PURPOSE & USE: Under Pennsylvania Personal Income Tax law, any individual who reasonably expects annual income for the tax year to exceed $8,000, disregarding income subject to PA withholding, must declare and pay estimated tax.

Use this form to determine if you paid enough estimated tax in each of the four payment periods (Part I). If you did not pay enough tax in any payment period, then there is an underpayment for that period and a corresponding interest penalty imposed. Use this form to determine if any exceptions to the interest penalty apply (Part II). If an exception does not apply, use this form to calculate the interest due (Part III). This form must be filed even if one of the exceptions applies. A different exception may apply for each payment period.

NOTE: If you are using this form to calculate penalty on your 2009 return, enclose a copy of this form (including applicable worksheet) with Form PA-40.

FARMERS - There are special estimated tax payment rules that apply to farmers. These rules apply to those who cultivate, operate or manage a farm for profit or gain. A farm is a tract of land devoted to agriculture, pasturage, stock raising or some allied industry. It includes dairy, stock and poultry farms.

If you meet both of the following tests, you do not owe interest for underpaying estimated tax:
1) Your gross income from farming for the taxable year is at least 2/3 of your gross income from all sources for the taxable year; and
2) You filed your tax return and paid the entire amount due by March 1 of the following year, or you paid all of your estimated tax by Jan. 15, 2010.

If you meet these tests, please complete the part entitled “Exception 3 Worksheet For Farming” on Page 3.

WHO MUST PAY INTEREST FOR UNDERPAYMENT OF ESTIMATED TAXES: If you did not pay any estimated tax or did not pay the correct estimated tax by any due date or if you did not pay the entire 2009 estimated tax in one payment on or before April 15, 2009, you may be charged an interest penalty. This is true even if you are due a refund when you file your PA income tax return. Interest is calculated separately for each due date. Therefore, you owe interest for an earlier payment due date, even if you paid enough tax later to make up for the underpayment.

IMPORTANT: If you are a Pennsylvania resident working in a reciprocal state and your employer does not withhold PA Personal Income Tax, you are required to make estimated payments.

WHEN INTEREST IS APPLIED: In general and unless you qualify for the farming exemption, there is an underpayment if your 2009 prepayments were not:
- 90 percent of the estimated tax due for the payment period; or
- 100 percent of the estimated tax due for the payment period calculated by multiplying the taxable income on Line 11 of 2008 Form PA-40 by 3.07 percent (0.0307). This provision does not apply if you did not file a prior year’s return or if you filed your prior year’s return as a part-year resident.

CAUTION: You can only use your prior year’s tax liabilities as a safe harbor if the rates for the prior year and the current year are the same. If the tax rate changes, use the prior year’s income multiplied by the current year’s rate to calculate the safe harbor.
The total estimated tax and credits for tax year 2009 must be equal to or greater than the 2008 tax year liability per installment period.

PART I. CALCULATING YOUR UNDERPAYMENT
Line 1a. Insert the tax liability figure from Line 12 of your 2009 PA-40 tax return.
Line 1b. Calculate 90 percent of Line 1a by multiplying Line 1a by 0.90.

Line 2. The credits allowed to reduce the tax due are also used to reduce your tax liability for this calculation. Add together the following lines from Form PA-40: Line 13 (Total PA Tax Withheld), Line 17 (Nonresident Tax Withheld), Line 21 (Tax Forgiveness Credit), Line 22 (Resident Credit) and Line 23 (Total Other Credits). If Line 2 is more than Line 1b, you do not owe a penalty and do not need to complete this form.

Line 3. Subtract Line 2 from Line 1a. If the amount is $246 or more, complete Lines 4 through 10. If less than $246, you did not owe estimated income tax and do not have to complete this form.

Line 4. Subtract Line 2 from Line 1b. This amount is used to determine if you have an underpayment. If you have an underpayment, the penalty is calculated on this amount.

Line 5. Divide Line 4 by 4 and enter the amount in each of the four Columns a through d.

Fiscal year filers. For Column a use the 15th day of the fourth month of the tax year, for Column b use the 15th day of the sixth month of the tax year, for Column c use the 15th day of the ninth month of the tax year and for Column d use the 15th day of the first month following the close of the tax year.

