

PART IV REGULAR METHOD

SECTION A — FIGURE YOUR UNDERPAYMENT		(a) 4/15/05	(b) 6/15/05	(c) 9/15/05	(d) 1/17/2006
16. If you checked BOX D in PART I, enter the amounts from line 19 of the attached Annualized Income Worksheet; otherwise, enter 1/4 of line 8 in each column	16				
17. Estimated tax paid and tax withheld (see instructions). For column (a) only, enter the amount from line 17 on line 21. If line 17 is equal to or more than line 16 for all payment periods, stop here; you do not owe any penalty.	17				

NOTE: Complete lines 18 through 24 of each column before going to the next column.

18. Enter the amount, if any, from line 24 of the previous column	18				
19. Add lines 17 and 18	19				
20. Add lines 22 and 23 of the previous column	20				
21. Subtract line 20 from line 19. If zero or less, enter zero. For column (a) only, enter the amount from line 17	21				
22. If line 21 is zero, subtract line 19 from line 20. Otherwise, enter zero	22				
23. UNDERPAYMENT. If line 16 is equal to or more than line 21, subtract line 21 from line 16, enter the result here and go to line 18 of the next column. Otherwise, go to line 24	23				
24. OVERPAYMENT. If line 21 is more than line 16, subtract line 16 from line 21, enter the result here and go to line 18 of the next column	24				

SECTION B — FIGURE THE PENALTY (Complete lines 25 and 27 for each column before going to the next column)

April 15, 2005 - April 17, 2006		4/15/05	6/15/05	9/15/05	1/17/2006
25. Number of days FROM the date shown at the top of the column TO the date the amount on line 23 was paid or 4/17/2006, whichever is earlier	25				
26. Daily penalty rate for each quarter	26	0.000260	0.000260	0.000260	0.000260
27. Penalty due for each quarter (line 23x25x26)	27				
28. Penalty due (add all the amounts on line 27). Enter here and on the PENALTY DUE line of your personal income tax return.....	28				

INSTRUCTIONS FOR ANNUALIZED INCOME WORKSHEET

Line 1 - Total income. Figure your total income through the period indicated at the top of each column, including any adjustments to income includible in your federal adjusted gross income.

Line 3 - Annualized income. Multiply the amount on line 1 by the annualization factors on line 2.

Line 4 - West Virginia modifications to income. Enter any modifications to federal adjusted gross income which would be allowed on your 2005 West Virginia personal income tax return. Be sure to show any negative figures.

Line 5 - West Virginia income. Combine lines 3 and 4; annualized income plus or minus modifications.

Line 6 - Exemption allowance. Multiply the number of exemptions you are allowed to claim by \$2,000; if you must claim zero exemptions, enter \$500 on this line.

Line 7 - Annualized taxable income. Subtract line 6 from line 5.

Line 8 - Tax. Compute the tax on the taxable income shown on line 7. **If you are not subject to Federal Minimum Tax,** use the tax tables or rate schedules to calculate your tax. **If you are subject to Federal Minimum Tax,** multiply the Federal Minimum Tax by .25, and compare that figure with the tax from the tax tables or rate schedules; the larger of the two figures is your tax. **If you are filing a nonresident/part-year resident return,** multiply the tax figure already calculated by the ratio of your West Virginia income to your federal income.

Line 9 - Credits against tax. Show any credits against your West Virginia tax liability **except** West Virginia income tax withheld and estimated tax payments.

Line 10 - Tax after credits. Subtract line 9 from line 8; if line 9 is larger than line 8, enter zero.

Complete lines 12 through 19 for each column before moving to the next column.

Line 12 - Required payments. Multiply the amount on line 10 by the factor on line 11.

Line 13 - Previous required installments. Add the amounts from line 19 of all previous columns and enter the sum.

Line 14 - Annualized installment. Subtract line 13 from line 12. If less than zero, enter zero.

Line 15 - Enter one-fourth of line 8 of Form IT-210 in each column.

Line 16 - Enter the amount from line 18 of the previous column of this worksheet.

Line 17 - Add lines 15 and 16 and enter the total.

Line 18 - Subtract line 14 from line 17. If less than zero, enter zero.

