

2006 RI-1120C - Rhode Island Business Corporation Tax Return Instructions

HEADER INSTRUCTIONS

Complete the top of the form with the required entity information including the beginning and ending dates if the entity is not a calendar year filer, the type of return being filed for the entity and the entity's federal identification number. In addition, enter in box:

- A - The gross receipts from U.S. Forms 1120 or 1120-A, Page 1, Line 1(c).
 B - The depreciable assets from Line 10A Column C, Schedule L, U.S. Form 1120 Page 4, or the depreciable assets from Line 9A Column B, Part III U.S. Form 1120-A Page 2.
 C - The total assets from Line 15, Column D, Schedule L, U.S. Form 1120, Page 4 or Line 12 Column B Part III U.S. Form 1120-A, Page 2.

SCHEDULE A-COMPUTATION OF TAX

Line 1 - Enter the taxable income as it appears on Line 28 of the U.S. corporation income tax return (Form 1120) or Line 24 of the U.S. short form corporation income tax return Form 1120-A.

SUB S INSTRUCTIONS

Lines 1 through 5 of RI 1120S should be completed. Federal Schedule K will be used to determine RI taxable income to be reported by shareholders.

LIMITED LIABILITY COMPANY INSTRUCTIONS

- (i) If the LLC is to be treated as a corporation, it shall pay a tax the same as a "C" corporation.
 (ii) If the LLC is to be treated as a partnership, it shall pay a minimum tax as defined under §44-11-2(e).
 (iii) If the LLC is a disregarded entity, it shall pay a minimum tax as defined under §44-11-2(e).

Line 2a - For years ending 4/15/92 and thereafter, a net operating loss deduction shall be allowed which shall be the same as the net operating loss deduction allowed under §172 of the Internal Revenue Code of 1954, except that:

- (1) any net operating loss included in determining such deduction shall be adjusted to reflect the inclusions and exclusions from entire net income required by paragraph (a) of §44-11-11 and §44-11-11.1,
 (2) such deduction shall not include any net operating loss sustained during any taxable year in which the taxpayer was not subject to the tax imposed by this chapter,
 (3) such deduction shall not exceed the deduction for the taxable year allowable under §172 of the Internal Revenue Code of 1954, provided however, such deductions for a taxable year may not be carried back to any other taxable year for Rhode Island purposes but shall only be allowable on a carryforward basis for the five (5) succeeding taxable years.

Line 2b - Enter the amount from Line 29b U.S. Form 1120 Page 1, or Line 25b, U.S. Form 1120-A, Page 1.

Line 2c - Enter the amount of exempt dividends and interest from page 2, schedule B, line 10.

Line 2d - Enter the amount of foreign grossup from U.S. Form 1120, schedule C, line 15.

Line 2e - Enter the amount of adjustment which represents the difference between the normal first year depreciation and residual depreciation as long as depreciation lasts.

Line 3 - Total deductions. Add lines 2a, 2b, 2c, 2d and 2e.

Line 4a - Enter the gross amount of interest income received or accrued with respect to all obligations of any state, territory or possession of the United States or any political subdivision of the foregoing, or the District of Columbia other than Rhode Island or its political subdivisions not included on Lines 5 and 10 of U.S. Form 1120 or 1120-A.

Line 4b - Enter the Rhode Island income, and franchise taxes paid or accrued which are deducted on the federal return on Lines 2 or 17 for the taxable year. (Attach Schedule)

Line 4c - Enter the amount of bonus depreciation less normal depreciation.

Line 5 - Total additions. Add lines 4a, 4b and 4c.

Line 6 - Adjusted taxable income - Add lines 1 and 5, then subtract line 3.

Line 7 - Schedule F-- Apportionment Schedule - Complete the schedule on page 2 and enter the apportionment ratio from schedule F, line 5 on this line.

-- Average Property Factor --

The property factor is a fraction, the numerator of which is the average net book value of real and tangible personal property owned or rented and used during the taxable year in Rhode Island, and the denominator of which is the property owned or rented and used everywhere during the taxable year.

Real and tangible personal property owned is valued at book value. Real and tangible personal property rented is valued at eight (8) times the annual net rental rate. The annual net rental rate shall be reduced (but not to less than zero) by the annual rental rate received from sub-rentals.

"Tangible personal property" means such property as machinery, tools, implements, goods, wares, and merchandise. It does not include cash, shares of stock, bonds, notes, credits, or evidences of an interest in property and evidences of debt.

-- Receipts Factor --

(Line 2a) 100% allocation to Rhode Island of the gross receipts from sales of tangible personal property sold in the regular course of business where Rhode Island (or any other state or place) is the place of origin and Rhode Island is the destination. Sales of tangible personal property are in Rhode Island if the property is delivered or shipped to a purchaser within this state regardless of the free on board (F.O.B.) point or other conditions of the sale.

(Line 2a) Gross income from services is attributed to Rhode Island if the services are performed in Rhode Island.

(Line 2d) Gross rental income from the leasing or renting of real and tangible personal property.

(Line 2f) Net income from the sale of real property, tangible personal property, or other capital assets not held by the taxpayer for sale to customers in the regular course of business.

(Line 2g) Net income from the sale or disposition of securities or financial obligations. Do not include related dividends or interest. Dividends and interest are reported on Line 2(b) and 2(c).

