



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

NAME(S) AS SHOWN ON TAX RETURN

IDENTIFYING NUMBER

PART I – Required Annual Payment

1	Enter your 2019 net tax due after credits from line 18 of Form 40 or line 20 of Form 40NR	
2	Multiply line 1 by 90% (.90)	
3	Withholding taxes. Do not include estimated tax payments.	
4	Subtract line 3 from line 1. If less than \$500, stop ; you do not owe a penalty. Do not file Form 2210AL.	
5	Maximum required annual payment based on prior year's tax	
6	Required annual payment. Enter the smaller of line 2 or line 5.	

Next: Is line 6 more than line 3?

- No.** You **do not** owe a penalty. **Do not** file Form 2210AL unless box **E** below applies.
- Yes.** You may owe a penalty, but **do not** file Form 2210AL unless one or more boxes in Part II below applies.
 - If box **B, C, or D** applies, you must figure your penalty and file Form 2210AL.
 - If box **A or E** applies, (but not **B, C, or D**) file only page 1 of Form 2210AL. You are **not** required to figure your penalty; the Alabama Department of Revenue will figure it and send you a bill for any unpaid amount. If you want to figure your penalty, you may use Part III or IV as a worksheet and enter your penalty on your tax return, but **file only page 1 of Form 2210AL.**

PART II – Reasons for Filing. Check applicable boxes. If none apply, **do not** file Form 2210AL.

- A** You request a **waiver** of your entire penalty. You must check this box and file page 1 of Form 2210AL, but you are not required to figure your penalty.
- B** You request a **waiver** of part of your penalty. You must figure your penalty and waiver amount and file Form 2210AL.
- C** Your income varied during the year and your penalty is reduced or eliminated when figured using the **annualized income installment method**. You must figure the penalty using Schedule AI and file Form 2210AL.
- D** Your penalty is lower when figured by treating the Alabama income tax withheld from your income as paid on the dates it was actually withheld, instead of in equal amounts on the payment due dates. You must figure your penalty and file Form 2210AL.
- E** You filed or are filing a joint return for either 2018 or 2019, but not for both years, and line 5 above is smaller than line 2 above. You must file page 1 of Form 2210AL, but you are **not** required to figure your penalty (unless box **B, C, or D** applies).

PART III – Short Method

Can you use the short method?

You may use the short method if:

- You made no estimated tax payments (or your only payments were withheld Alabama income tax), **or**
- You paid the same amount of estimated tax on each of the four payment due dates.

Must you use the regular method?

You must use the regular method (Part IV) instead of the short method if:

- You made any estimated tax payments late, **or**
- You checked box **C or D** in Part II.

Note: If any payment was made earlier than the due date, you may use the short method, but using it may cause you to pay a larger penalty than the regular method. If the payment was only a few days early, the difference is likely to be small.

7	Enter the amount from Form 2210AL, line 6	
8	Enter the amount, if any from Form 2210AL, line 3	
9	Enter the total amount, if any, of estimated tax payments you made (see page 3 of the instructions)	
10	Add lines 8 and 9	
11	Total underpayment for year. Subtract line 10 from line 7. If zero or less, stop ; you do not owe a penalty. Do not file Form 2210AL unless you checked box E in Part II	
12	Multiply line 11 by .03398	
13	<ul style="list-style-type: none"> • If the amount on line 11 was paid on or after 4/15/20, enter -0- • If the amount on line 11 was paid before 4/15/20, make the following computation to find the amount to enter on line 13. Amount on line 11 X Number of days paid before 4/15/20 X .00014. 	
14	Penalty. Subtract line 13 from line 12. Enter the result here and on Form 40, line 30; or Form 40NR, line 30. Do not file Form 2210AL unless you checked a box in Part II	



PART IV – Figure Your Underpayment Using the Regular Method

1 Required installments. If you choose to use the Annualized Income Installment Method, enter the amounts from Schedule AI, line 25. Otherwise, enter 25% (.25) of Part I, line 6, Form 2210AL, in each column.
2 Estimated tax paid and Alabama tax withheld. For column (a) only, enter the amount from line 2a on line 6a. If line 2 is equal to or more than line 1 for all payment periods, stop here; you do not owe the penalty. **Do not** file Form 2210AL.

Complete lines 3 through 9 of one column before going to the next column.

3 Enter amount, if any, from line 9 of previous column
4 Add lines 2 and 3
5 Add amounts on lines 7 and 8 of the previous column
6 Subtract line 5 from line 4. If zero or less, enter -0-
7 If the amount on line 6 is zero, subtract line 4 from line 5. Otherwise, enter -0-
8 Underpayment. If line 1 is equal to or more than line 6, subtract line 6 from line 1. Then go to line 3 of next column. Otherwise, go to line 9
9 Overpayment. If line 6 is more than line 1, subtract line 1 from line 6. Then go to line 3 of next column.

