TAXABLE YEAR | CALIFORNIA FORM

# 2009 Underpayment of Estimated Tax by Corporations 5806

For calendar year 2009 or fiscal year beginning month _____ day _____ year _____, and ending month _____ day _____ year _____ .

Corporation name | California corporation number

**Part I Figure the Underpayment** If line 7 shows an underpayment for any installment, complete the remainder of this form.

| | | | | | |
|---|---|---|---|---|---|
| 1 Current year's tax. See instructions | 1 | | | | |
| | | (a) | (b) | (c) | (d) |
| 2 Installment due dates. See instructions | 2 | | | | |
| 3 Percentage required. See instructions | 3 | 30% (not less than min.) | 60% less 1st | 80% less prior | 100% less prior |
| 4 Amount due. See instructions | 4 | | | | |
| 5 a Amount paid or credited for each installment | 5a | | | | |
| b Overpayment from previous installment. See instructions | 5b | | | | |
| 6 Add line 5a and line 5b | 6 | | | | |
| 7 Underpayment (subtract line 6 from line 4). See instructions. Overpayment (subtract line 4 from line 6). (If line 7 shows an underpayment for any installment, go to **Part IV, Exceptions Worksheets.**) | 7 | | | | |

**Part II Exceptions to the Penalty**
If Exception A, line 8a is met for all four installments, **do not** attach this form to the return.

| (check the applicable boxes) | | Yes | No | Yes | No | Yes | No | Yes | No |
|---|---|---|---|---|---|---|---|---|---|
| 8 a Exception A – Regular Corporations, line 26 | 8a | | | | | | | | |
| b Exception A – Large Corporations. See instructions | 8b | | | | | | | | |
| 9 Exception B (line 42) met? | 9 | | | | | | | | |
| 10 Exception C (line 64) met? | 10 | | | | | | | | |

**Part III Figure the Penalty** If line 7 shows an underpayment for any installment and one of the three exceptions was not met, figure the penalty for that installment by completing line 11 through line 22.

| | | | | | |
|---|---|---|---|---|---|
| 11 Enter the earlier of the payment date, or the 15th day of the 3rd month after the close of the taxable year. Form 109 filers, see instructions | 11 | | | | |
| 12 Number of days from date shown on line 2 to date shown on line 11 | 12 | | | | |
| 13 Number of days on line 12 before 7/01/09 | 13 | | | | |
| 14 Number of days on line 12 after 6/30/09 and before 1/01/10 | 14 | | | | |
| 15 Number of days on line 12 after 12/31/09 and before 07/01/10 | 15 | | | | |
| 16 Number of days on line 12 after 6/30/10 and before 01/01/11. See inst. | 16 | | | | |
| 17 Number of days on line 12 after 12/31/10 and before 2/15/11 | 17 | | | | |
| 18 Number of days on line 13 / Number of days in taxable year x 5% x line 7 | 18 | | | | |
| 19 Number of days on line 14 / Number of days in taxable year x 5% x line 7 | 19 | | | | |
| 20 Number of days on line 15 / Number of days in taxable year x 4% x line 7 | 20 | | | | |
| 21 Number of days on line 16 / Number of days in taxable year x % (see instructions) x line 7 | 21 | | | | |
| 22 Number of days on line 17 / Number of days in taxable year x % (see instructions) x line 7 | 22 | | | | |
| 22a Add amounts for each column from line 18 through line 22 | 22a | | | | |
| 22b **Total estimated penalty due.** Add line 22a, column (a) through column (d). Enter here and on Form 100, line 42a; Form 100W, line 41a; Form 100S, line 41a; or Form 109, line 25 | 22b | | | | |

**Part IV** **Exceptions Worksheets** Even if line 7 shows an underpayment for any installment, the Franchise Tax Board (FTB) will **not** assess a penalty **if** timely payments were made and they equal or exceed the amount determined under any of the three exceptions for the same installment period.

