DELAWARE
FORM DE2210-I

INSTRUCTIONS FOR COMPLETION OF FORM DE-2210 (FOR UNDERPAYMENT OF ESTIMATED TAXES)

Purpose of Form

Use Form DE2210 to compute your penalty for underpaying your estimated taxes. If you choose to compute your penalty using this form and a penalty due is calculated OR if you use Part 3 – Annualized Installment Method:

- Check the "Form DE 2210 Attached" box on the front of your Delaware personal income tax return and
- Attach your completed Form DE 2210 to your return.

Do not submit a Federal Form 2210 instead of a Delaware Form DE 2210. Do not submit computer worksheets in lieu of the Form DE 2210.

Use of Form

You may choose to use the Short Method (Part 2) of this form if you made equal estimated payments on or before the dates they were due or made no estimated tax payments. You may choose to use the Annualized Method (Part 3) of this form if your income was earned unevenly throughout the year. Resident filers using Filing Status 4 should combine (net) the amounts in both columns of their tax return before transferring figures to the DE2210 (create one combined Form DE2210 for both spouses).

Who Must Pay the Underpayment Penalty:

In general, you will owe the penalty for 2011 if you did not pay at least the smaller of:

1. 90% of the Tax Balance shown on Line 16 of the 2011 Delaware Resident Tax Return (Line 47 on the Non- Resident Form); or
2. 100% of the Tax Balance shown on Line 16 of your 2010 return (Line 47 on the Non-Resident Return). Note: If you are not a farmer or fisherman and your Adjusted Gross Income (AGI) on the 2010 return is in excess of $150,000 ($75,000 if Married Filing Separate Returns, Filing Status 3), you must use 110% of the 2010Tax Balance.

The penalty is figured separately for each installment due date. Therefore, you may owe the penalty for an earlier due date even if you paid enough tax to make up the underpayment (even if you are due a refund when you file your return).

Exceptions to the Penalty:

You will not have to pay the penalty if either:

1. You had no Delaware tax liability in the previous year (Line 16 on the 2010 Resident return or Line 47 on the Non-Resident form); or
2. The tax liability minus non-refundable credits (Line 16 on the 2011 Resident return or Line 47 on the Non-Resident form) MINUS refundable credits (Line 21 on the 2011 Resident return or Line 52 on the 2011 Non-Resident return) is less than $400; or
3. You were a Part-Year resident during 2011; or
4. You derived at least 2/3 of your Gross Income from farming or fishing, and paid the total estimated tax due by January 17th 2012, or filed your return by March 1, 2012 AND paid the total tax due at that time.

Waiver of the Penalty:

Once the penalty has been assessed you may request a waiver of the penalty by writing to:

Tax Conferee
Delaware Division of Revenue
P O Box 8714
Wilmington, DE 19899-8714

Reasons for requesting a waiver are:

1. The underpayment was due to a casualty, disaster, or other unusual circumstance (explain the circumstance); or
2. In 2010 or 2011 you retired after age 62 or became disabled. disabled.

If one of these reasons applies to you, DO NOT check the 2210 indicator box and DO NOT submit the form. You will be given a chance to request a waiver after the penalty has been assessed.

Specific Instructions

The DE 2210 is divided into 5 parts as follows:

1. The Required Annual Payment
2. The Short Method
3. Annualized Income Installment Method
4. Computation of the Over/Underpayment
5. Computation of the Penalty

1. The Required Annual Payment .

Use this part to figure the amount of your required annual payment. Note: line numbers in parentheses refer to lines on the Non-Resident Form.

A. Enter 90% of Line 16 (Line 47) from your 2011 Delaware Return.
B. Enter 100% (110% if your 2010 Delaware AGI is more than 150,000 or 75,000 if filing status is 3) of Line 16 (Line 47) of your 2010 Delaware Return.
C. Enter the smaller of Line A or B. This is your required annual payment, which should have been made in 4 equal payments.
D. Enter the total amount of Delaware tax withheld, S Corp payments made on your behalf, and approved Refundable Business Credits.
E. Subtract Line D from Line C. Note: if this amount is $400 or less, stop here. You do not owe the penalty.