Figure the Penalty (Complete lines 10 through 11 of one column before going to the next column.)

April 16, 2019 – April 15, 2020

10 Number of days from the date shown above line 10 to the date the amount on line 8 was paid or 4/15/20, whichever is earlier
11 Underpayment X No. of days on line 10 X .05 on line 8

Payment Due Dates					
	(a) 4/15/19	(b) 6/15/19	(c) 9/15/19	(d) 1/15/20	
1					
2					
3	////				
4	////				
5	////				
6					
7	////			////	
8					
9				////	
Figure the Penalty (Complete lines 10 through 11 of one column before going to the next column.)					
	4/15/19	6/15/19	9/15/19	1/15/20	
10	Days:	Days:	Days:	Days:	
11	\$	\$	\$	\$	
12	Add all amounts on line 11 in all columns. Enter the total here and on Form 40, line 30; or Form 40NR, line 30.				12

SCHEDULE AI – Annualized Income Installment Method.

Annualized Income Installments
1 Enter your adjusted gross income for each period (see instructions)
2 Annualization amounts
3 Annualized income. Multiply line 1 by line 2
4 Enter your itemized deductions for the period shown in each column. If you do not itemize, enter -0- and skip to line 7
5 Annualization amounts
6 Multiply line 4 by line 5. If lines 4-6 are completed, skip to line 8
7 In each column, enter the full amount of your standard deduction from Form 40, line 11 (Form 40NR filers, enter -0-)
8 Enter the larger of line 6 or line 7
9 Subtract line 8 from line 3
10 In each column, enter the federal tax liability deduction from Form 40 or Form 40NR
11 Subtract line 10 from line 9
12 In each column enter the personal and dependent exemptions from your tax return
13 Subtract line 12 from line 11
14 Figure your tax on the amount on line 13
15 For each period, enter the same type of credits as allowed on Form 40 or Form 40NR
16 Subtract line 15 from line 14. If zero or less, enter -0-
17 Applicable percentage
18 Multiply line 16 by line 17
Caution: Complete lines 19-25 of one column before going to the next column.
19 Add the amounts in all previous columns of line 25
20 Subtract line 19 from line 18. If zero or less, enter -0-
21 Enter 25% (.25) of line 6, page 1, Part I, of Form 2210AL in each column
22 Enter amount from line 24 of the previous column of this schedule
23 Add lines 21 and 22 and enter the total
24 Subtract line 20 from line 23. If zero or less, enter -0-
25 Enter the smaller of line 20 or line 23 here and on Form 2210AL, Part IV, line 1

	(a) 1/1/19-3/31/19	(b) 1/1/19-5/31/19	(c) 1/1/19-8/31/19	(d) 1/1/19-12/31/19
1				
2	4	2.4	1.5	1
3				
4				
5	4	2.4	1.5	1
6				
7				
8				
9				
10				
11				
12				
13				
14				
15				
16				
17	22.5%	45%	67.5%	90%
18				
19	////			
20				
21				
22	////			
23				
24				////
25				////

Form 2210AL is designed to calculate underpayment of estimated tax penalty as prescribed in Section 40-2A-11 and 40-18-80 of the *Code of Alabama 1975*.

Who Must Pay the Underpayment Penalty

In general, you may owe the penalty for 2019 if the total of your withholding and timely estimated tax payments did not equal at least the smaller of:

1. 90% of your 2019 tax, or
2. 100% of your 2018 tax. (Your 2018 tax return must cover a 12-month period.)

Special rules for certain individuals. Different percentages are used for farmers and fishermen, certain higher income taxpayers, and qualified individuals with small businesses.

Farmers and fishermen. If at least two-thirds of your gross income for 2019 is from farming and fishing, substitute 66-2/3% for 90% in (1) above.

Higher income taxpayers. If your adjusted gross income (AGI) for 2019 was more than \$150,000 (\$75,000 if your 2019 filing status is married filing separately), substitute 110% for 100% in (2) above.

Specific Instructions

Before calculating either of the penalties on Form 2210AL, you will need a copy of both your 2018 and 2019 Alabama income tax returns.

NOTE: Please round all amounts to the nearest whole dollar.

PART I: UNDERPAYMENT PENALTY

If you meet **all** of the criteria for the Underpayment Penalty, you should complete Form 2210AL to determine the amount of penalty due. There are two methods available for calculating this penalty – the **Short Method** from **Part III** or the **Regular Method** from **Part IV**. If you choose to use the Regular Method, you must select from one of two options for calculating your quarterly income: (1) the *Annualized Income Installment Method* from **Schedule AI** or (2) one-quarter (25%) of your *Required Annual Payment* (Part I, Line 6). Selecting one of these options is necessary to calculate the required installments needed to compute your underpayment (Part IV). The underpayment amounts will then be used to calculate the penalty.