**Exception A — Prior Year's Tax — Regular Corporations**

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| **23** Prior year's tax (the return must have been for a full 12 months) | | | | | | | | **23** | |
| | | **(a)** | | **(b)** | | **(c)** | | **(d)** | |
| | | 30% (not less than min.) | | 60% | | 80% | | 100% | |
| **24** Enter line 23 x the percentage shown | **24** | | | | | | | | |
| **25** Amount paid by the installment due date (cumulative) | **25** | | | | | | | | |
| **26** Exception met? Circle "Yes" or "No" and check applicable boxes in Part II, line 8a | **26** | Yes | No | Yes | No | Yes | No | Yes | No |

**Exception A — Prior Year's Tax — Large Corporations**

Use this exception only if prior year tax is less than current year tax.

| | | | | | |
|---|---|---|---|---|---|
| **27** Current year's tax | | | | **27** | |
| | | 1st Installment | | 2nd Installment | |
| **28 a** Installment due. Enter line 23 x 30% | **28a** | | | | |
| **b** Installment due. Enter line 27 x 60% | **28b** | | | | |
| **29** Amount paid by the installment due date (cumulative) | **29** | | | | |
| **30** Compare the amount on line 28 with the amount on line 29. If the amount on line 28 is greater than the amount on line 29, the exception was not met. Circle "Yes" or "No" and check applicable boxes on line 8b. To meet this exception you must circle **Yes** for **both** installments | **30** | Yes | No | Yes | No |

See instructions regarding amounts to use for installment 3 and installment 4.

**Exception B — Tax on Annualized Current Year Income**

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | **(a)** | | **(b)** | | **(c)** | | **(d)** | |
| Enter number of months for each period. See instructions ▶ | | | | | | | | | |
| **31** Enter taxable income for each annualization period | **31** | | | | | | | | |
| **32** Annualization amounts. See instructions | **32** | | | | | | | | |
| **33 a** Annualized taxable income. Multiply line 31 by line 32 | **33a** | | | | | | | | |
| **b** R&TC Section 23802(e) deduction (S corporations only) | **33b** | | | | | | | | |
| **c** Net income. Subtract line 33b from line 33a | **33c** | | | | | | | | |
| **34** Tax. Multiply line 33c by the current tax rate | **34** | | | | | | | | |
| **35** Tax credits for each payment period | **35** | | | | | | | | |
| **36** Subtract line 35 from line 34 | **36** | | | | | | | | |
| **37** Other taxes* | **37** | | | | | | | | |
| **38** Total tax. Add line 36 and line 37 | **38** | | | | | | | | |
| **39** Applicable percentage. For short period returns (taxable year of less than 12 months), see the instructions for Part I, line 3. | **39** | 30% (not less than min.) | | 60% | | 80% | | 100% | |
| **40** Installment due. Multiply line 38 by line 39 | **40** | | | | | | | | |
| **41** Amount paid by the installment due date (cumulative) | **41** | | | | | | | | |
| **42** If line 41 is greater than line 40, the exception was met. Circle "Yes" here and check the applicable "Yes" box in Part II, line 9. If line 40 is greater than line 41, the exception was **not** met. Circle "No" here and check the applicable "No" box in Part II, line 9. | **42** | Yes | No | Yes | No | Yes | No | Yes | No |

*Include alternative minimum tax, S corporation taxes from Schedule D (100S) and from the excess net passive income, the QSub annual tax, installment amount credit recapture, and the minimum franchise tax.

