



DO NOT SEND

DR 0206 (10/06/21)  
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. Visit *Tax.Colorado.gov* for additional information regarding the estimated tax penalty.**



