DO NOT SEND

DR 0206 (11/05/20)
COLORADO DEPARTMENT OF REVENUE
Denver CO 80261-0006
Tax.Colorado.gov

Instructions for DR 0206

Part 1 Generally you are subject to an estimated tax penalty if your current tax year's 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 lesser 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 monthly estimated tax payment on 8.33% 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 month as a result of this estimation must be repaid with the second monthly payment.

Part 3 Compute the penalty on lines 10 through 22 of Form 206. Complete each column before going to the next column. The dates to be entered on line 10 are the 15th day of the each 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. Complete the annualized installment method schedule to compute the amounts to enter on line 11.

This form should be included with your completed DR 0021 form. For additional information, review the Colorado Severance Tax Guide, available at *Tax.Colorado.gov*.

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2020 Computation of Penalty Due Based on Underpayment of Colorado Severance Estimated Tax

Business Name	Colorado Account Number

Part 1 Exception	
1. Enter the current tax year's liability. Include any credit recapture after reduction for all credits other than estimated tax and withholding tax payments	$
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 current tax year's liability. Include any credit recapture after reduction for all credits other than estimated tax and withholding tax payments.	
5. Enter 70% of the amount on line 4	
6. Enter the proceeding tax year's liability	
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? If yes, go to line 9. If no, skip to line 10.	☐ Yes ☐ No
9. (a) Enter 8.333% of line 5	$
(b) Enter 8.333% 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 3–12.

Part 3 Penalty Computation	1	2	3	4	5	6	7	8	9	10	11	12
10. Enter payment due dates												
11. Divide the amount on line 7 by twelve or enter the payments due from line 9 or 29	$	$	$	$	$	$	$	$	$	$	$	$
12. Amounts paid in estimated or withholding tax	$	$	$	$	$	$	$	$	$	$	$	$

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Business Name	Colorado Account Number

Part 3 Penalty Computation (continued)	1	2	3	4	5	6	7	8	9	10	11	12
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 final day of tax period, whichever is earlier												
17. Number of days from due date of payment to date on line 16												
18. Underpayment on line 15 multiplied by 9% for dates in 2020 or multiplied by 6% for dates in 2021 multiplied by 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 final day of tax period or due date of payment, whichever is later, to date on line 19.												
21. Underpayment on line 15 multiplied by 9% for dates in 2020 or multiplied by 6% for dates in 2021 multiplied by 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 13, Form DR 0021								$				
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	12	6	4	3	2.4	2	1.72	1.5	1.33	1.2	1.09	1
26. Annualized taxable income. Line 24 times line 25	$	$	$	$	$	$	$	$	$	$	$	$
27. Line 26 times 4.55%	$	$	$	$	$	$	$	$	$	$	$	$
28. Applicable percentage	5.833%	11.667%	17.5%	23.333%	29.167%	35%	40.833%	46.667%	52.5%	58.333%	64.167%	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.	$	$	$	$	$	$	$	$	$	$	$	$