**Part IV** **Exceptions Worksheets** Continued

| **Exception C — Tax on Annualized Seasonal Income** | | (a) | (b) | (c) | (d) |
|---|---|---|---|---|---|
| | | 1st 3 months | 1st 5 months | 1st 8 months | 1st 11 months |
| **43** Enter taxable income for the following periods: | | | | | |
| **a** Taxable year beginning in 2006 | **43a** | | | | |
| **b** Taxable year beginning in 2007 | **43b** | | | | |
| **c** Taxable year beginning in 2008 | **43c** | | | | |
| **44** Enter taxable income for each period for the taxable year beginning in 2009 | **44** | | | | |
| | | 1st 4 months | 1st 6 months | 1st 9 months | Entire year |
| **45** Enter taxable income for the following periods: | | | | | |
| **a** Taxable year beginning in 2006 | **45a** | | | | |
| **b** Taxable year beginning in 2007 | **45b** | | | | |
| **c** Taxable year beginning in 2008 | **45c** | | | | |
| **46** Divide the amount in each column on line 43a by the amount in column (d) on line 45a | **46** | | | | |
| **47** Divide the amount in each column on line 43b by the amount in column (d) on line 45b | **47** | | | | |
| **48** Divide the amount in each column on line 43c by the amount in column (d) on line 45c | **48** | | | | |
| **49** Add line 46 through line 48 | **49** | | | | |
| **50** Divide line 49 by 3 | **50** | | | | |
| | | 1st 4 months | 1st 6 months | 1st 9 months | Entire year |
| **51** **a** Divide line 44 by line 50 | **51a** | | | | |
| **b** R&TC Section 23802(e) deduction. (S corporations only) | **51b** | | | | |
| **c** Net income. Subtract line 51b from line 51a | **51c** | | | | |
| **52** Tax. Multiply line 51c by the current tax rate | **52** | | | | |
| **53** Divide the amounts in column (a) through column (c) on line 45a by the amount in column (d) on line 45a | **53** | | | | |
| **54** Divide the amounts in column (a) through column (c) on line 45b by the amount in column (d) on line 45b | **54** | | | | |
| **55** Divide the amounts in column (a) through column (c) on line 45c by the amount in column (d) on line 45c | **55** | | | | |
| **56** Add line 53 through line 55 | **56** | | | | |
| **57** Divide line 56 by 3 | **57** | | | | |
| **58** Multiply the amounts in column (a) through column (c) of line 52 by the amounts in the corresponding column of line 57. In column (d), enter the amount from line 52, column (d) | **58** | | | | |
| **59** Tax credits for each payment period | **59** | | | | |
| **60** Subtract line 59 from line 58 | **60** | | | | |
| **61** Other taxes* | **61** | | | | |
| | | (not less than min.) | | | |
| **62** Total tax. Add line 60 and line 61 | **62** | | | | |
| **63** Amount paid by the installment due date (cumulative) | **63** | | | | |
| **64** If the exception has been met for any of the installment periods, circle "Yes" or "No" and check applicable boxes in Part II, line 10 | **64** | Yes No | Yes No | Yes No | Yes No |

*Include alternative minimum tax, S corporation taxes from Schedule D (100S) and from the excess net passive income, QSub annual tax, installment amount credit recapture, and the minimum franchise tax.

# Instructions for Form FTB 5806

## Underpayment of Estimated Tax by Corporations

## What's New

**Estimated Tax Payments –** For taxable years beginning on or after January 1, 2010, corporations are required to pay the following percentages of the estimated tax liability during the taxable year:

- 30% for the first required installment
- 40% for the second required installment
- No estimated tax payment is required for the third installment
- 30% for the fourth required installment

For exceptions and prior year's information, get Form 100-ES, Corporation Estimated Tax.

## Important Information

For the 2009 taxable year, corporations are required to pay 30% of the estimated tax liability for the first and second required installments and 20% of the estimated tax liability for the third and fourth required installments. Prior to this law change, installments payments were made in 4 equal (25%) payments. **Exception:** If the corporations are **not** required to make the first installment payment, the corporations are required to make the subsequent installment payments as follows: 40% of the estimated tax liability for the second installment and 30% of the estimated tax liability for the third and fourth installments.

## General Information

See California Revenue and Taxation Code (R&TC) Section 19011, Section 19021 through Section 19027, and Section 19142 through Section 19161 to determine the estimated tax requirement for California.

The term **corporation,** as used in form FTB 5806, Underpayment of Estimated Tax by Corporations, and in these instructions, includes banks, financial corporations, regulated investment companies, real estate investment trusts, exempt organizations with unrelated business taxable income in excess of $1,000, exempt homeowners' associations with nonexempt function taxable income in excess of $100, limited liability companies classified as corporations, and S corporations.

An S corporation that is a parent of a Qualified Subchapter S Subsidiary (QSub) is required to pay an $800 annual tax for each QSub. The QSub annual tax is due and payable on the S corporation's first estimate installment due date. The QSub annual tax is subject to the estimated tax rules and penalties.

If an S corporation acquires a QSub during the taxable year, but after the due date of the first estimate installment, then the QSub annual tax is due with the next required estimate installment after the acquisition of the QSub.

**Tax,** for purposes of estimates, includes alternative minimum tax, taxes from Schedule D (100S), excess net passive income tax and the minimum franchise tax. This definition differs from federal law.

For taxable years beginning on or after January 1, 2005, the underpayment of estimated tax penalty shall not apply to the extent the underpayment of an installment was created or increased by any provision of law that is chaptered during and operative for the taxable year of the underpayment.

To request a waiver of underpayment of estimated tax penalty:

- Complete form FTB 5806 to compute the full penalty, which would normally be due.
- Write the word ''Waiver,'' in red, across the top of form FTB 5806.
- Attach an explanation to form FTB 5806 that provides the specific law changes that caused the underpayment, the computation and the amount of penalty to be waived.
- Attach form FTB 5806 to the front of the return.

