**Form 205** **COMPUTATION OF PENALTY DUE BASED ON UNDERPAYMENT OF COLORADO CORPORATE ESTIMATED TAX** **2002**

| Taxpayer's Name | Colorado account number |
|---|---|
| | |

**PART 1 EXCEPTION**

| | |
|---|---|
| 1. Enter the 2002 tax liability including any credit recapture after reduction for all credits other than estimated tax and withholding tax payments and credits | $ |
| 2. Statutory exemption | $ 5,000.00 |
| 3. Line 1 minus line 2. If 2 is larger, enter zero and no penalty is due | $ |

**PART 2 REQUIRED ANNUAL PAYMENT**

| | |
|---|---|
| 4. Enter the 2002 tax liability including any credit recapture after reduction for all credits other than estimated tax and withholding tax payments and credits | $ |
| 5. Enter 70% of the amount on line 4 | $ |
| 6. Enter the 2001 tax liability including any credit recapture after reduction for all credits other than estimated tax and withholding tax payments and credits | $ |
| 7. Required payment. Enter the smaller of lines 5 or 6 | $ |

8. Does the taxpayer qualify as a large corporation under section 6655 of the federal IRS code?
☐ Yes ☐ No If yes, go to line 9. If no, skip to line 10.

| | |
|---|---|
| 9. (a) Enter 25% of line 5 | $ |
| (b) Enter 25% of line 6 | $ |
| (c) line 9(a) minus line 9(b). If line 9(b) is larger, enter 0 | $ |

Enter the smaller of lines 9(a) or 9(b) on line 11 in column 1.
Enter the total of lines 9(a) and 9(c) on line 11 in column 2.
Enter the amount from line 9(a) on line 11 in columns 3 and 4.

**PART 3 PENALTY COMPUTATION**

| | | | | |
|---|---|---|---|---|
| 10. Enter payment due dates | | | | |
| 11. Divide the amount on line 7 by four or enter the payments due from line 9 or 29 | $ | $ | $ | $ |
| 12. Amounts paid in estimated or withholding tax | $ | $ | $ | $ |
| 13. Overpayment (on line 15) from preceding period | | $ | $ | $ |
| 14. Total of lines 12 and 13 | $ | $ | $ | $ |
| 15. Underpayment (line 11 minus line 14) or <overpayment> (line 14 minus line 11) | $ | $ | $ | $ |
| 16. Date of payment or December 31, 2002 whichever is earlier | | | | |
| 17. Number of days from due date of payment to date on line 16 | | | | |
| 18. Underpayment on line 15 times 10% times number of days on line 17 divided by 365 | $ | $ | $ | $ |
| 19. Date of payment or due date of return, whichever is earlier | | | | |
| 20. Number of days from December 31, 2002 or due date of payment, whichever is later, to date on line 19 | | | | |
| 21. Underpayment on line 15 times 8% times number of days on line 20 divided by 365 | $ | $ | $ | $ |
| 22. Total penalty. Add all amounts on lines 18 and 21. Include this amount as estimated tax penalty on line 32, Form 112 | | | | $ |

| PART 4 | ANNUALIZED INSTALLMENT METHOD SCHEDULE | | | |
|---|---|---|---|---|
| 23. Ending date of annualization period ..... | | | | |
| 24. Colorado taxable income computed through the date on line 23 ..... | $ | $ | $ | $ |
| 25. Annualization Factor ..... | 4 | 2.4 | 1.5 | 1.091 |
| 26. Annualized taxable income. Line 24 times line 25 ..... | $ | $ | $ | $ |
| 27. Line 26 times 4.63% ..... | $ | $ | $ | $ |
| 28. Applicable percentage ..... | 17.50% | 35% | 52.50% | 70% |
| 29. Installment payment due. Line 27 times line 28, minus amounts entered on line 29 in earlier quarters. Enter here and on line 11 ..... | $ | $ | $ | $ |

## INSTRUCTIONS FOR FORM 205

**PART 1**

Generally you are subject to an estimated tax penalty if your 2002 estimated tax payments are not paid in a timely manner. The estimated tax penalty will not be assessed if the Colorado tax liability is less than $5,000.

**PART 2**

The required annual amount to be paid is the lessor of:

1. 70% of actual Colorado tax liability, or
2. 100% of preceding year's Colorado tax liability:

   only applies if

   - The preceding year was 12 month tax year, and
   - The corporation filed a Colorado return, and
   - The corporation is not defined under section 6655 of the federal IRS code as a large corporation*

*Large corporations can base their first quarter estimated tax payment on 25% of the previous year's tax liability. However, future payments must be based on the actual tax liability for the current tax year and any underpayment occurring in the first quarter as a result of this estimation must be repaid with the second quarterly payment.

**PART 3**

Compute the penalty on lines 10 through 22 of Form 205. Complete each column before going to the next column. The dates to be entered on line 10 are the 15th day of the fourth sixth, ninth, and twelfth month of the taxable year. Corporations filing for a short tax year must adjust lines 9, 10 and 11 accordingly. Large corporations must complete line 11 based on the computations from line 9 or 29.

**PART 4**

Taxpayers who do not receive income evenly during the year may elect to use the annualized income installment method to compute their estimated tax payments if they elected annualized installments or adjusted seasonal installments for the payment of their federal income tax. Complete the annualized installment method schedule to compute the amounts to enter on line 11.