I, Line 10 (Use 5% instead of 21%);
- (2) Skip Part I, Lines 15, 16, and 18;

Part II – Annualized Income Installment Method

- (3) Part II, Line 24 (Use 5% instead of 21%);
- (4) Skip Part II, Lines 25, 26, and 28;

Part III – Required Installments

- (5) Skip Part III, Lines 33-38; and then
- (6) Complete the Kentucky Adjusted Seasonal Installment Method and/or Annualized Income Installment Method Worksheet on page 6.

The Kentucky Converted Federal Form 2220, Schedule A must be attached to your Kentucky 720 or 720U return when filed to avoid interest and penalties for underpayment of estimated tax.

Follow the steps below to determine which parts of the form have to be completed.

- If the corporation is using only the adjusted seasonal installment method, check the box in Part I, Line 2, (a) and complete Kentucky Converted Form 2220, Schedule A, Parts I and III as discussed on page 4.
- If the corporation is using only the annualized income installment method, check the box in Part I, Line 2, (b) and complete Kentucky Converted Form 2220, Schedule A, Parts II and III as discussed on page 4.
- If the corporation is using both methods, check the boxes in Part I, Line 2, (a) and (b) and complete Kentucky Converted Form 2220, Schedule A, Parts I, II, and III as discussed on page 4.

A corporation electing a different annualization period on Federal Form 8842, Election to use Different Annualization Periods for Corporate Estimated Tax, must make the election on or before the due date of the first required installment payment. Once the election is made, the election is irrevocable for the particular tax year. A copy of your Form 8842 election is a required attachment to your Kentucky 720 or 720U return to avoid interest and penalties for underpayment of estimated tax.

Instructions for Adjusted Seasonal Installment Method and/or Annualized Income Installment Method Worksheet on page 6

Line 1—Enter the amounts from each column of Kentucky Converted Form 2220, Schedule A, Part III, Line 32.

Line 2—Add amounts in the preceding columns of Line 7. **NOTE:** Before completing this line in Columns B through D, complete Lines 3 through 7 of each of the preceding columns. For example, complete Lines 3 through 7 in Column A before completing Line 2 in Column B.

Line 3—Adjusted seasonal or annualized income installments. Subtract Line 2 from Line 1. If zero or less, enter zero.

Line 4—If the entity is required to skip Part II, Column B, Line 4, enter 25% of Part II, Column B, Line 3. Otherwise, enter 25% of the smaller of Part II, Column B, Line 3 or Column B, Line 4. **NOTE:** "Large corporations," see instructions for Part III, Line 7 for the amounts to enter.

Line 5—Subtract Line 7 of the preceding column from Line 6 of the preceding column.

Line 6—Add Lines 4 and 5 in each column.

Line 7—Total income installments before Kentucky credits. Enter the smaller of Line 3 or Line 6 here.

Line 8—Enter any Kentucky statutory credits claimed on Schedule TCS, Tax Credit Summary Schedule, in each column. **Do not include the nonrefundable LLET credit.**

Line 9—Divide current year LLET (Part II, Column A, Line 3) less \$175 by 4 and enter in each column. Round to nearest whole dollar.

Line 10—Subtract in each column, Lines 8 and 9 from Line 7, and enter in each column here and in Part III, Line 7. If negative, enter zero. **These are your required estimated income tax installments.**

Line 11—Divide current year LLET by 4 and enter in each column. **These are your required estimated LLET installments.**

Line 12—Required installments. Add Lines 10 and 11 and enter in each column. **Note:** If the total of Line 12 for all columns is less than \$5,000 or the tax period is less than 4 months, no penalty is due.

