



**UNDERPAYMENT OF  
ESTIMATED TAX  
BY INDIVIDUALS**

**2016**

Name as shown on PA-40 \_\_\_\_\_ Social Security Number \_\_\_\_\_

Street Address \_\_\_\_\_

City or Post Office \_\_\_\_\_ State \_\_\_\_\_ ZIP Code \_\_\_\_\_

**BEFORE YOU BEGIN:** Did you qualify for 100 percent tax forgiveness in 2015? If yes, stop here. You do not owe an estimated underpayment penalty and are not required to complete this form or include it with your return. If no, continue to see if you qualify for any of the exceptions.

**PART I CALCULATING YOUR UNDERPAYMENT**

1a. 2016 Tax Liability from Line 12 of Form PA-40. . . . .	1a.	
1b. Multiply the amount on Line 1a by 0.90. . . . .	1b.	
2. Add the amounts reported on Lines 13, 17, 21, 22 and 23 of Form PA-40. . . . .	2.	
3. Subtract Line 2 from Line 1a. If result is less than \$246, stop here. . . . .	3.	
4. Subtract Line 2 from Line 1b. . . . .	4.	

**ESTIMATED PAYMENT DUE DATES - Fiscal filers see instructions.**

	a April 15, 2016	b June 15, 2016	c Sept. 15, 2016	d Jan. 17, 2017
5. Divide Line 4 by the number of payments required for the year (usually four). Enter the result in the appropriate columns. . . . .	5.			
6. Estimated tax paid including carryover credit from previous tax year. See instructions. . . . .	6.			
7. Overpayment (from Line 10) from a previous period. See instructions . . . . .	7.			
8. Add Lines 6 and 7. . . . .	8.			
9. Underpayment. Subtract Line 8 from Line 5. If Columns a through d are all zero, stop here. No penalty is due. . . . .	9.			
10. Overpayment. Subtract Line 5 from Line 8. If Columns a through d all show an overpayment, stop here. No penalty is due. . . . .	10.			

**PART II EXCEPTIONS TO INTEREST**

**You will not have to pay interest on the underpayment if the tax payments you made as shown in Part II, Line 11 were paid on time and the amount shown on Part II, Line 11 is equal to or more than the amount in Part II, Line 12 or Line 13, for the same payment period. This exception does not apply if you did not file a return for the prior year or if the prior year's return was filed as a part-year resident.**

**EXCEPTION 1 WORKSHEET - Part II, Line 11 Calculation**

- A. Divide the amount reported in Part I, Line 2 by 4. Enter the amount in each of the four columns. . . . .
- B. Enter the estimated payments reported in Part I, Line 6. Enter the payments under the installment period in which they were paid. . . . .
- C. Add Lines A and B under each column. . . . .

	a April 15, 2016	b June 15, 2016	c Sept. 15, 2016	d Jan. 17, 2017

11. Enter the amounts listed on Exception 1 Worksheet, Line C. For Column a this is the amount from Line C above. For Column b add the amounts of Columns a and b from Line C; for Column c add the amounts from Columns a, b and c; and for Column d add the amounts from Columns a, b, c and d. . . . .	11.				
12. <b>Exception 1</b> - Tax on 2015 income using 2016 tax rate. See instructions. . . . .	12.				

If the amount on Line 11 is equal to or greater than Line 12, you do not owe penalty for that quarter and you should place an X in the applicable box on Line 14a or 14b for that quarter.

**EXCEPTION 2 WORKSHEET** - Use this worksheet if your income was earned unevenly throughout 2016 and your 2016 estimated tax payments, tax withholdings and credits equal at least 90 percent of the tax on your taxable income for the periods.

**EXCEPTION 2 WORKSHEET - Part II, Line 13 Calculation**

- A. Enter your actual taxable income for the period. . . . .
- B. Multiply Line A by 3.07 percent (0.0307). This is the tax due. . . . .

	01/01/16 - 03/31/16	01/01/16 - 05/31/16	01/01/16 - 08/31/16	01/01/16 - 12/31/16

13. <b>Exception 2</b> - Tax on 2016 income over three, five, eight . . . . . and 12 month periods. Enter 90 percent of Exception 2 Line B. . . . .	13.	Enter 90%	Enter 90%	Enter 90%	Enter 90%
---	-----	-----------	-----------	-----------	-----------

If the amount on Line 11 is equal to or greater than Line 13, you do not owe penalty for that payment period and you should place an X in the applicable box on Line 14a or 14b for that quarter.