Line 19 - Required installment. Compare lines 14 and 17 and enter the smaller figure here and on line 16 of Form IT-210.

	1/1/05 - 3/31/05	1/1/05 - 5/31/05	1/1/05 - 8/31/05	1/1/05 - 12/31/05
1. Federal adjusted gross income year-to-date ..				
2. Annualization amounts	4	2.4	1.5	1
3. Annualized income (line 1 X line 2)				
4. Modifications to income (see instructions)				
5. West Virginia adjusted gross income (combine lines 3 and 4)				
6. Exemption allowance				
7. West Virginia taxable income				
8. Annualized tax				
9. Credits against tax				
DO NOT INCLUDE TAX WITHHELD OR ESTIMATED PAYMENTS!				
10. Subtract line 9 from line 8 (if less than zero, enter zero)				
11. Applicable percentage	22.5%	45%	67.5%	90%
12. Multiply line 10 X line 11				
13. Add the amounts in all previous columns of line 19				
14. Subtract line 13 from line 12 (if less than zero, enter zero)				
15. Enter 1/4 of line 8 of Form IT-210 in each column				
16. Enter the amount from line 18 of the previous column of this worksheet				
17. Add lines 15 and 16 and enter the total				
18. Subtract line 14 from line 17 (if less than zero, enter zero)				
19. Enter the smaller of line 14 or line 17 here and on Form IT-210, line 16				

NOTE: The sum of all columns for line 19 should equal line 8, Part II, of IT-210.

Who Must Pay the Underpayment Penalty

You may be charged a penalty if you did not have enough West Virginia state income tax withheld from your income or pay enough estimated tax by any of the due dates. This may be true even if you are due a refund when you file your return. The penalty is computed separately for each due date. You may owe a penalty for an earlier due date even if you make large enough payments later to make up the underpayment.

You may owe the penalty if you did not pay at least the smaller of:

1. 90% of your 2005 tax liability; or
2. 100% of your 2004 tax liability (if you filed a 2004 return that covered a full 12 months).

Exceptions to the Penalty

You will not have to pay any penalty if either of these exceptions apply:

1. You had no tax liability for 2004 and you meet ALL the following conditions:
 - your 2004 tax return was (or would have been had you been required to file) for a taxable year of twelve months;
 - you were a citizen or resident of the United States throughout the preceding taxable year;
 - your tax liability for 2005 is less than \$5,000.

If you are not subject to the penalty because you meet ALL these requirements, check BOX B in PART I and attach Form IT-210 to your return.

2. The total tax shown on your 2005 return minus the tax you paid through West Virginia withholding is less than \$600. To determine if you meet this exception, complete lines 1 through 5. If you meet this exception, you do not have to file Form IT-210.

If you file your tax return and pay any tax due on or before January 31, 2006, no fourth quarter penalty is due. Include the tax paid with your return in column (d) of line 17; this will result in no penalty due for the January 17, 2006 installment.

Special Rules for Farmers

You are considered to be a farmer for the taxable year if at least two-thirds of your gross income for 2005 was from farming sources. If you are a farmer, the following special rules apply:

1. You are only required to make one payment for the taxable year (due January 17, 2006); and
2. The amount of estimated tax required to be paid (line 6) is sixty-six and two-thirds percent (66-2/3%) instead of ninety percent (90%);

3. If you file your return and pay the tax due on or before the first day of March, 2006, no penalty is due.

Mark the appropriate box in PART I and complete PART III or only column (d) of PART IV to figure your penalty. Be sure to use the proper percentage when calculating line 6, and carry the entire figure shown on line 8 to column (d), line 16.

Waiver of Penalty

If you are subject to underpayment penalty, all or part of the penalty will be waived if the West Virginia State Tax Department determines that:

1. The penalty was caused by reason of casualty or disaster;
2. The penalty was caused by unusual circumstances which makes imposing the penalty unfair or inequitable.

To request a waiver of the penalty, check the box in PART I and attach a signed statement explaining the reasons you believe the penalty should be waived. If you have documentation substantiating your statement, attach a copy. The Department will notify you if your request for waiver is not approved.

PART II - FOR ALL FILERS

Line 1 - Enter the amount from line 8 of Form IT-140 or line 11 of Form IT-140NR/PY.