A second form FTB 5806, clearly marked "Second form FTB 5806", may be used to show the computation of the penalty not related to the law change.

California does not conform to the change in timing of certain corporate estimated tax installment payments under the Federal Tax Increase Prevention and Reconciliation Act of 2005.

For taxable years beginning on or after January 1, 2006, California conformed to federal tax law in excluding the annual payments of the LIFO recapture tax from the computation of "estimated tax." Therefore, LIFO recapture amounts are not included in the computation of an estimated tax underpayment penalty.

## Purpose

Use form FTB 5806 to determine if the corporation:

- Paid the correct estimated tax.
- Is subject to the penalty for underpayment of estimated tax, and to figure the amount of the penalty.

Estimated tax is a corporation's expected tax liability after credits.

**Newly Formed or Qualified Corporations:** A corporation subject to the franchise tax must always pay at least the required minimum franchise tax and any QSub annual tax if applicable, by the 15th day of the 4th month of the taxable year.

For corporations that incorporate or qualify to do business in California on or after January 1, 2000, the prepayment of the minimum franchise tax to the California Secretary of State (SOS) is no longer required. For the first taxable year the corporation will compute its tax liability by multiplying its state net income by the appropriate tax rate and will not be subject to the minimum franchise tax. **However**, the corporation will be required to make estimated tax payments for its first taxable year. The estimated payments will be based on the corporation's expected tax liability after credits for its first taxable year. The corporation will become subject to minimum franchise tax beginning in its second taxable year.

Attach form FTB 5806 **to the front** of Form 100, California Corporation Franchise or Income Tax Return; Form 100W, California Corporation Franchise or Income Tax Return – Water's-Edge Filers; Form 100S, California S Corporation Franchise or Income Tax Return; or Form 109, California Exempt Organization Business Income Tax Return, **only** if the corporation uses Exception B or Exception C in figuring or eliminating the estimate penalty. Be sure to check the applicable penalty box on the tax return. Form 100, line 42b; Form 100W, line 41b; Form 100S, line 41b; or Form 109, line 26. Also see Specific Line Instructions, Part II, Exceptions to the Penalty.

## Specific Line Instructions

### Part I Figure the Underpayment

Generally, an underpayment is the difference between the amount due for each installment of estimated tax and the amount actually paid or credited on or before the due date of that installment.

**Line 1 –** Enter the total tax from Form 100, line 31; Form 100W, line 31; Form 100S, line 30; or Form 109, line 14. Also include any add-on taxes (except interest computed under the look-back method for completed long-term contracts and the increase in tax for the deferral of installment sale income) or credits recaptured from Form 100, Form 100W, or Form 100S, Schedule J; or Form 109, Schedule K.

**Line 2 –** Enter in column (a) through column (d) the estimated tax installment due dates that correspond to the 15th day of the 4th, 6th, 9th, and 12th months of the taxable year.

**Line 3 –** Short period filers. Use the table below to determine the required percentage.*

Newly formed or qualified corporations are not subject to the minimum franchise tax for the first taxable year.

**Line 4, column (a) –** Enter 30% of the amount on line 1. Do not enter an amount less than the minimum franchise tax for the taxable year and any QSub annual tax, if applicable.

Or, if the prior year's tax was the minimum franchise tax and the corporation is a regular corporation, enter the minimum franchise tax.

**Exception:**

The corporation can enter an amount less than the minimum franchise tax if it is a newly formed or qualified corporation, has been granted a tax exemption by the Franchise Tax Board (FTB), or is subject to income tax only under Chapter 3 of the California Corporation Tax Law (i.e., corporations that are not doing business within California but derive income from sources within California.)

**Line 4, column (b) –** Enter 60% of the amount on line 1 minus the amount entered in column (a).

**Line 4, column (c) –** Enter 80% of the amount on line 1 minus the total of the amounts entered on line 4, column (a) and column (b).