Line 6. Line 6 represents the timely payments credited to your account for each of the four payment due dates. Each column will indicate a total of your estimated payments for the period. To calculate the total result for each column in the appropriate column. Do not include any credits from Line 2.

In Column a, enter the amount of 2009 estimated tax payment(s) made on or before April 15. Include in your estimated tax payments in Column a any overpayment of tax from your prior year’s return that you elected to apply to this year’s tax. In Column b, enter the amount of 2009 estimated payments made after April 15 and on or before June 15. In Column c, enter the amount of 2009 estimated payments made after June 15 and on or before Sept. 15. In Column d, enter the amount of 2009 estimated payments made after Sept. 15 and on or before Jan. 15, 2010.

Farmers only: Include on Line 6 Column d estimated tax paid on or before Jan. 15, 2010.

If you filed a final return and paid the total tax due by Feb. 2, 2010, enter the amount paid with your return as the fourth installment.

IMPORTANT: Complete Lines 7 through 10 for one payment period before you go to the next payment period.

Line 7. If you have an overpayment on Line 10 for the prior payment period, enter that amount. This does not apply to the April 15th payment period (Column a).

Line 8. Add Lines 6 and 7 for each of the columns to determine the total payments applied to the payment period. This figure will be used to determine if you have an underpayment.

Line 9. If Line 5 is greater than Line 8 for any column, calculate the amount of the underpayment for the payment period by subtracting Line 5 from Line 8. If Line 5 is greater than Line 5 for any column, subtract Line 5 from Line 8 and enter it in the appropriate column and on Line 7 of the next payment period. If Line 5 is not greater than Line 8 for any of the Columns a through d, enter zero on Line 9. If all Columns 9a through 9d are zero, stop here. You do not owe the interest penalty. If there are overpayments but not in every quarter, go to the applicable columns for Lines 14a and 14b and place an X in each column where an overpayment exists.

Line 10. Calculate the amount of the overpayment for the payment period. Enter this amount on Line 7 of the next payment period. If you have an overpayment in the Jan. 15th payment period, do not carry it to any other space on the form.

If Line 9 is zero for all payment periods, you do not owe interest penalty.

If you have an underpayment on Line 9 in any payment period, continue on to Part II, Exception 1 Worksheet.

(Instructions continued on back cover.)
### UNDERPAYMENT OF ESTIMATED TAX BY INDIVIDUALS

#### PART I  CALCULATING YOUR UNDERPAYMENT

1a. 2009 Tax Liability from Line 12 of Form PA-40.  
1b. Multiply the amount on Line 1a by 0.90.  
2. Add the amounts reported on Lines 13, 17, 21, 22 and 23 of Form PA-40.  
3. Subtract Line 2 from Line 1a. (If result is less than $246, stop here.)  
4. Subtract Line 2 from Line 1b.  

#### ESTIMATED PAYMENT DUE DATES - Fiscal filers see instructions.  
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>5.</td>
<td></td>
<td></td>
<td></td>
<td>5.</td>
</tr>
<tr>
<td>6.</td>
<td></td>
<td></td>
<td></td>
<td>6.</td>
</tr>
<tr>
<td>7.</td>
<td></td>
<td></td>
<td></td>
<td>7.</td>
</tr>
<tr>
<td>8.</td>
<td></td>
<td></td>
<td></td>
<td>8.</td>
</tr>
<tr>
<td>9.</td>
<td></td>
<td></td>
<td></td>
<td>9.</td>
</tr>
<tr>
<td>10.</td>
<td></td>
<td></td>
<td></td>
<td>10.</td>
</tr>
</tbody>
</table>

#### PART II  EXCEPTIONS TO INTEREST (FARMERS SEE INSTRUCTIONS)

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.  

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>11.</td>
<td></td>
<td></td>
<td></td>
<td>11.</td>
</tr>
<tr>
<td>12.</td>
<td></td>
<td></td>
<td></td>
<td>12.</td>
</tr>
</tbody>
</table>

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 – 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.  

<table>
<thead>
<tr>
<th></th>
<th>Enter 90%</th>
<th>Enter 90%</th>
<th>Enter 90%</th>
<th>Enter 90%</th>
</tr>
</thead>
<tbody>
<tr>
<td>13.</td>
<td>01/01/09 - 03/31/09</td>
<td>01/01/09 - 05/31/09</td>
<td>01/01/09 - 08/31/09</td>
<td>01/01/09 - 12/31/09</td>
</tr>
</tbody>
</table>
### 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.