Line 2 - Enter the sum of any amounts shown on lines 11, 12 and 13 of Form IT-140 or lines 14, 15 and 16 of Form IT-140NR/PY.

Line 3 - Subtract line 2 from line 1 and enter the result.

Line 4 - Enter the amount of withholding tax shown on line 9 of Form IT-140 or line 12 of Form IT-140NR/PY.

Line 5 - Subtract line 4 from line 3 and enter the result. **IF LINE 5 IS LESS THAN \$600, YOU ARE NOT SUBJECT TO THE PENALTY AND NEED NOT FILE FORM IT-210.**

Line 6 - Multiply line 3 by ninety percent (90%) and enter the result.

Line 7 - Enter your tax after credits from your 2004 West Virginia return. If you filed Form IT-140 in 2004, your tax after credits will be line 8 reduced by the sum of lines 11, 12 and 13; if you filed Form IT-140NR/PY, your tax after credits will be line 11 reduced by the sum of lines 14, 15 and 16.

Line 8 - Compare the amounts shown on lines 6 and 7. If line 7 is zero and line 3 is more than \$5,000, enter the amount shown on line 6. Otherwise, enter the smaller of line 6 or line 7.

PART III - SHORT METHOD

You may use the short method to figure your penalty only if:

1. You made no estimated tax payments (or your only payments were West Virginia income tax withheld); or
2. You paid estimated tax and the payments were made in four equal installments on the due dates.

NOTE: If any of your payments were made earlier than the due date, you may use the short method to figure your penalty; however, using the short method may cause you to pay a higher penalty (if the payments were only a few days early, the difference is likely to be very small).

You may not use the short method if:

1. You made any estimated tax payments late; or
2. You checked BOX C or BOX D in PART I.

If you can use the short method, complete lines 9 through 12 to figure your total underpayment for the year and lines 13 through 15 to figure the penalty due. If you checked BOX E in PART I because you are a farmer, the figure to use on line 13 is .02340 instead of .06351.

In certain instances, the penalty due shown on line 15 may be waived. See Waiver of Penalty for more details.

PART IV - REGULAR METHOD

Use the regular method to figure your penalty if you are not eligible to use the short method.

Section A - Figure Your Underpayment

Line 16 - Enter in columns (a) through (d) the amount of your required installment for the due date shown in each column heading. For most taxpayers, this is the amount shown on line 8 of PART II divided by four. If BOX D of PART I applies to you, enter the amounts from line 19 of the Annualized Income Worksheet in the appropriate columns.

Line 17 - Enter the estimated tax payments you made plus any West Virginia income tax withheld from your income. In column (a), enter the tax payments you made by April 15, 2005, for the 2005 tax year; in column (b), enter payments you made after April 15, and on or before June 15, 2005; in column (c), enter payments you made after June 15, and on or before September 15, 2005; and in column (d), enter payments you made after September 15, and on or before January 17, 2006.

When figuring your payment dates and the amounts to enter on line 17 of each column, apply the following rules:

1. For West Virginia income tax withheld, you are considered to have paid one-fourth of these amounts on each payment due date, unless you check Box C in Part I and show otherwise.

2. Include in your estimated tax payments any overpayment from your 2004 West Virginia tax return that you elected to apply to your 2005 estimated tax. If you filed your return by the due date (including extensions), treat the overpayment as a payment made on April 15, 2005.
3. If you file your return and pay the tax due on or before January 31, 2006, include the tax you pay with your return in column (d) of line 17. In this case, you will not owe a penalty for the payment due January 2006.

Line 18 - Enter any overpayment from the previous column on line 18.

Line 19 - Add lines 17 and 18 in each column and enter the result on line 19.

Line 20 - Add lines 22 and 23 from the previous column and enter the result in each column.

Line 21 - Subtract line 20 from line 19 in each column and enter the result on line 21. If line 20 is equal to or more than line 19 in any column, enter zero on line 21 in that column.

Line 22 - Subtract line 19 from line 20 for any column for which line 20 is more than line 19; otherwise, enter zero.

Line 23 - Subtract line 21 from line 16 for any column for which line 16 is more than line 21; otherwise, enter zero. If line 23 is zero for all payment periods, you do not owe a penalty. However, if you checked any box in PART I, you must file Form IT-210 with your return.