***Accounting Period Less Than 12 Months (Short Period)** Fiscal year corporations, adjust dates accordingly.

| If taxable year (calendar year) begins: | Number of Installments Due | Percentage of Estimated Tax Due On or Before the 15th Day of | | | |
|---|---|---|---|---|---|
| | | April | June | September | December |
| January 1 through January 16 | 4 | 30% | 60% | 80% | 100% |
| January 17 through March 16 | 3 | | 40% | 70% | 100% |
| March 17 through June 15 | 2 | | | 50% | 100% |
| June 16 through September 15 | 1 | | | | 100% |
| September 16 through December 31 | None | | | | |

**Line 4, column (d) –** Enter 100% of the amount on line 1 minus the total of the amounts entered on line 4, column (a), column (b), and column (c).

**Line 5a –** The overpayment from a prior year return, resident and nonresident withholding, and real estate withholding are credited as of the first estimate installment due date or the date of payment, whichever is later.

For more information, get federal Rev. Rul. 99-40, Internal Revenue Code Section 6513 (b) (1) and (2), IRS Internal Revenue Manual 20.2.4.3 (03-01-2002) and FTB Notice 2003-1.

**Line 5b –** Enter the overpayment from the previous installment. **However, if an underpayment existed on any prior installment, pay that underpayment first.**

**Line 7 –** If line 7 shows an underpayment for any installment, complete Part IV, Exceptions Worksheets, and Part II, Exceptions to the Penalty, for that installment.

## Part II Exceptions to the Penalty

The FTB will not assess a penalty if all of the estimated tax was paid on time and the payments satisfied the exception rules. A corporation may qualify for more than one exception. Complete Part IV, Exceptions Worksheets, to see if the corporation qualifies to use any of the exceptions.

**California difference:** Under California law, the exceptions are computed on a cumulative basis. This differs from federal law which requires only 25% of the annual payment for each installment.

## Part III Figure the Penalty

If line 7 shows an underpayment for any installment and the corporation did not meet any of the exceptions in Part II, complete the penalty computation on line 11 through line 22.

Figure the penalty on the underpayment on line 7, from the installment due date to the return due date (excluding extension of time) or to the payment date, whichever is earlier.

**Additional payments –** If the corporation made additional payments for an installment, figure the penalty on the revised underpaid amount (amount on line 7 minus the amount of the last payment) from the last payment date to the return due date (excluding extension of time) or to the date of the next payment, whichever is earlier. Attach a separate computation for each additional payment.

**Line 11 –** Enter the date payment was made or the return due date (excluding extension of time), whichever is earlier.

**Form 109 filers –** Enter the date payment was made, or the 15th day of the 5th month after the close of the taxable year, whichever is earlier.

When the due date falls on a weekend or holiday, the deadline to file and pay without penalty is extended to the next business day.

Days means calendar days unless otherwise noted.

**Line 12 –** Enter the number of days from the installment due date (line 2) to the date shown on line 11.

**Line 13 –** Enter the number of days on line 12 that are before 7/01/09 or the payment date, whichever is earlier.

**Line 14 –** Enter the number of days on line 12 that fall within the period after 6/30/09 and before 1/01/10 or the payment due date, whichever is earlier.

**Line 15 –** Enter the number of days on line 12 that fall within the period after 12/31/09 and before 7/01/10 or the payment due date, whichever is earlier.

**Calendar year corporations –** Enter the number of days on line 12 that fall within the period after 6/30/09 and before 3/15/10 or the payment date, whichever is earlier. The total of line 13 through line 15 cannot be more than the number of days shown on line 12. Skip line 16 and line 17 and proceed to line 18.

**Line 16 – For fiscal year corporations only,** enter the number of days on line 12 that fall within the period after 6/30/10 and before 1/01/11 or the payment date, whichever is earlier.

**Line 17 – For fiscal year corporations only,** enter the number of days on line 12 that fall within the period after 12/31/10 and before 2/15/11 or the payment date, whichever is earlier. The total days on line 13 through line 17 cannot be more than the number of days shown on line 12.

**Line 18 –** Divide the number of days shown on line 13 by the number of days in the taxable year. Multiply the result by 5% and by the underpaid amount shown on line 7.

**Line 19 –** Divide the number of days shown on line 14 by the number of days in the taxable year. Multiply the result by 5% and by the underpaid amount shown on line 7.

**Line 20 –** Divide the number of days shown on line 15 by the number of days in the taxable year. Multiply the result by 4% and by the underpaid amount shown on line 7.

**Line 21 and Line 22 –** Divide the number of days shown on line 16 or line 17 by the number of days in the taxable year. Multiply the result by the percentage, which the FTB will determine at a later date. Then multiply the result by the underpaid amount shown on line 7.