**PART III CALCULATING INTEREST. COMPLETE LINES 15 THROUGH 16 IF NONE OF THE EXCEPTIONS APPLY. (SEE INSTRUCTIONS AND EXAMPLE AT BOTTOM OF THIS PAGE.) DO NOT USE FEDERAL CALCULATIONS.**

9. Enter the amounts from Part I, Line 9. . . . .	9.				
14a. Number of days after due date of estimated payment to and including date of annual payment or Dec. 31, 2016, whichever is earlier. If Dec. 31 is earlier, enter 260, 199 and 107 respectively. . . . .	14a.				
14b. Number of days after due date of estimated payment to and including date of annual payment or April 18, 2017, whichever is earlier. If April 18 is earlier, enter 91. . . . .	14b.				
14c. Number of days after Dec. 31, 2016 to and including date of annual payment or April 18, 2017, whichever is earlier. If April 18 is earlier, enter 108 in each column. . . . .	14c.				
15a. Number of days on Line 14a times 0.000082 times underpayment on Line 9. . . . .	15a.	\$	\$	\$	
15b. Number of days on Line 14b times 0.000110 times underpayment on Line 9. . . . .	15b.				\$
15c. Number of days on Line 14c times 0.000110 times underpayment on Line 9. . . . .	15c.	\$	\$	\$	
16. Interest. Add amounts on Lines 15a, b and c. Include on Line 27 of Form PA-40. . . . .	16.				\$

**SPECIAL EXCEPTION INFORMATION**

Please enter the following information to verify the correct application of the special exceptions rule:

- A. Enter the amount of your 2015 PA Tax Liability (Line 12 from your 2015 PA-40 tax return), less the amounts from Lines 13, 17, 22 and 23 from your 2015 PA-40 tax return. . . . . \_\_\_\_\_
- B. Did you make estimated payments beginning in the period in which it became known that your income not subject to tax exceeded \$8,000? Yes  No

If the amount for Line A is \$246 or greater, or if you answer "No" to Line B, you do not qualify for the special exception. To be eligible for the special exception, you must also make estimated payments beginning in the period in which it becomes known that income not subject to withholding will exceed \$8,000. See the instructions for "DETERMINING THE UNDERPAYMENT AMOUNT ON WHICH THE ADDITION OF INTEREST MAY BE ASSESSED" on Page 4 for additional information.

**FILING TIPS**

The department calculates the following using two decimal places:

- Line 1b and Lines 4 through 10 of Part I;
- Lines A, B, C and 11 of Exception 1 of Part II;
- Line 13 of Exception 2 of Part II; and
- Lines 14a through 16 of Part III

Rounding to whole dollars is utilized only on the following:

- Lines 1a, 2 and 3 of Part 1;
- Line 12 of Exception 1 of Part II; and
- Lines A and B of Exception 2 of Part II.

**EXAMPLE OF INTEREST CALCULATION**

		1st Estimated Payment Due Date	2nd Estimated Payment Due Date	3rd Estimated Payment Due Date	4th Estimated Payment Due Date
9. Underpayment . . . . .		\$473.75	\$473.75	\$473.75	\$473.75
14a. Days late through 12/31/16 (1st, 2nd and 3rd estimated payment due dates). . . . .	14a.	260	199	107	
14b. Days late 01/17/17 through 04/18/17 (4th estimated payment due date) . . . . .	14b.				91
14c. Days late 01/01/17 to 04/18/17 (1st, 2nd and 3rd estimated payment due dates). . . . .	14c.	108	108	108	
15a. Days on Line 14a times 0.000082 (2016 daily interest rate) times underpayment of \$473.75 . . . . .	15a.	\$10.10	\$7.73	\$4.16	
15b. Days on Line 14b times 0.000110 (2017 daily interest rate) times underpayment of \$473.75 . . . . .	15b.				\$4.74
15c. Days on Line 14c times 0.000110 (2017 daily interest rate) times underpayment of \$473.75 . . . . .	15c.	\$5.63	\$5.63	\$5.63	
16. Total Lines 15a, 15b and 15c to determine penalty . . . . .	16.				\$43.62