<table>
<thead>
<tr>
<th>14a.</th>
<th>Number of days after due date of estimated payment to and including date of annual payment or Dec. 31, 2009, whichever is earlier. If Dec. 31 is earlier, enter 260, 199 and 107 respectively.</th>
<th>14a.</th>
<th>14a.</th>
</tr>
</thead>
<tbody>
<tr>
<td>14b.</td>
<td>Number of days after due date of estimated payment to and including date of annual payment or April 15, 2010, whichever is earlier. If April 15 is earlier, enter 90.</td>
<td>14b.</td>
<td>14b.</td>
</tr>
<tr>
<td>14c.</td>
<td>Number of days after Dec. 31, 2009 to and including date of annual payment or April 15, 2010, whichever is earlier. If April 15 is earlier, enter 105 in each column.</td>
<td>14c.</td>
<td>14c.</td>
</tr>
<tr>
<td>15a.</td>
<td>Number of days on Line 14a times 0.000137 times underpayment on Line 9.</td>
<td>15a.</td>
<td>$</td>
</tr>
<tr>
<td>15b.</td>
<td>Number of days on Line 14b times 0.000110 times underpayment on Line 9.</td>
<td>15b.</td>
<td>$</td>
</tr>
<tr>
<td>15c.</td>
<td>Number of days on Line 14c times 0.000110 times underpayment on Line 9.</td>
<td>15c.</td>
<td>$</td>
</tr>
</tbody>
</table>

16. Interest. Add amounts on Lines 15a, b and c. Make check payable to PA Department of Revenue.  

### SPECIAL EXCEPTION INFORMATION

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

A. Enter the amount of your 2008 PA Tax Liability (Line 12 from your 2008 PA-40 tax return), less the amounts from Lines 13, 17, 22 and 23 from your 2008 PA-40 tax return.  

B. Did you qualify for 100 percent Tax Forgiveness on your 2008 PA-40 tax return? Yes [ ] No [ ]  

If the amount for Line A is $246 or greater, or if you do not answer “Yes” to Line B, you do not qualify for the special exception. See the instructions for “DETERMINING THE UNDERPAYMENT AMOUNT ON WHICH THE ADDITION OF INTEREST MAY BE ASSESSED” on Page 4 for additional information.

### EXCEPT 3 WORKSHEET FOR FARMING

To determine if you qualify for this exception, you will need to know your total gross income for the year and your gross income from farming. Gross income from farming is only that income reported on Schedules C and F that relates to farming. Income from the sale or disposition of farming equipment or livestock reported on Schedule D is not farming income.

Farmers who do not qualify for this exception should calculate the interest penalty from Jan. 15 of the year following the close of the taxable year to April 15. To see if the farming exception applies, complete Exception 3 Worksheet.

### EXCEPTION 3 WORKSHEET

**PART A**

A. Total gross income from all sources including Schedules C, F and K-1.  

B. Enter 66.67 percent of Line A. Multiply Line A by 0.6667.  

C. Gross income from farming (exclude Schedule D income). If Line C is less than Line B, you do not qualify for the farming exception. If none of the other exceptions apply, you must pay interest on the underpayment of estimated taxes. If Line C is greater than Line B, continue on to Part B.

**PART B**

D. Date PA-40 was filed.  

E. Amount of tax due on 2009 PA-40 (Line 25).  

F. Amount of tax paid with 2009 PA-40. If Line F is greater than or equal to Line E and your total estimated payments were made by Jan. 15, 2010, or the return was filed and the total tax due was paid before March 1, you do not owe an underpayment penalty.

