

CALIFORNIA FRANCHISE TAX BOARD

Legal Ruling No. 333

October 17, 1968

ESTIMATED TAX: PENALTIES FOR UNDERPAYMENT: REASONABLE CAUSE
WAIVER

Syllabus:

The amendment to Section 18685.1 of the Personal Income Tax Law (effective November 13, 1968) which allows the waiver of the underpayment penalty for reasonable cause is applicable to 1968 estimated tax underpayments.

Section 18685.1 of the Personal Income Tax Law provides that the estimated tax underpayment penalty "shall be added to the tax for the taxable year." The amount of the underpayment and the penalty for October 31, 1968 estimated tax payments are not determinable and assessable until the return showing the actual amount of tax owed is filed on April 15, 1969. Since the filing date of the return is after the November 13, 1968 effective date of the amendment to this section allowing the waiver of the underpayment penalty if the underpayment is due to reasonable cause and not willful neglect, the amendment is applicable to underpayments of estimated tax due on or before October 31, 1968.