Form 204 **2002**

COMPUTATION OF PENALTY DUE BASED ON UNDERPAYMENT OF COLORADO INDIVIDUAL ESTIMATED TAX

Taxpayer's Name	Social Security Number

PART 1 **EXCEPTION NO. 1.** If at least two-thirds of your gross 2002 income is from farming or fishing and you file your 2002 return and pay the full amount of tax due on or before March 1, 2003, you are not subject to the estimated tax penalty.

EXCEPTION NO. 2. If you were a full-year Colorado resident in 2001 and your 2001 tax liability (including alternative minimum tax and any credit recapture) after reduction for all credits other than withholding tax, estimated tax payments and credits, and the sales tax refund was zero, you are not subject to the estimated tax penalty.

EXCEPTION NO. 3.

1. Enter your 2002 tax liability (including alternative minimum tax and any credit recapture) after reduction for all credits other than withholding tax and estimated tax payments and credits	$
2. (a) Statutory exemption	$ 1,000.00
(b) 2002 Colorado income tax withheld	$
(c) Total of lines 2(a) and 2(b)	$
3. Line 1 minus line 2(c). If 2(c) is larger, enter 0 and you are not subject to the penalty	$

PART 2 **REQUIRED ANNUAL PAYMENT**

4. (a) Enter your 2002 tax liability (including alternative minimum tax and any credit recapture) after reduction for all credits other than withholding tax and estimated tax payments and credits	$
(b) Enter 70% of the amount on line 4(a)	$
5. (a) Enter your 2001 tax liability (including alternative minimum tax and any credit recapture) after reduction for all credits other than withholding tax, estimated tax payments and credits, and the state sales tax refund	$
(b) If your 2001 federal adjusted gross income is greater than $150,000 (greater than $75,000 if married filing separate), enter 10% of line 5(a). If not, enter 0	$
(c) Enter total of lines 5(a) and 5(b)	$
6. Required payment. Enter the smaller of lines 4(b) or 5(c)	$

PART 3 **PENALTY COMPUTATION**

	PAYMENT DUE DATES			
	APRIL 15, 2002	JUNE 17, 2002	SEPT 16, 2002	JAN 15, 2003
7. Divide the amount on line 6 by four. Enter the result in the appropriate columns	$	$	$	$
8. Amounts paid in estimated tax	$	$	$	$
9. Amount of tax withheld	$	$	$	$
10. Overpayment (on line 12) from previous period		$	$	$
11. Total of lines 8, 9, and 10	$	$	$	$
12. Underpayment (line 7 minus line 11) or <overpayment> (line 11 minus line 7)	$	$	$	$
13. Date of payment or December 31, 2002, whichever is earlier				
14. Number of days from due date of payment to date on line 13				
15. Underpayment on line 12 times 10% times number of days on line 14 divided by 365	$	$	$	
16. Date of payment or April 15, 2003, whichever is earlier				
17. Number of days from December 31, 2002 or due date of payment, whichever is later, to date on line 16				
18. Underpayment on line 12 times 8% times number of days on line 17 divided by 365	$	$	$	$
19. Total penalty. Add all amounts on lines 15 and 18. Include this amount as estimated tax penalty on line 45 Form 104				$

PART 4 ANNUALIZED INSTALLMENT METHOD SCHEDULE

	MARCH 31, 2002	MAY 31, 2002	AUGUST 31, 2002	DECEMBER 31, 2002
20. Ending date of annualization period				
21. Colorado taxable income computed through the date on line 20	$	$	$	$
22. Annualization factor	4	2.4	1.5	1
23. Annualized taxable income Line 21 times line 22	$	$	$	$
24. Annualized Colorado tax Line 23 times 4.63%	$	$	$	$
25. Applicable percentage	17.5%	35%	52.5%	70%
26. Installment payment due. Line 24 times line 25, minus amounts entered on line 26 in earlier quarters. Enter here and on line 7	$	$	$	$

INSTRUCTIONS FOR FORM 204

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 any of the three exceptions are met.

Part 2

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

1. 70% of actual 2002 net Colorado tax liability.
2. 100% of preceding year's net Colorado tax liability. (This amount only applies if the preceding year was a 12-month tax year, the individual filed a Colorado return and the federal adjusted gross income for the preceding year was $150,000 or less, $75,000 or less if married separate.)
3. 110% of preceding year's net Colorado tax liability. (This amount only applies if the preceding year was a 12-month tax year and the individual filed a Colorado return.)

Part 3

If none of the exceptions apply to you, compute your penalty on lines 7 through 19 of Form 204. Complete each column before going on to the next column. See FYI Income 51, Estimated Income Tax, regarding estimated tax payment allocation on line 8. The amount to be entered on line 10 is the net overpayment from the preceding period. On line 17, if the payment was made prior to January 1, 2003, enter "0." If the tax return is filed and any tax due is paid by January 31, 2003, no penalty will be computed in column four. Estimated tax payments from a farmer or fisherman are due in a single payment by January 15, 2003 and only column four is used to compute the penalty.

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 for the payment of their federal income tax. Complete the annualized installment method schedule to compute the amounts to enter on line 7. See FYI Income 51 regarding this computation method.

Example: Taxpayer's net tax liability for 2002 is $10,000. He had $1,000 withholding and none of the exceptions apply. He paid $4,000 on June 12, 2002, and made no additional estimated tax payments.

	APRIL 15	JUNE 17	SEPT 16	JAN 15
Line 7	$1,750	$1,750	$1,750	$1,750
Line 8	$0	$4,000	$0	$0
Line 9	$250	$250	$250	$250
Line 10	—	—	$1,000 **	—
Line 11	$250	$4,250	$1,250	$250
Line 12	$1,500	$(2,500)	$500	$1,500
Line 13	6/12/02	6/12/02	12/31/02	—
Line 14	58	—	106	—
Line 15	$23.84	—	$14.52	—
Line 16	6/12/02	6/12/02	4/15/03	4/15/03
Line 17	0	0	105	90
Line 18	0	0	$11.51	$29.59
Line 19				$79.46

**	June 12 Payment		$4000
	April withholding		250
	June withholding		250
			$4500
	April installment	$1750	
	June installment	1750	3500
	Overpayment to Sept.		$1000

For additional information regarding the estimated tax penalty see FYI Income 51, which is available at *www.taxcolorado.com*