**Penalty Rates –** To get updated penalty rates, go to **ftb.ca.gov** and search for **penalty rates** or call the FTB automated phone system using the telephone number listed below.

For the interest rate for line 21, call after March 2010. For the interest rate for line 22, call after September 2010.

**How to Use the Automated Phone System**

The system is available in English and Spanish to callers with touch-tone telephones.

General tax information is available 24 hours a day, seven days a week.

Telephone: 800.338.0505 from within the United States

916.845.6600 from outside the United States

After you reach the number, select business entity information, then frequently asked questions, follow the recorded instructions, and enter **code number 403** to get the updated estimated penalty rate.

## Part IV Exceptions Worksheets

Newly formed or qualified corporations are not subject to the minimum franchise tax for the first taxable year. However, the corporation is required to make estimated tax payments for its first taxable year. The estimated payments will be based on the corporation's expected tax liability after credits. For more information, see page 1, Newly Formed or Qualified Corporations.

**Exception A – Prior Year's Tax**

**Regular Corporations –** Generally, this exception applies if the amount paid or credited on or before the installment due date equals or exceeds the tax shown on the return for the preceding year, prorated to each installment. For banks and financial corporations, the tax shown on the return includes the amount of the bank and financial tax rate adjustment. The return for the preceding year must have covered a full 12 months.

**"Large" Corporations –** A large corporation is any corporation, including a predecessor corporation, that had California net income (computed without regard to the net operating loss deduction) of $1 million or more for any taxable year during the three taxable years immediately preceding the current taxable year.

**Installments 1 and 2 –** This exception allows a large corporation to use prior year's tax for the 1st installment only. The difference between using the prior year's tax and the current year's tax for the 1st installment must have been added to the 2nd installment (calculated using current year's tax) to meet the exception.

**Installments 3 and 4 –** Because Exception A for large corporations can only be used for the 1st two installments, the corporation must use the amounts computed in Part I or Exception B or Exception C, column (c) and column (d) for the corporation's 3rd and 4th installments.

**Exception B – Tax on Annualized Current Year Income**

This exception applies if the estimated tax paid on or before the installment due date was equal to or more than the amount the corporation would owe if its estimated tax was computed on annualized taxable income for the months preceding an installment due date.

For each period, in column (a) through column (d), enter the number of months for the annualization method used based on the table below. For example, if a Form 100 is filed and the Standard Option was used, enter 3 in column (a), 3 in column (b), 6 in column (c), and 9 in column (d).

**Annualization Periods and Options**

| Installment | 1st | 2nd | 3rd | 4th |
|---|---|---|---|---|
| **Standard Option** | 3 | 3 | 6 | 9 |
| **Option 1** | 2 | 4 | 7 | 10 |
| **Option 2** | 3 | 5 | 8 | 11 |

Corporations can use the Standard Option or must elect to use Option 1 or Option 2. Exempt organizations use Option 1 (the Standard Option for exempt organizations) or elect to use Option 2. The election to use an expanded option must be made on or before the due date of the first required installment payment. Get the instructions for the 2009 Form 100-ES, Corporation Estimated Tax, for more information.

**Line 32 –** Enter on line 32, column (a) through column (d), the annualization amounts for the option used. For example, if a Form 100 is filed and the Standard Option was used, on line 32, enter 4 in column (a), 4 in column (b), 2 in column (c), and 1.33333 in column (d). (Exempt organizations use the annualization amounts for the Standard Option or Option 1.) See the instructions under "Purpose" for information on where to attach form FTB 5806.

**Annualization Amounts**

| Installment | 1st | 2nd | 3rd | 4th |
|---|---|---|---|---|
| **Standard Option** | 4 | 4 | 2 | 1.33333 |
| **Option 1** | 6 | 3 | 1.71429 | 1.2 |
| **Option 2** | 4 | 2.4 | 1.5 | 1.09091 |

**Exception C – Tax on Annualized Seasonal Income**

This exception applies if the estimated tax paid on or before the installment due date was equal to or more than the amount the corporation would owe if its estimated tax was computed on annualized seasonal taxable income for the months preceding an installment due date. Use Exception C only if the corporation's base period percentage for any six consecutive months of the taxable year equals or exceeds 70%. Get the instructions for federal Form 2220, Underpayment of Estimated Tax by Corporations, for more information on the base period percentage. See the instructions under "Purpose" for information on where to attach form FTB 5806.