

**Underpayment of Virginia
Estimated Tax by Corporations**



FISCAL year filer or SHORT year filer: ENTER beginning date _____, _____, and ending date _____, _____, and CHECK HERE

NAME	Federal Employer ID Number
MAILING ADDRESS (Rural Route and Box Number)	
CITY OR TOWN, STATE AND ZIP CODE	

PART I HOW TO COMPUTE THE UNDERPAYMENT

By completing Lines 1 through 8, a corporation can determine whether or not it paid the correct amount of estimated tax by the proper due dates. If the minimum amounts were not timely paid, an additional charge may be imposed for the period of underpayment. A corporation, which filed its return on a basis other than a calendar year, should enter the dates to correspond to its taxable year in the space provided below.

- | | |
|--|--|
| 1. Adjusted tax from Line 11 of Form 500 | |
| 2. 90% of Line 1 | |

	Due Dates of Installments			
	(a)	(b)	(c)	(d)
Enter in columns (a) through (d) the installment due dates (the 15th day of the 4th, 6th, 9th, and 12th months) of your tax year .				
3. Enter 25% of Line 2 in columns (a) through (d)				
4. Amounts paid or credited for each period				
5. Amount of 2008 overpayment credited against 2009 Estimated tax				
6. Overpayment of previous installment				
7. Total (add Lines 4, 5 and 6)				
8. Underpayment (or overpayment) (Subtract Line 3 from Line 7) .				

An overpayment of an installment in Line 8 in excess of all prior underpayments should be applied as a credit against the next installment.

PART II EXCEPTIONS TO THE ADDITIONAL CHARGE

NOTE: IF YOU MEET ANY OF THE EXCEPTIONS THAT AVOID THE ADDITION TO THE TAX, COMPLETE LINES 9 THROUGH 12.

	(a)	(b)	(c)	(d)
9. Total amount paid or credited from the beginning of the tax year through the installment dates that correspond to the 15th day of the 4th, 6th, 9th and 12th months of your tax year.				
10. Exception 1, Prior Year's Tax	25% of tax	50% of tax	75% of tax	100% of tax
11. Exception 2, Tax on prior year's income based on the facts shown on the prior year's return but using current year's rates.	25% of tax	50% of tax	75% of tax	100% of tax
12. Exception 3, Tax on annualized income (Attach Computation) . .	22.50% of tax	45% of tax	67.50% of tax	90% of tax

There is no additional charge imposed on an underpayment shown in Line 8 for any installment date if by that date the corporation made the minimum payment determined under any of the exceptions reflected in the instructions.

PART III COMPUTATION OF THE ADDITIONAL CHARGE

If an underpayment of estimated tax is shown in Line 8, above, for an installment and an exception is not applicable, the additional charge should be computed by completing the portion(s) of this schedule applicable to the installment(s).

	(a)	(b)	(c)	(d)
Enter the same installment dates used above				
13. Amount of underpayment from Line 8				
14. Enter the date of payment or the 15th day of the 4th month after the close of your tax year, whichever is earlier.				
15. Number of days from due date of installment to the date shown on Line 14				
16. Additional charge (Rate of interest established in IRC Section 6621, plus 2%, times the amount on Line 13 for the number of days shown on Line 15) (See instructions)				
17. Add columns (a) through (d), Line 16. Enter amount on Form 500, Line 20 and attach this form. If filing Form 500 C separately, attach check to this form. Make check payable to Virginia Department of Taxation.				

A payment of estimated tax on any installment date shall be considered a payment of any previous underpayment only to the extent such payment exceeds the amount of the installment as computed in Line 3. If the corporation made more than one payment for a given installment, attach a schedule showing a separate computation for each payment.

INSTRUCTIONS



PURPOSE OF FORM

Form 500C is used by corporations to determine whether they paid enough estimated tax, whether they are subject to the addition to the tax for underpayment of estimated tax, and, if so, the amount of the addition. Estimated tax is a corporation's expected income tax liability minus its credits. A corporation must make estimated tax payments if it can reasonably expect its tax liability to exceed \$1,000.00 for such taxable year.

HOW TO USE THIS FORM

Complete Part I of Form 500C to find out if you have an underpayment for any of the four payment periods. If you have an underpayment on Line 8 (column a, b, c or d), go to Part II, Exceptions to the Additional Charge. If you cannot meet any of the exceptions for a payment period, go to Part III, Computation of the Additional Charge. If you are using Form 500C either to figure the additional charge or to show that you qualify for any exception, attach Form 500C to your Corporate Tax Return.

For additional information, call (804) 367-8037 or write the Department of Taxation, P.O. Box 1115, Richmond, VA 23218-1115. You can obtain most Virginia income tax forms at www.tax.virginia.gov.

PART I. HOW TO FIGURE YOUR UNDERPAYMENT

Complete Lines 1 through 8 in Part I. The instructions for most of these lines are on the form itself. If Line 8 shows an underpayment, complete Part II to see if any of the exceptions apply.

PART II. EXCEPTIONS TO THE ADDITIONAL CHARGE

You will not have to pay an additional charge if all of your tax payments (Part II, Line 9) were made on time and are equal to or more than any one of the amounts figured as explained by the exceptions (Lines 10, 11 and 12) for the same payment period (column a, b, c or d).

The exceptions to the additional charge are:

Line 10—Exception 1, Prior year's tax.—Generally, this exception applies if the corporation paid an amount equal to or more than the tax shown on its 2008 return for the previous calendar or fiscal year. However, the corporation must have filed an income tax return showing a tax liability for the preceding tax year and that year must have consisted of 12 months.

Line 11—Exception 2, Tax on prior year's income using current year's rates.—Generally, this exception applies if the amount the corporation paid is equal to or more than the tax figured by using the current year's rates but based on the facts shown on the prior year's return and the law that applies to the prior year. Your prior year's return does not have to show a tax liability.

Line 12—Exception 3, Tax on annualized income.—This exception applies if the estimated tax paid was equal to or more than 90% of the amount the corporation would owe if estimated tax was figured on annualized taxable income for the months preceding an installment date.

A corporation may annualize its income as follows:

- (a) For the first 3 months if the installment was required to be paid in the 4th month.
- (b) For the first 3 months or for the first 5 months if the installment was required to be paid in the 6th month.
- (c) For the first 6 months or for the first 8 months if the installment was required to be paid in the 9th month.
- (d) For the first 9 months or for the first 11 months if the installment was required to be paid in the 12th month.

To annualize, multiply taxable income for the period by 12 and divide the result by the number of months in the period (3, 5, 6, 8, 9 or 11, as the case may be).

Please attach your computation.

PART III. COMPUTATION OF THE ADDITIONAL CHARGE

If no exception applies, complete Lines 13 through 17 to determine the amount of the additional charge. The charge is figured for the period of underpayment at the underpayment rate determined under Section 6621 of the Internal Revenue Code, plus 2%.

For the purpose of computing the additional charge, the underpayment rate established for the third month following the close of the taxable year shall also be applied to the first 15 days of the fourth month following the close of the taxable year.

Attach Form 500C to Your Virginia Corporation Return, Form 500