2. The Short Method.

Once you have figured the required annual payment, you may use the Short Method ONLY if:

a. You made no estimated payments; or
b. You paid estimated tax in 4 equal amounts on or before the due dates (May 2nd, June 15th, September 15th, and January 17th).

You may not use the Short Method if you made any of the payments late.

You may not use the Short Method if any Real Estate Estimated tax payments were made on your behalf.

Line by Line instructions:

F. Enter the total of your Estimated Tax payments.
G. Enter the total amount of Delaware tax withheld, S Corp payments made on your behalf, and approved Refundable Business Credits.
H. Add lines F and G.
I. Total Underpayment for the year (Subtract Line H from Line C). If zero or less stop here. You do not owe the penalty.
J. Multiply Line I times 0.12.
K. If the amount on Line I was paid on or after April 30, 2012 , enter zero (0). If it was paid before April 30, 2012, count the number of days from the date you paid the amount on Line I to April 30, 2012 Multiply the number of days by 0.0005 times the amount on Line I and enter the results on Line K.
L. Subtract Line K from Line J. This is your penalty for underpayment of Estimated Taxes. Add this amount to the other penalties and interest due on Line 25 of the Resident return and Line 56 of the Non-Resident return.

3. The Annualized Installment Method.

This method should be used by individuals whose income is earned in an uneven fashion throughout the year. Examples would be receiving large Capital Gains or bonuses late in the year.

To use this form, enter the income and deductions applicable to each period as follows:

Column 1 enter the income/deductions for the period 01/01/2011 through 03/31/2011

Column 2 enter the income/deductions for the period 01/01/2011 through 05/31/2011

Column 3 enter the income/deductions for the period 01/01/2011 through 08/31/2011

Column 4 enter the income/deductions for the period 01/01/2011 through 12/31/2011

Line by Line Instructions (Line numbers in parenthesis refer to the Non-Resident Return)

1. Non-Resident indicator. If you are a Non-Resident or Part-Year Resident using the Non-Resident tax form, put an "X" in this box. Part-Year Residents using the Non-Resident return should follow the instructions for Non-Residents.
2. Enter your Delaware AGI from Line 1 (Line 37) of your 2011 Delaware return for the periods indicated. Example: in the Third column enter your AGI for the period January 1, 2 0 1 1 through August 31, 2011.
3. This Line has been filled.
4. Multiply Line 2 by Line 3 for each column (this is your annualized income for each period).
5. Enter your Delaware Itemized Deductions for each period indicated. If you did not itemize your deductions, enter zero (0) and skip to Line 8.
6. This Line has been filled.
7. Multiply Line 5 times Line 6 for each column.
8. Enter the Delaware Standard Deduction and Additional Standard Deduction (if applicable) Amounts. Note: the same number should be entered in each column.
9. Delaware Deductions. If you used Itemized deductions enter the amounts from Line 7 in each column. If you used the Delaware Standard Deduction, enter the amount from Line 8 in each column.
10. Delaware Taxable Income. Subtract Line 9 from Line 4.
11. Tax. Using the tax table or tax schedule, figure the tax on the amount onLine 10 for each column.
12. Tax on Lump Sum. See the instructions for tax on lump sum distributions (Line 7) in the Resident Instruction Booklet (Page 6).
13. This is your total tax. Add Lines 11 and 12.
14. Non-Residents only. Multiply Line 13 times the Proration Percentage from the center of Line 42 of your tax return.
15. Enter the Total Personal Credit amount. Include any personal credits for being 60 or over (if applicable).
16. Non-Residents only. Multiply Line 15 times the Proration Percentage from the center of Line 42 of your Tax Return.
17. Other non-refundable credits. Add Lines 10, 11, 12, 13 & 14 of the Resident (or Lines 44 & Line 45 of Non-Resident) tax return, and enter here.
18. Residents subtract Line 15 plus Line 17 from Line 13. Non-Residents and Part Year Residents subtract Line 16 plus Line 17 from Line 14.
19. Multiplier. This number is pre-printed.
20. Multiply Line 18 times the amount on Line 19 for each column.