**Adjusted Seasonal Installment Method and/or Annualized Income Installment Method Worksheet**

	Installment 1	Installment 2	Installment 3	Installment 4
	Column A	Column B	Column C	Column D
1 Enter the amounts from each Column of Kentucky Converted Form 2220, Schedule A, Part III, line 32				
2 Add amounts in the preceding columns of line 7. NOTE: Before completing this line in Columns B through D, complete lines 3 through 7 of each of the preceding columns				
3 Adjusted seasonal or annualized income installments. Subtract line 2 from line 1. If zero or less, enter zero				
4 If the entity is required to skip Part II, Column B, line 4, enter 25% of Part II, Column B, line 3. Otherwise, enter 25% of the smaller of Part II, Column B, line 3 or Column B, line 4. NOTE: "Large Corporations" see instructions for Part III, line 7 for the amounts to enter				
5 Subtract line 7 of the preceding column from line 6 of the preceding column.....				
6 Add lines 4 and 5 in each column.....				
7 Total income installments before Kentucky credits. Enter the smaller of line 3 or line 6 here				
8 Enter Kentucky statutory credits in each column. Refer to line 8 in the instructions on page 5				
9 Divide current year LLET (Part II, Column A, Line 3) less \$175 by 4 and enter in each column. Round to nearest whole dollar.				
10 Subtract in each column, lines 8 and 9 from line 7, and enter in each column here and in Part III, line 7. If negative, enter zero. These are your required estimated income tax installments				
11 Divide current year LLET by 4 and enter in each column. Round to 2 decimal places. These are your required estimated LLET installments				
12 Required installments. Add lines 10 and 11 and enter in each Column. If the total of all columns is less than \$5,000 or the tax period is less than 4 months, no penalty is due.....				

THE REMAINING INSTRUCTIONS APPLY TO ALL ENTITIES

If you checked the box in Part I, Line 2, (a) and/or (b), complete the worksheet on Page 6 before proceeding to Part III. Large corporations who only checked the box in Part I, Line 2, (c) must **calculate** all columns of Part III, Line 7 per instructions for large corporations (page 7) before completing the worksheet on Page 6. For large corporations who have checked Part I, Line 2, box (a) and/or (b), in addition to box (c), the amounts to enter in all columns of Part III, Line 7 will come from Line 10 of the worksheet on Page 6.

PART II—REQUIRED ANNUAL PAYMENT

Line 3—Enter LLET and Income tax after reduction for the nonrefundable LLET credit and any other tax credits from Schedule TCS from current year tax return in applicable columns. Add Column A, Line 3 to Column B, Line 3 and enter in Column C, Line 3.
NOTE: If Column C, Line 3 is less than \$5,000 or the tax period is less than 4 months, no penalty is due.

Line 4—Enter LLET and Income tax after reduction for the nonrefundable LLET credit and any other tax credits from Schedule TCS from 2024 tax return in applicable columns. Add Column A, Line 4 to Column B, Line 4 and enter in Column C, Line 4.

CAUTION: If Column A, line 4 (Prior Year LLET) is equal to the minimum \$175 AND Column B, line 4 (Prior Year Income) is equal to \$0; OR the tax period is less than 12 months, skip this line and use current year to determine estimates.

Line 5—Enter the smaller of Column C, Line 3 or Line 4. If the entity is required to skip Line 4, enter the amount from Column C, Line 3 (Current Year Total LLET and Income).

PART III—FIGURING THE UNDERPAYMENT

Line 6—These fields contain pre-filled installment due dates.

Line 7—If Part I, Line 2, box (a) and/or (b) is checked, enter the amounts from each column of Adjusted Seasonal Method and/or Annualized Income Installment Method Worksheet, Line 10 into each column here. If Part I, Line 2, box (c) is checked, see instructions below. If none of the boxes in Part I, Line 2 are checked and Part II, Column C, Line 5 is equal to Part II, Column C, Line 3, enter 25% (.25) of Part II, Column B, Line 3 in each column. Otherwise, enter 25% of Part II, Column B, Line 4 in each column.

Large corporations. Large corporations who checked the box in Part I, Line 2, (c) should follow instructions 1 through 3 below.