### EXAMPLE OF INTEREST CALCULATION

<table>
<thead>
<tr>
<th>1st Estimated Payment</th>
<th>2nd Estimated Payment</th>
<th>3rd Estimated Payment</th>
<th>4th Estimated Payment</th>
<th>16.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Underpayment</td>
<td>$473.75</td>
<td>$473.75</td>
<td>$473.75</td>
<td>$473.75</td>
</tr>
<tr>
<td>14a. Days late through 12/31/09 (1st, 2nd and 3rd estimated payment due dates)</td>
<td>14a.</td>
<td>260</td>
<td>199</td>
<td>107</td>
</tr>
<tr>
<td>14b. Days late 01/15/10 through 04/15/10 (4th estimated payment due date).</td>
<td>14b.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>14c. Days late 01/01/10 to 04/15/10 (1st, 2nd and 3rd estimated payment due dates).</td>
<td>14c.</td>
<td>105</td>
<td>105</td>
<td>105</td>
</tr>
<tr>
<td>15a. Days on Line 14a times 0.000137 (2009 daily interest rate) times underpayment of $473.75</td>
<td>15a.</td>
<td>$16.87</td>
<td>$12.92</td>
<td>$6.94</td>
</tr>
<tr>
<td>15b. Days on Line 14b times 0.000110 (2010 daily interest rate) times underpayment of $473.75</td>
<td>15b.</td>
<td></td>
<td></td>
<td>$4.69</td>
</tr>
<tr>
<td>15c. Days on Line 14c times 0.000110 (2010 daily interest rate) times underpayment of $473.75</td>
<td>15c.</td>
<td>$5.47</td>
<td>$5.47</td>
<td>$5.47</td>
</tr>
<tr>
<td>16. Total Lines 15a, 15b and 15c to determine penalty</td>
<td>16.</td>
<td>$57.83</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
NOTE: If there are columns with underpayments, you must complete the rest of this form.

PART II. CALCULATING YOUR EXCEPTIONS
Line 11. Enter the result of Exception 1 Worksheet, Line C.
Line 12. Exception 1 applies if your 2009 estimated tax payments and credits equal the tax that would have been due on your 2008 income and if you used the current rate. It 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.

To calculate, multiply your Pennsylvania taxable income from your 2008 return by 3.07 percent (0.0307). Enter 25 percent of this amount in Column a, 50 percent in Column b, 75 percent in Column c and 100 percent in Column d. If the amount on Line 11 is equal to or greater than the amount on Line 12 in any of the columns, you do not owe interest for that payment period and you should place an X in the applicable Line 14a or 14b for that quarter. If the amount on Line 11 is less than the amount on Line 12 for any payment period, continue on to Exception 2 for those periods.

Line 13. Exception 2 applies if your 2009 estimated tax payments and credits equal at least 90 percent of the tax on your actual taxable income for the periods from Jan. 1 to March 31; Jan. 1 to May 31; Jan. 1 to August 31; and Jan. 1 to Dec. 31. Enter 90 percent of Exception 2 Worksheet, Line B. If Line 11 is equal to or greater than Line 13, the exception applies for that payment period and you should place an X in the applicable Line 14a or 14b for that payment period.

PART III. CALCULATING INTEREST
Use this part of the form to calculate the amount of the interest penalty due. If one of the exceptions applies for any of the periods, place an X in the boxes under the column for that period. You only have to complete Lines 14a and 15 for the periods in which interest is due. The underpayment is the amount on Line 9 for the appropriate payment period.

Lines 14a, 14b and 14c.
Line 14a. Applies to first, second and third payment periods for calendar year filers and any fiscal filer payments that were due on or before Dec. 31. If no estimated payments were made during the year, use the number of days after the estimated payment due date to and including the date of the annual payment or Dec. 31, whichever is earlier. If Dec. 31 is earlier, enter 260 in Column a, 199 in Column b and 107 in Column c. Fiscal filers adjust according to estimated payment due dates.

Line 14b. If no estimated payment was made for the fourth payment period, use the number of days after the estimated payment due date to and including date of annual payment or April 15, 2010, whichever is earlier. If April 15 is earlier, enter 90 in Column d. Fiscal filers adjust according to due date of annual return.

14c. Applies to first, second and third payment periods for calendar year filers and any fiscal filer payments that were due after Dec. 31. If no estimated payments were made, use the number of days after Dec. 31, 2009 to and including date of annual payment or April 15, 2010, whichever is earlier. If April 15 is earlier, enter 105 in each column. Fiscal filers adjust according to due date of annual return.

If a taxpayer fully pays an underpayment after a required due date but prior to or on the next due date, then the number of days after due date of estimated payment in Lines 14a, 14b or 14c must be adjusted. To make the adjustment, count the days from the due date to the date of payment.