PART I – Required Annual Payment

If you are subject to the underpayment penalty, **you must complete** Part I in order to determine the amount of your *Required Annual Payment*. The *Required Annual Payment* will be needed to calculate the underpayment penalty regardless of the method chosen for calculating the underpayment.

Follow the line-by-line instructions in Part I to compute the amount of your *Required Annual Payment*. If the Alabama income tax withheld plus any estimated taxes paid for 2019 is equal to or greater than 90% of your current year liability or 100% of your previous year's tax liability, you are not subject to an underpayment penalty, and are not required to file this form.

Once you have calculated your *Required Annual Payment*, you must decide to use either Method I or Method II to calculate the amount of your underpayment penalty.

METHOD I

Part III – The Short Method

Most taxpayers will find this is the easiest method to use for computing the Underpayment Penalty. Complete this section if your income and deductions were evenly distributed for the year, or if your income for the first part of the year was significantly higher than your income for the end of the year.

METHOD II

Part IV – The Regular Method

If you chose Method II, The Regular Method, the first decision you must make is how to compute the Required Installments (line 1, columns (a)-(d)). You can ei-

ther use the *Annualized Income Installment Method* from **Schedule AI** or use one-quarter (25%) of your *Required Annual Payment* to calculate the Required Installments. If you elect to use the *Annualized Income Installment Method* from **Schedule AI**, you must complete **Schedule AI** before you can complete Part IV.

Line 1 – If you do not elect to use the Annualized Income Installment Method from Schedule AI to calculate your required installments on line 1, Part IV, enter 25% (.25) of your *Required Annual Payment* from line 6, Part I, Form 2210AL, on line 1, columns (a)-(d). If you use the **Annualized Income Installment Method**, see the instructions that follow for **Schedule AI** before completing lines 2-12.

Line 2 – Enter the total of the estimated tax paid for 2019 (line 23 of Form 40, line 22 of Form 40NR) by quarters. For column (a) **only**, enter the amount from line 2(a) on line 6(a) also.

NOTE: If the amounts on line 2, columns (a)-(d) are larger than the amounts on line 1, columns (a)-(d), DO NOT FILE THIS FORM, you do not owe this penalty.

Line 3 – Do not enter an amount on line 3, column (a). For line 3, column (b), enter the amount from line 9, column (a). For line 3, column (c), enter the amount from line 9, column (b). For line 3, column (d), enter the amount from line 9, column (c).

Lines 10-12 (Figure the Penalty)

When you have completed Part IV, any amounts on line 8, columns (a)-(d), must be entered into a computation under the heading **Figure the Penalty** that follows Part IV.

The amounts on line 8, columns (a)-(d) are the amounts of underpaid Alabama income tax for 2019. The underestimation penalty will be calculated on these amounts by completing lines 10-12 under the heading **Figure the Penalty**.

Line 12 (Penalty)

Total the amounts from line 11, columns (a)-(d). This is the amount of your underpayment penalty. This amount should be included on the penalty line of Form 40 or Form 40NR (line 30 of Form 40 or line 30 of Form 40NR) as well as being added to the Amount You Owe line on both forms (line 29 of Form 40 or line 29 of Form 40NR).

Instructions for Schedule AI – Annualized Income Installment Method

Line 1 – Figure your total income for the period minus your adjustments to income for the period. Include your share of partnership or S corporation income or loss items for the period.

Line 4 – Figure your itemized deductions for the period. If you do not itemize your deductions, skip this line and go to line 7.

Line 10 – The federal tax liability deduction is located on line 12 of your 2019 Form 40, or line 14 of your 2019 Form 40NR.

Line 12 – If you are filing a Form 40, enter the total of lines 13 and 14 from your 2019 Form 40. If you are filing a Form 40NR, enter the total of lines 15 and 16 from your 2019 Form 40NR.

Line 15 – If you are filing a Form 40 or Form 40NR, enter the difference of Schedule NTC, line 1 less Schedule NTC, line 31.

Line 19 – Do not enter an amount on line 19, column (a). For line 19, column (b), enter any amount from line 25, column (a). For line 19, column (c), enter the total of line 25, columns (a) and (b). For line 19, column (d), enter the total of line 25, columns (a), (b), and (c).

Line 21 – Enter 25% (.25) of your *Required Annual Payment* (line 6, Part I, Form 2210AL). This amount is needed in order to determine the amount of your underpayment (overpayment) by quarter.

NOTE: After completing Schedule AI, see instructions for line 2, Part IV.