

*Attach to your return*

|  |                        |
|--|------------------------|
| NAME (FIRST, MIDDLE INITIAL, LAST). IF JOINT RETURN, ALSO GIVE SPOUSE'S NAME AND INITIAL | SOCIAL SECURITY NUMBER |
|--|------------------------|

**Part A Calculation of Underpayment**

|  |   |                          |
|--|---|--------------------------|
| 1 I am claiming an exception from the imposition of the estimated payment penalty and interest because I qualified for federal relief under IRC §6654. <i>Check box and see instructions</i> ..... | 1 | <input type="checkbox"/> |
| 2 Amount of tax for 2006 from Form 140, page 1, line 25, or form 140PY, page 1, line 28, or Form 140NR, page 1, line 28.....   | 2 |                          |
| 3 Tax credits claimed on your 2006 Arizona return .....  | 3 |                          |
| 4 <i>Subtract line 3 from line 2</i> .....   | 4 |                          |
| 5 Arizona tax withheld during 2006. Do not include any estimated tax payments or amounts paid with Form 204 on this line.....  | 5 |                          |
| 6 <i>Subtract line 5 from line 4</i> . If less than \$1,000, stop here. You do not owe the penalty. Do not file Form 221.....  | 6 |                          |
| 7 <i>Multiply line 4 by 90% (.90)</i> .....  | 7 |                          |
| 8 Enter the immediately preceding year's tax liability after tax credits. See instructions .....   | 8 |                          |
| 9 <b>Required Annual Payment:</b> Enter the lesser of line 7 or line 8.....  | 9 |                          |

|  | (a)         | (b)         | (c)         | (d)         |
|--|-------------|-------------|-------------|-------------|
| 10 Payment date .....  | Apr-17-2006 | Jun-15-2006 | Sep-15-2006 | Jan-16-2007 |
| 11 <i>Divide the amount on line 9 by the number of payments required for the year (usually four). Enter the result in appropriate columns. If you use any other installment method, check this box <input type="checkbox"/>. If you annualize, complete the worksheet on page 2 of this form and enter the amount from line 23 of that worksheet in each column of line 11 .....</i> |             |             |             |             |
| 12 Estimated tax paid and income tax withheld. See instructions .....  |             |             |             |             |
| 13 Overpayment: See instructions .....   |             |             |             |             |
| 14 <i>Add lines 12 and 13</i> .....  |             |             |             |             |
| 15 <b>Underpayment:</b> <i>Subtract line 14 from line 11; or</i><br><b>Overpayment:</b> <i>Subtract line 11 from line 14</i> .....   |             |             |             |             |

