



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 |
|--------------------------------|-----------------------------|

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 26 of Form 40 or line 25 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 2007.

PART I – Estimated Tax Penalty.

| | | | |
|---|----------|--|----|
| 1 Enter your 2007 net tax due after credits (line 19a of Form 40 or line 20 of Form 40NR) | 1 | | 00 |
| 2 Enter the net tax due as shown on your 2006 return (line 20a of Form 40 or line 21 of Form 40NR) | 2 | | 00 |
| 3 Enter all Alabama income tax withheld for 2007. 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 27 of Form 40 or line 26 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 2007 and the tax due on your 2007 return exceeded \$100.00.

| | | | |
|--|----------|--|----|
| 1 Enter your 2007 net tax due after credits from line 19a of Form 40 or line 20 of Form 40NR..... | 1 | | 00 |
| 2 Multiply line 1 by 90% (.90) | 2 | | 00 |
| 3 Enter the net tax due as shown on your 2006 return (line 20a of Form 40 or line 21 of Form 40NR) .. | 3 | | 00 |
| 4 Alabama Income Tax Withheld for 2007. Do not include any estimated tax payments on this line..... | 4 | | 00 |
| 5 Estimated taxes paid for 2007..... | 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 2007 (from line 7, Part II above)..... | 8 | | 00 |
| 9 Estimated taxes paid for 2007 (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 4/15/08, enter -0-. • If the amount on line 10 was paid before 4/15/08, make the following computation to find the amount to enter on line 12. | | | |
| Amount on line 10 X Number of days paid before 4/15/08 X .00016 | 12 | | 00 |
| 13 Penalty. Subtract line 12 from line 11. Enter the result here and on line 27 of Form 40 or line 26 of Form 40NR | 13 | | 00 |



Section C – Figure Your Underpayment Using the Quarterly Method

Table with columns for Payment Due Dates (a) 4/15/07, (b) 6/15/07, (c) 9/15/07, (d) 1/15/08 and rows 14-22 for required installments, estimated tax, and underpayment/overpayment.

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

Table for Rate Period 1 (April 16, 2007 - December 31, 2007) and Rate Period 2 (January 1, 2008 - April 15, 2008) with rows 23-26 for days, underpayment, and penalty.

SCHEDULE AI – Annualized Income Installment Method. Table with columns (a) 1/1/07-3/31/07, (b) 1/1/07-5/31/07, (c) 1/1/07-8/31/07, (d) 1/1/07-12/31/07 and rows 1-25 for annualized income, deductions, and tax liability.