



ALABAMA DEPARTMENT OF REVENUE
Estimated Tax Penalties for Individuals

SEE SEPARATE INSTRUCTIONS • ATTACH TO FORM 40 OR FORM 40NR

Name(s) as shown on tax return	Your social security number
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If all of the following apply, complete Part I only. If A, B and C apply, but D does not, skip Part I and complete Part II. Under no circumstances will you be subject to both penalties

- A. You had income other than wages or salaries in excess of \$3,750.00 for taxpayers filing joint returns, or \$1,875.00 for single taxpayers (including head of family or married filing separately);
- B. The amount of tax you owe (line 27 of Form 40 or line 26 of Form 40NR) without regard to any payments made with extension exceeds \$100.00; **and**
- C. You did not pay in through withholding or estimated tax payments either 100% of your previous year's tax liability or 90% of your current year's tax liability; **and**
- D. You did not make any quarterly estimated tax payments for 2006.

PART I – Estimated Tax Penalty.

1 Enter your 2006 net tax due after credits (line 20a of Form 40 or line 21 of Form 40NR)	1		00
2 Enter the net tax due as shown on your 2005 return (line 20a of Form 40 or line 21 of Form 40NR).....	2		00
3 Enter all Alabama income tax withheld for 2006. If line 3 is greater than or equal to line 2, STOP, you do not owe the penalty.....	3		00
4 Total underpayment for the year. Subtract line 3 from line 1. If zero or less, stop here, you do not owe this penalty.	4		00
5 If the amount on line 4 is less than \$500.00, enter \$50.00 , if not, multiply the amount on line 4 by 10% (.10) and enter the result here and on line 28 of Form 40 or line 27 of Form 40NR. This is your estimated tax penalty.	5		00

PART II – Underestimation Penalty.

Section A – Required Annual Payment. Complete this section if you made estimated tax payments for 2006 and the tax due on your 2006 return exceeded \$100.00.

1 Enter your 2006 net tax due after credits from line 20a of Form 40 or line 21 of Form 40NR.....	1		00
2 Multiply line 1 by 90% (.90)	2		00
3 Enter the net tax due as shown on your 2005 return (line 20a of Form 40 or line 21 of Form 40NR) . . .	3		00
4 Alabama Income Tax Withheld for 2006. Do not include any estimated tax payments on this line.....	4		00
5 Estimated taxes paid for 2006.	5		00
6 Add lines 4 and 5. Enter result here.	6		00
If line 6 is greater than or equal to lines 2 or 3, STOP HERE, you do not owe this penalty. DO NOT FILE Form 2210AL.			
7 Subtract line 4 from line 1. This is your Required Annual Payment. If less than \$100.00, stop here; do not complete or file this form. You do not owe the penalty.	7		00

Section B – Short Method. If your income varied during the year, you may want to calculate this penalty using the Quarterly Method on page 2 of this form.

8 Required Annual Payment for 2006 (from line 7, Part II above).....	8		00
9 Estimated taxes paid for 2006 (from line 5, Part II above)	9		00
10 Total underpayment for year. Subtract line 9 from line 8. If zero or less, stop here; you do not owe the penalty.....	10		00
11 Multiply line 10 by .06.....	11		00
12 • If the amount on line 10 was paid on or after 4/15/07, enter -0-.			
• If the amount on line 10 was paid before 4/15/07, make the following computation to find the amount to enter on line 12.			
Amount on line 10 X Number of days paid before 4/15/07 X .00016	12		00
13 Penalty. Subtract line 12 from line 11. Enter the result here and on line 28 of Form 40 or line 27 of Form 40NR	13		00



Section C -

Figure Your Underpayment Using the Quarterly Method

Table with columns for Payment Due Dates (a) 4/15/06, (b) 6/15/06, (c) 9/15/06, (d) 1/15/07. Rows 14-22 for Required installments, Estimated tax paid, and Underpayment/Overpayment calculations.

Figure the Penalty (Complete lines 23 through 26 of one column before going to the next column.)

Table for Penalty calculation, split into Rate Period 1 (April 16, 2006 - December 31, 2006) and Rate Period 2 (January 1, 2007 - April 15, 2007). Rows 23-26 for days and underpayment amounts.

SCHEDULE AI - Annualized Income Installment Method.

Annualized Income Installments

Table with columns (a) 1/1/06-3/31/06, (b) 1/1/06-5/31/06, (c) 1/1/06-8/31/06, (d) 1/1/06-12/31/06. Rows 1-25 for Annualized income, deductions, and tax calculations.