**Part B Underpayment of Estimated Tax Penalty**

|   |    |           |           |           |
|---|----|-----------|-----------|-----------|
| 16 <b>RATE PERIOD ONE: 7%</b> (Apr-17-06 - Jun-30-06)<br>Computation starting date for this period .....  | 16 | Apr-17-06 | Jun-15-06 |           |
| 17 Number of days after the date on line 16 through the date the amount on line 15 was paid or June 30, 2006 whichever is earlier.....  | 17 | Days:     | Days:     |           |
| 18 $\frac{\text{Number of days on line 17} \times 7\% \times \text{underpayment on line 15}}{365}$ .....  | 18 |           |           |           |
| 19 <b>RATE PERIOD TWO: 8%</b> (Jul-1-06 - Sep-30-06)<br>Computation starting date for this period .....   | 19 | Jun-30-06 | Jun-30-06 | Sep-15-06 |
| 20 Number of days after the date on line 19 through the date the amount on line 15 was paid or September 30, 2006 whichever is earlier.....   | 20 | Days:     | Days:     | Days:     |
| 21 $\frac{\text{Number of days on line 20} \times 8\% \times \text{underpayment on line 15}}{365}$ .....  | 21 |           |           |           |
| 22 <b>RATE PERIOD THREE: 8%</b> (Oct-1-06 - Dec-31-06)<br>Computation starting date for this period .....   | 22 | Sep-30-06 | Sep-30-06 | Sep-30-06 |
| 23 Number of days after the date on line 22 through the date the amount on line 15 was paid or December 31, 2006 whichever is earlier.....  | 23 | Days:     | Days:     | Days:     |
| 24 $\frac{\text{Number of days on line 23} \times 8\% \times \text{underpayment on line 15}}{365}$ .....  | 24 |           |           |           |
| 25 <b>RATE PERIOD FOUR: *%</b> (Jan-1-07 - Apr-16-07)<br>Computation starting date for this period .....  | 25 | Dec-31-06 | Dec-31-06 | Dec-31-06 |
| 26 Number of days after the date on line 25 through the date the amount on line 15 was paid or April 16, 2007 whichever is earlier .....  | 26 | Days:     | Days:     | Days:     |
| 27 $\frac{\text{Number of days on line 26} \times * \% \times \text{underpayment on line 15 plus any penalty from Rate Periods One, Two and Three if the underpayment is unpaid as of January 1, 2007}}{365}$ .....   | 27 |           |           |           |
| 28 <b>Penalty:</b><br>Column (a) - <i>Add lines 18, 21, 24, 27. Enter the total on line 28 of column a.</i><br>Column (b) - <i>Add lines 18, 21, 24, 27. Enter the total on line 28 of column b.</i><br>Column (c) - <i>Add lines 21, 24, 27. Enter the total on line 28 of column c.</i><br>Column (d) - <i>Enter the amount from column d, line 27.</i> | 28 |           |           |           |
| 29 <b>Penalty Limitation:</b> In columns a through d, list the smaller of line 15 x 10% <u>or</u> the amount from line 28 .....   | 29 |           |           |           |
| 30 <b>TOTAL PENALTY:</b> <i>Add the amounts in columns a, b, c, and d, line 29 (see instructions).</i>  | 30 |           |           |           |

**Annualized Income Installment Worksheet**

Complete lines 1 through 23 of one column before completing the next column.

- 1 Enter your Arizona adjusted gross income without your dependent, qualifying parent or ancestor, blind, or over 65 exemptions for each period .....
- 2 Annualization amounts .....
- 3 Annualized income: *Multiply line 1 by line 2*.....
- 4 Enter your itemized deductions for the period shown in each column. If you do not itemize, enter zero and skip to line 7.....
- 5 Annualized amounts.....
- 6 Annualized itemized deductions: *Multiply line 4 by line 5* .....
- 7 Enter your standard deduction from Arizona Form 140, line 17, Form 140PY, line 20, or Form 140NR, line 20.....
- 8 Enter the amount from line 6 or line 7, whichever is larger .....
- 9 *Subtract line 8 from line 3* .....
- 10 Enter the amount allowed for personal, blind, over 65, dependent, and qualifying parent or ancestor exemptions claimed on your Arizona Form 140, Form 140PY, or Form 140NR.....
- 11 *Subtract line 10 from line 9*.....
- 12 Figure your tax on the amount on line 11 using Tax Rate Table X or Y.....
- 13 For each period, enter the amount of tax credits allowed on your Arizona Form 140, Form 140PY, or Form 140NR .....
- 14 *Subtract line 13 from line 12*. If zero or less, enter "zero" .....
- 15 Applicable percentages.....
- 16 *Multiply line 14 by line 15*.....
- 17 Enter the combined amounts of line 23 from all preceding columns.....
- 18 *Subtract line 17 from line 16*. If less than zero, enter "zero" .....
- 19 *Divide line 9 from page 1, of this Form 221, by four (4), and enter the result in each column*.....
- 20 Enter the amount from line 22 of the preceding column of this worksheet .....
- 21 *Add lines 19 and 20, and enter the total* .....
- 22 If line 21 is **more** than line 18, *subtract line 18 from line 21*. Otherwise, enter "zero".....
- 23 Enter the **smaller** of line 18 or line 21 here and on page 1, line 11 .....

|    | Jan-1-06<br>to<br>Mar-31-06 | Jan-1-06<br>to<br>May-31-06 | Jan-1-06<br>to<br>Aug-31-06 | Jan-1-06<br>to<br>Dec-31-06 |
|----|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| 1  |                             |                             |                             |                             |
| 2  |                             |                             |                             |                             |
| 3  |                             |                             |                             |                             |
| 4  |                             |                             |                             |                             |
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| 22 |                             |                             |                             |                             |
| 23 |                             |                             |                             |                             |