Line 24 - Subtract line 16 from line 21 for any column for which line 21 is more than line 16; otherwise, enter zero. Be sure to enter the amount from line 24 on line 18 of the next column.

Section B - Figure the Penalty

Caution: Read the following instructions before completing Section B.

Figure the penalty by applying the appropriate rate against each underpayment on line 23. The penalty is figured for the number of days that the underpayment remains unpaid.

The rates are established twice during each calendar year, on January 1 and July 1. If an underpayment remains unpaid for more than one rate period, the penalty for that underpayment may be figured using more than one rate. The annual rate is nine and one-half percent (9.5%) from January 1, 2005 through June 30, 2006 and will require only one rate for all underpayments.

Use line 25 to figure the number of days the underpayment remains unpaid. Use line 27 to compute the actual penalty amount by applying the proper rate to the underpayment for the number of days it was unpaid.

Each payment must be applied to the oldest outstanding underpayment. It does not matter if you designate a payment for a later period. For example, if you have an underpayment for the April 15 installment period, the payment you make June 15 will first be applied to pay off the April 15 underpayment; any remaining portion of the payment will be applied to the June 15 installment.

Also, apply the following rules:

1. Show the West Virginia withholding tax attributable to each installment due date; do not list the withholding attributable on or after January 1, 2006.
2. Any balance due paid on or before April 17, 2006 with your personal income tax return is considered a payment and should be listed on line 17, column (d). For the payment date, use the date you file your return, or April 17, 2006, whichever is earlier.

Chart of Total Days Per Rate Period

Rate Period	Line 25
(a)	367
(b)	306
(c)	214
(d)	90

For example, if you have an underpayment on line 23, column (a), you would enter 367 in column (a) of line 25.

The following line-by-line instructions apply only to column (a) of Section B. If there is an underpayment shown in any other column on line 23, complete lines 25 and 27 in a similar fashion.

Line 25 - Enter in column (a) the total number of days from 4/15/05 to the date of the first payment. If no payments enter 367.

Line 26 - The daily penalty rate is equal to the annual interest rate applied to tax underpayments divided by 365. **The annual interest rate for underpayments is nine and one-half percent (9.5%) through June 30, 2006, resulting in a daily rate of .000260.**

Line 27 - Make the computation requested and enter the result. Note that the computation calls for the "underpayment on line 23". The amount to use as the "underpayment" depends on whether or not a payment is listed.

If There Is A Payment - The "underpayment" for the computation on line 27 is the amount of the payment applied to the line 23 underpayment. If the payment is more than the underpayment, apply only an amount equal to the underpayment and use that amount for the line 27 computation. If the payment is less than your underpayment, the penalty for the remaining underpayment will require a separate computation. Use

the space at the bottom of page 24 or a separate sheet of paper to show any additional computations.

If There Are No Payments - The "underpayment" is the entire amount shown on line 23.

The Following Conditions Determine If Additional Computations Are Needed For Column (a):

1. The first payment was enough to reduce the underpayment to zero. There are no further computations for column (a). Figure the penalty for any underpayments shown in columns (b) through (d) on line 23.
2. No payments. Figure the penalty for any underpayments shown in columns (b) through (d) on line 23.
3. The payment did not reduce the underpayment to zero, and there are no other payments.

Make one other computation for lines 25 and 27. The second computation is to figure the penalty on the unpaid balance (the portion of the underpayment that remained unpaid for the entire period).

On line 25, enter 367. This is the total number of days in the rate period. See the **Chart of Total Days Per Rate Period**.

On line 27, make the computation and enter the result.

4. Additional payments were made and the first payment did not reduce the underpayment to zero. On line 23, list the amounts and payment dates that apply to the underpayment for the installment period. Figure the penalty for each amount on line 23. If an underpayment balance remains after applying all the payments, figure the penalty on the remaining balance for the entire rate period.

Columns (b) through (d)

To complete columns (b) through (d), use the same procedures as for column (a). However, apply only those payments in each column which have not been used in a previous column.

Line 28 - Add all figures from line 27. Enter the sum on line 28 and on the appropriate PENALTY DUE line of your personal income tax return.