



41A720-S1
(10-06)

Commonwealth of Kentucky
DEPARTMENT OF REVENUE

► Attach to Form 720, 720S, 725 or 765.

**UNDERPAYMENT OF ESTIMATED TAX
BY CORPORATIONS**

Enter name(s)	Kentucky Corporation Account Number ____ _
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PART I—EXCEPTION

The exception shall apply if the corporation's prior year tax liability was equal to or less than \$25,000 and estimated tax equals or exceeds the prior year tax as provided by KRS 141.042 and KRS 141.990. **If the exception does not apply, go to Part II.**

The estimated tax equals or exceeds the prior year tax liability and the prior year tax liability is equal to or less than \$25,000. Check this box and complete lines 1 through 4 of this part.

1. Enter the liability from the 2005 return, Form 720, Part IV, line 16 or Part IV, line 5 of applicable return (Form 720S, Form 725 or Form 765)	1	
2. Statutory exemption	2	\$5,000
3. Line 1 less line 2	3	
4. Enter the total of the amounts from 2006 return, Part III, lines 6 and 8 of applicable return (Form 720, Form 720S, Form 725 or Form 765)	4	

Line 4 must equal or exceed line 3 to claim exception.

PART II—FIGURING THE UNDERPAYMENT AND PENALTY

1. Enter the liability from the 2006 return, Part III, line 5 of applicable return (Form 720, Form 720S, Form 725 or Form 765)	1	
2. Enter 70% (0.70) of line 1	2	
3. Statutory exemption	3	\$5,000
4. Enter the total of the amounts from 2006 return, Part III, lines 6 and 8 of applicable return (Form 720, Form 720S, Form 725 or Form 765)	4	
5. Line 2 less lines 3 and 4	5	
6. Penalty percentage is 10%	6	x .1
7. Multiply line 5 by line 6. This is the amount of the penalty for underpayment of estimated tax (minimum penalty \$25)	7	