Tax Year Ending Computation of Penalty Due Based on Underpayment of Colorado Individual Estimated Tax
Instructions for DR 0204

Calculation of underestimated penalty (UEP) can be difficult. We strongly recommend filing electronically or consulting a tax professional to reduce the likelihood of errors.

Review the Individual Income Tax Guide available at *Tax.Colorado.gov* for additional information regarding the underpayment of Colorado individual estimated tax.

Part 1: Generally you are subject to an estimated tax penalty if your current year estimated tax payments are not paid in a timely manner. The estimated tax penalty will not be assessed if either of the exceptions are met.

Part 2: The required annual amount to be paid is the lesser of:

- 70% of actual current year net Colorado tax liability, *or*

- 100% 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, and the federal adjusted gross income for the preceding year was $150,000 or less, or $75,000 or less if married filing separate.), *or*

- 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 no exception applies to you, compute your penalty on lines 7 through 19 of DR 0204. Complete each column before going on to the next column. Allocate estimated tax payment on line 8. The amount entered on line 10 is the net overpayment from the preceding period. On line 17, if the payment was made prior to January 1 enter "0." If the tax return is filed and any tax due is paid by January 31 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 and only column four is used to compute the penalty. If the due date falls on a weekend or legal holiday, payment will be due the next business day.

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 elect 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.

This form should be included with your completed DR 0104 form.
Visit *Tax.Colorado.gov* for additional information regarding the estimated tax penalty.

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Taxpayer's Last Name	First Name	Middle Initial	SSN or ITIN	

Part 1 — Exceptions

Exception Number 1

If at least two-thirds of your gross income for the current or prior year is from farming or fishing and you file your current year return and you pay the full amount of tax due on or before March 1, you are not subject to the estimated tax penalty. If you meet this criteria but do not file and pay the full amount of tax due on or before March 1, check the box here and complete the remainder of the form. • ☐

Exception Number 2

1. Enter your current year tax liability (including alternative minimum tax and any credit recapture) after reduction for all credits other than withholding tax and estimated tax payments. $

2. (a) Statutory exemption $ 1,000.00

(b) Current year Colorado income tax withheld from wages and/or nonresident real estate transactions $

(c) Total of lines 2(a) and 2(b) $

3. Subtract line 2(c) from line 1. If 2(c) is larger, enter zero and no penalty is due. $

Part 2 — Required Annual Payment

4. (a) Enter your current year tax liability (including alternative minimum tax and any credit recapture) after reduction for all credits other than withholding tax and estimated tax payments. $

(b) Enter 70% of the amount on line 4(a). If you checked the box for exception number 1 above only enter 50% of the amount on line 4(a). $

5. (a) Enter your previous year tax liability (including alternative minimum tax and any credit recapture) after reduction for all credits other than withholding tax and estimated tax payments. $

(b) If your previous year 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. If you checked the box for exception number 1 above 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 (see instructions)			
	April 15	**June 15**	**Sept 15**	**January 15**
7. Divide the amount on line 6 by four. Enter the result in the appropriate column. If you checked the box for exception number 1 above, enter $0 in the first three columns and the amount on line 6 in the final column (January 15).	$	$	$	$
8. Amounts paid in estimated tax	$	$	$	$
9. Amount of income tax withheld from wages and/or nonresident real estate transactions	$	$	$	$
10. Overpayment (on line 12) from previous period		$	$	$
11. Total of lines 8, 9, and 10	$	$	$	$

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12. Underpayment (subtract line 11 from line 7) or <overpayment> (subtract line 7 from line 11)	$	$	$	$
13. Date of payment or December 31, whichever is earlier				
14. Number of days from due date of payment to date on line 13				
15. Underpayment on line 12 multiplied by 8% multiplied by number of days on line 14 divided by 365 (366 for leap year)	$	$	$	
16. Date of payment or April 15, whichever is earlier				
17. Number of days from December 31, or due date of payment, whichever is later, to date on line 16				
18. Underpayment on line 12 multiplied by 11% multiplied by number of days on line 17 divided by 365 (366 for leap year)	$	$	$	$
19. Total penalty. Add all amounts on lines 15 and 18. Include this amount as estimated tax penalty on line 42 of form DR 0104				● $

Part 4 — Annualized Installment Method Schedule

	March 31	May 31	August 31	December 31
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 multiplied by line 22	$	$	$	$
24. Annualized Colorado tax line 23 multiplied by 4.4%	$	$	$	$
25. Applicable percentage	17.5%	35%	52.5%	70%
26. Installment payment due. Line 24 multiplied by line 25, subtract amounts entered on line 26 in earlier quarters. Enter here and on line 7.	● $	● $	● $	● $