### **FORM 2220ME**



### UNDERPAYMENT OF ESTIMATED TAX

MAINE REVENUE SERVICES, P.O. BOX 1065, AUGUSTA, ME 04332-1065

This form is used for the computation of penalty for underpayment of estimated tax for the Maine corporate income tax and Maine franchise tax. Enclose with the appropriate Maine return.

For calendar year 2017, or fiscal year beginning \_\_\_\_\_\_, 2017 and ending \_\_\_\_\_\_, 20 \_\_\_\_\_, 20 \_\_\_\_\_,

FEDERAL IDENTIFICATION NUMBER

NUMBER AND STREET

Part I - Calculating Your Underpayment				
1 2017 tax (check the applicable space below)			1	
Form 1120ME, line 7c (Total Tax) minus lines 8c (Tax Cred	dits) and 8d (Income Tax Withhe	eld)		
Form 1120B-ME, line 3c (Total Tax) minus lines 4b, 4d (Ne	et Operating Loss Credit) and 4	e (Other Tax Credits)		
2. Multiply line 1 by 90%			2	
3. 2016 tax (If 2016 is a short-year, enter amount from line 2)(If this line	or line 1 is less than \$1,000, do	o not complete rest of fo	rm) 3	
4. Enter the smaller of line 2 or line 3			4	
PAYMENT DUE DATES	A	В	С	D
Enter in columns A through D the installment dates that correspond to the day of the 4th, 6th, 9th and 12th months of the taxable year.	15th			
<ul> <li>Enter 25% of line 4 in columns A through D, unless (a) or (b) below age a. Actual liability: Check here and the box above line 10, page 3, Form 1120ME. Enter amount from line 19 of the annualization worksheet.</li> </ul>	oplies:			
<ul> <li>b. If the corporation is a "large" corporation under IRC § 665 (2)(A), enter the required estimated tax amount by statute and check this box</li> </ul>				
6. a. Estimated tax paid and carryover of prior year overpayment	6a.			
b. Overpayment on line 8b from prior column	6b.			
7. Line 6a plus line 6b	7.			
8. a. Underpayment (line 5 minus line 7) or	8a.			
b. Overpayment (line 7 minus line 5)	8b.			
Part II - Calculating the Penalty				
<ol> <li>Enter the due date of the return (or the date the underpayment on line was paid to MRS, if earlier)</li> </ol>				
<ol> <li>Number of months or fraction thereof from the payment due date to the date shown on line 9</li> </ol>	10.			
11. Enter the rate from the table included in the instructions	11.			
12. Underpayment penalty. Underpayment on line 8a multiplied by rate or line 11				
13 Total of amounts shown on line 12 Enter result here and on Form 11	20ME line 10 or Form 1120B-M	1F line 5b	13	

### **INSTRUCTIONS FOR FORM 2220ME**

#### **PURPOSE OF FORM:**

Form 2220ME enables corporations and financial institutions to determine if sufficient estimated tax was paid by the proper due date. If the minimum amount was not paid timely, an underpayment penalty is imposed for the period of underpayment. This form helps determine whether or not you are subject to this penalty.

## WHO MUST PAY THE UNDERPAYMENT PENALTY:

If you did not pay enough estimated tax by any due date for paying estimated tax, you may be charged a penalty.

In general, you may owe the penalty if, for 2017 you did not pay the lesser of 90% of your tax liability for 2017 or 100% of the tax liability for 2016 if the 2016 return covered 12 months. Large corporations, as defined by IRC § 6655(g)(2)(A), must also meet the test required by 36 M.R.S. § 5228(5)(C).

### **EXCEPTIONS TO THE PENALTY:**

You will not have to pay the penalty or file this form if either of the following two situations applies:

- 1. Your tax liability for 2017, reduced by allowable credits, is less than \$1,000.
- 2. Your 2016 tax liability was less than \$1,000.

The penalty may be avoided if at least 90% of the 2017 tax was paid when due, even though you may be required to file this form.

### ACTUAL LIABILITY FOR EACH QUARTER:

Taxpayers are required to make four equal installments of estimated tax unless the actual liability can be established, by adequate record, for each required installment payment of estimated tax. The Annualized Income Installment Worksheet for Underpayment of Estimated Tax is used to determine actual liability.

# COMPUTATION OF UNDERPAYMENT PENALTY:

If no exception applies for an installment date, complete lines 9 through 13 to determine the amount of the penalty. The penalty is based on the amount of the underpayment of the required installment for the period of underpayment. It is computed at the stated rate for each month or fraction thereof in the period of underpayment. For calendar year 2017, the penalty rate is .5833% per month or fraction thereof, compounded monthly. For calendar year 2018, the penalty rate is .5% per month or fraction thereof, compounded monthly. The effective penalty rate for the number of months shown on line 10 is listed below.

Number of Months shown on line 10	1	2	3	4	5	6	7	8	9	10	11	12
Enter this Rate on line 11, Column A	0.005833	0.011701	0.017602	0.023538	0.029509	0.035514	0.041555	0.047631	0.052869	0.058133	0.063424	0.068741
Enter this Rate on line 11, Column B	0.005833	0.011701	0.017602	0.023538	0.029509	0.035514	0.040692	0.045895	0.051125	0.056381		
Enter this Rate on line 11, Column C	0.005833	0.011701	0.017602	0.022690	0.027804	0.032943	0.038107					
Enter this Rate on line 11, Column D	0.005000	0.010025	0.015075	0.02015								

Fiscal year filers may not use the table below.