If the taxpayer partially pays an underpayment after a required due date but prior to or on the next due date, that partial payment is considered a reduction, on the payment date, to the oldest payment period’s underpayment. For such situation, the taxpayer will need to adjust this part accordingly.

EXAMPLE OF WHEN ESTIMATED UNDERPAYMENT APPLIES:
Tax liability for current tax year $3,599
Less current tax year’s withholding and credits 1,344
Current withholding and credits must be less than the smaller of the following to be penalized for estimated underpayment:
• $3,239 (90 percent of the tax liability on the current return); or
• $3,502 (PA taxable income on prior year’s return multiplied by the current year’s tax rate).

In this case, $1,344 is less than both safe harbors.

Since the current PA tax liability minus current withholding and credits is at least $246 and since the current year withholding and allowable credits are less than $3,239, the taxpayer should fill out Form REV-1630 to determine if there is an underpayment of estimated tax.

DETERMINING IF THERE IS AN UNDERPAYMENT AND HOW THE DEPARTMENT DETERMINES THE DECLARATION
A taxpayer makes an underpayment of quarterly estimated tax liability whenever he fails to declare and pay all or any part of the amount declared as the quarterly estimated payment.

DETERMINING THE UNDERPAYMENT AMOUNT UPON WHICH THE ADDITION OF INTEREST MAY BE ASSESSED
The amount to be considered is that the taxpayer should have paid in estimated taxes if the taxpayer could have used the PA Tax Liability (Line 12) as shown on his PA-40 tax return.

The underpayment is the difference between the tax liability times 90 percent, minus any credits for the applicable payment period (calculated by dividing 90 percent of Line 12 of Form PA-40 minus any withholding and credits, by the number of estimated payment periods) and the estimated payments paid on time for that payment period.

IMPORTANT: The amounts calculated in each of the columns on Lines 12 and 13 for Exceptions 1 and 2 cannot be used to determine the underpayment penalty. You must use Line 9 in this calculation. However, if you had no estimated tax payment requirements for a previous tax year due to the tax liability being below the threshold required for estimated tax payments to be made, or because you were eligible for 100 percent tax forgiveness, special exceptions apply and you may not owe penalties for the payment periods prior to meeting the estimated payment requirements.

Special exceptions only apply if a taxpayer files an original or amended PA-40ESR(I), Declaration of Estimated or Estimated Withholding Income, and makes the full estimated tax payment due in the first period in which it is determined the estimated payment requirements were met for a year following a year in which no estimated payments were due or required to be made.

If the PA-40ESR is not filed in the correct payment period, or if the full amount of the estimated tax payment is not made in that period, the special exception does not apply for any payment periods, and the estimated underpayment penalty will apply for all payment periods in which the estimated tax underpayment exists.

In situations where conditions exist for the exception to apply, complete the Exception 2 worksheet to indicate the quarters in which the income (Line A) was earned and the tax liability (Line B) for those periods. Place an X in the applicable box on Line 14a to indicate that you do not owe a penalty for each payment period the special exception applies. You must also complete the "SPECIAL EXCEPTION INFORMATION" section in PART III by entering the information requested for Lines A and B.

BILLING THE ADDITION OF INTEREST
The interest to be added to the taxpayer’s tax liability for an underpayment is to be billed per quarter. The interest to be added is based upon the amount of the underpayment per payment period.

Interest is assessed upon the underpayment amount until the taxpayer has made payments for the applicable payment period that equal the amount of the declared estimated payment liability. However, interest may not be imposed beyond the 15th day of the fourth month of the close of the taxpayer’s taxable year (typically April 15th) for any quarter.

If a taxpayer makes a late payment for a payment period in which an underpayment exists and his total payments for that period are less than the amount of the declared estimated tax liability or the required estimated amount, interest is billed upon the underpayment amount. However, as soon as a taxpayer makes a late payment for a payment period in which an underpayment exists, the underpayment is reduced by the late payment amount even if the total payment amount is less than the amount of the taxpayer’s declared estimated tax liability.

When the taxpayer has made payments for the underpayment period equal to his declared estimated tax liability, the Department does not impose interest for that payment period.