1. If Part I, Line 2, boxes (a) and (b) are not checked and Part II, Column B, Line 3 is smaller than Part II, Column B, Line 4, enter 25% of Part II, Column B, Line 3 in columns (a) through (d) of Part III, Line 7.
2. If Part I, Line 2, boxes (a) and (b) are not checked and Part II, Column B, Line 4 is smaller than Part II, Column B, Line 3, enter 25% of Part II, Column B, Line 4 in column (a) of Part III, Line 7. In column (b), figure the amount to enter as follows:
 - a. Subtract Part II, Column B, Line 4 from Part II, Column B, Line 3,
 - b. Add the result to the amount on Part II, Column B, Line 3, and
 - c. Multiply the total in item b above by 25%, and enter the result in column (b). In columns (c) and (d), enter 25% of Part II, Column B, Line 3.
3. If Part I, Line 2, box (a) and/or (b) is checked, follow the instructions in items 1 and 2 above, substitute the Adjusted Seasonal Method and/or Annualized Income Installment Method Worksheet, Line 4 for Part III, Line 7, and complete the rest of the Adjusted Seasonal Method and/or Annualized Income Installment Method Worksheet. Amounts to enter in all columns on Part III, Line 7 will come from Line 10 of the worksheet on Page 6.

Line 8—If Part I, Line 2, box (a) and/or (b) is checked, enter the amounts from each column of Adjusted Seasonal Method and/or Annualized Income Installment Method Worksheet, Line 11 into each column here. If none of the boxes in Part I, Line 2 are checked and Part II, Column C, Line 5 is equal to Part II, Column C, Line 3, enter 25% (.25) of Part II, Column A, Line 3 in each column. Otherwise, enter 25% of Part II, Column A, Line 4 in each column.

Line 9—Add Lines 7 and 8 in each column.

Line 10—Estimated tax paid or credited for each period. For first installment, include prior year credits and any payments received by the first installment due date. For the other installments, enter the payments from prior installment up through due date of specific installment. For column (a) only, enter the amount from Line 10 on Line 14.

Complete Lines 11 through 17 of one column before going to the next column.

Line 11—Enter amount, if any, from Line 17 of the preceding column.

Line 12—Add Lines 10 and 11 in each column.

Line 13—Add amounts on Lines 15 and 16 of the preceding column.

Line 14—Subtract Line 13 from Line 12 in each column. If zero or less, enter -0-. For column (a) only, enter the amount from Line 10.

Line 15—If the amount on Line 14 is zero, subtract Line 12 from Line 13 in each column. Otherwise, enter -0-

Line 16—Underpayment. If Line 14 is less than or equal to Line 9, subtract Line 14 from Line 9. Then, go to Line 11 of next column. Otherwise, go to Line 17.

Line 17—Overpayment. Subtract Line 9 from Line 14. Then, go to Line 11 of the next column.

PART IV—FIGURING THE PENALTY

Line 18—Enter the date when the specific installment is paid in full or the 15th day of the 4th month after the close of the tax year, whichever date is earlier, in each column.

Line 19—Enter the number of days from the due date of the installment on Line 6 to the date shown on Line 18 in each column.

Line 20—Enter the number of days on Line 19 after 04/15/2025 and before 01/01/2026 in each column.

Line 21— Underpayment on Line 16 X $\left(\frac{\text{Line 20}}{365} \right)$ X 10%

Line 22—Enter the number of days on Line 19 after 12/31/2025 and before the day after the due date of the return or 01/01/2027, whichever date is earlier, in each column.

Line 23— Underpayment on Line 16 X $\left(\frac{\text{Line 22}}{365} \right)$ X 9%

Line 24—For September through November 2025 fiscal year end taxpayers, enter the number of days on Line 19 after 12/31/2026 and before 03/16/2027 or the day after the due date of the return, whichever date is earlier, in each column.

Line 25— Underpayment on Line 16 X $\left(\frac{\text{Line 24}}{365} \right)$ X 2027 Tax Due Penalty Rate

Note: The tax due penalty rate is the same as the year's tax due interest rate. The 2027 tax due interest rate will be made public in early November 2026.

Line 26—Add Lines 21, 23, and 25 in each column.

Line 27—Penalty. Add columns (a) through (d) of Line 26. Enter total in column (d). If there is a tax overpayment, add to the "Credited to 2025 late file/pay penalty" line of the applicable form. If there is a tax due, add to the "Estimated Tax Penalty" line of the applicable form.