NOTE: From this point on, complete Lines 21 through 27 down each column before going to the next column.

21. Blank for the first column. Enter the sum of all previous Lines 27 for the remaining columns (in Column 3 you are adding Column 1 Line 27 plus Column 2 Line 27).
22. Subtract Line 21 from Line 20. If 0 or less, enter 0.
23. Enter 1/4th of your Required Annual Payment from Part 1, Line C.
24. Blank for the first column. For all other columns enter the amount from Line 26 of the previous column.
25. Add Line 23 and Line 24.
26. Subtract Line 22 from Line 25. If zero or less, enter zero (0).
27. Enter the Smaller of Line 22 or 25 here and on Line 28.

4. Computing the over/under payment.

In this section you will compute the amount of your over/under payment for each period.

28. Enter the amount from Part 3, Line 27.
29. Enter the amount of Estimated and Real Estate Estimated Tax Payments made on your behalf FOR EACH PERIOD ONLY. In Column 1 enter the payments for the period January 1st through May 2nd. In the second column enter the payments made from May 3rd though June 15th. In the third column enter the payments made between June 16th and September 15th. And in the fourth column enter the payments made between September 16th and January 17th.
30. FOR EACH PERIOD ONLY, enter the amount of Delaware withholding, S Corp payments and Refundable Business Credits.
31. Add Lines 29 and 30.

NOTE: Complete Lines 32 through Line 38 down each column before going to the next column.

32. Blank for Column 1. Enter previous Line 38 amount for all other columns (ie. Column 2 equals Line 38 Column 1, Column 3 equals Line 38 Column 2, etc.).
33. Blank for Column 1. For all others columns add Lines 31 & 32.
34. Blank for Column 1. For all other columns, add amounts from Lines 36 and 37 of the previous column (ie. Column 2 equals Line 36 Column 1 plus Line 37 Column 1, etc.).
35. For Column 1 only, enter amount from Line 31. For other columns, subtract Line 34 from Line 33. If zero (0) or less, enter zero (0).
36. Blank for column 1. For all other columns if Line 35 = 0, then subtract Line 33 from Line 34. Otherwise, enter zero (0).
37. Underpayment. If Line 28 is equal to or larger than Line 35, subtract Line 35 from Line 28, and go to Line 32 of the next column. Otherwise, go to Line 38.
38. Overpayment. If Line 35 islarger than Line 28, subtract Line 28 from Line 35. Then go to Line 32 of the next column.

5. Computing the Penalty.

Figure the penalty by applying the appropriate rate against each underpayment shown on Line 37 for as long as an underpayment remains. Adjust this amount as payments are made.

39. These are the dates the payments on Line 37 are due.
40. Compute the number of days between the due date on Line 39 and the date the amount on Line 37 is paid or April 30, 2012 whichever is earlier. Stop the computation when the total underpayment for the year has been paid or April 30, 2012 (whichever is earlier). Repeat the computation for each column. (NOTE: If the amount due is not paid with one payment, the penalty for the period should be figured on a separate sheet and the total entered on this Line. For example, if Line 37 column 1 shows an underpayment of $300, and $200 was paid on June 15th, and $200 was paid on September 15th, the penalty would be figured for 44 days on $300, and 92 days on $100. The remaining $100 of the payment made in September is available to be applied to a June 15th underpayment, if necessary.)
41. Multiply Line 40 times 0.0005.
42. Multiply Line 41 times Line 37. This is the penalty for the period. Repeat the computation for each column.
43. Sum the columns for a total penalty.

Enter the amount of the penalty you computed by either the Short Method or the Annualized Method on Line 25 of the Resident Return or on Line 56 of the Non-Resident return.

Please remember to check the Form DE2210 Attached box and submit a copy of this form with your return. Checking the box without submitting a form will unnecessarily delay the processing of your return.

(Revised 12/22/11)