(Line 2h) Gross income from all other receipts includes income from all other sources (not listed above) and includes (but is not limited to)

receipts from patents, royalties, copyrights, commissions, dividends and interest. Gross income from royalties is attributable to Rhode Island to the extent that the patent or copyright is used in this state by the person paying royalties to the taxpayer. A patent is used in Rhode Island to the extent that it is employed in fabrication, manufacturing, production or other processing in Rhode Island or to the extent that a patented product is produced in Rhode Island. A copyright is used in Rhode Island to the extent that printing or other publication originates in Rhode Island. Accordingly, all such gross income should be included in Schedule F, Line 2(h), Column A. For corporations organized under Rhode Island laws, all gross income from interest and dividends must be shown on Schedule F, Lines 2(b&c), Column A.

-- Salaries and Wage Factor --

The payroll factor is a fraction, the numerator of which is the total amount paid or incurred in Rhode Island during the taxable year for compensation and the denominator of which is the total compensation paid or incurred everywhere during the taxable year.

Schedule F, Line 3, Column A represents that part of the total wages, salaries and other compensation to officers and employees paid or incurred by the taxpayer during the taxable year which is assignable to offices, agencies, or places of business within the State of Rhode Island, or which is attributable to services performed in connection with the taxpayer's activities or transactions within this state during the taxable year.

-- Apportionment Ratio --

If dollar amounts for property, receipts and salaries exist in Column B, the total of the three ratios on Line 4 should be divided by 3. If one factor is nonexistent in Column B, then the total of the two ratios, on Line 4 must be divided by 2. If only one factor exists in Column B, then the ratio on Line 4 should be carried to Line 5.

Line 8 - Rhode Island Taxable Income - multiply line 6 by line 7.

Line 9 - See instructions on reverse side of Elective Deduction for Research and Development Facilities form (Form RI-1120RD).

Line 10a - Every taxpayer, at his election, shall be entitled to a deduction with respect to the amortization of the adjusted basis of any treatment facility, as defined in section 44-11-11.1(A) or any hazardous waste recycling, refuse, or treatment facilities as defined in section 44-11-11.2 based on a period of sixty (60) months.

Line 10b - The General Laws provide for a deduction for purposes of computing net income in accordance with Chapter 44-11, for investments in certified venture capital partnerships. Taxpayers claiming this deduction for investments in certified venture capital partnerships must provide copies of certification from the Department of Economic Development of the Venture Capital Partnership.

Line 11 - Total lines 9, 10a and 10b.

Line 12 - Rhode Island adjusted taxable income - Combine lines 8 and 11.

Line 13 - Rhode Island income tax - Multiply line 12 by 9%.

Line 14 - Enter any credit amounts on the appropriate lines and total all amounts. See instructions on applicable credit forms.

Line 15 - In the case of a domestic corporation or a foreign corporation qualified to do business in this state, if the actual franchise tax on its authorized capital (Chapter 44-12) exceeds the amount paid with the filing of the return, the Tax Administrator shall mail a notice to the taxpayer of any additional tax due. Franchise tax is calculated at \$2.50 per \$10,000.00 of authorized capital.

Line 16 - Enter the total of (a) and (b):

(a) Recapture of Credits - The formula to be used to compute the recapture on investment tax credit is: The tax credit taken on property ceasing to qualify times a fraction consisting of a numerator which is the useful life of property in months minus the qualified use in months and a denominator which is the useful life of property in months. If property is disposed of in the initial taxable year, see the specific instructions on Form RI-3468.

(b) Jobs Growth Tax - Enter 5% of the aggregate performance-based compensation paid to eligible employees as per the Jobs Growth Act (44-64.11-5).

Line 17 - Tax due. Add lines 15 and 16.

Line 18 - Enter the total estimated tax payments made with respect to the taxable year, if any, including any credit allowed from the preceding taxable year.

Line 19 - Enter the amount of all other tax payments made with respect to the taxable year. Include any nonresident withholding payments made on your behalf by a pass-through entity.

Line 20 - Total payments. Add lines 18 and 19.

Line 21 - Net tax due - If the amount on line 17 is more than the amount on line 20, subtract line 17 from line 20 and enter that amount on line 24. This is the amount of tax due.

Line 22 - Enter the total of (a), (b) and (c):

(a) Interest on the balance due (Line 17 less Line 20) at the rate of 12% per annum through 9/30/2006 and 18% per annum effective 10/1/2006. Interest shall accrue from the prescribed date for filing the return (the fifteenth day of the third month following the close of the taxable year); and if applicable,

(b) Penalty for failure to file return on time at the rate of five percent (5%) per month not to exceed twenty-five percent (25%) as enumerated in the general instruction; and if applicable,

Penalty for failure to pay the tax on time at the rate of five tenths of one percent (0.5%) per month not to exceed twenty-five percent (25%) as enumerated in the general instructions; and if applicable,

(c) Interest for underpayment of estimated taxes at the rate of 12% per annum through 9/30/2006 and 18% per annum effective 10/1/2006, as enumerated in the general instructions. See chart on reverse side of Form RI-2220.

Line 23 - Total due. Add lines 21 and 22. This amount is due and payable with the filing of the return.

Line 24 - Overpayment. If the amount on line 20 is more than the amount on line 17, subtract line 17 from line 20 and enter that amount on line 24. This is the amount of your overpayment.

Line 25 - Overpayment to be credited to 2007. Enter the amount of the overpayment from line 24 that is to be credited to the following year's estimated tax. All or any portion of such overpayment may be credited against the estimated tax. The amount on this line may be adjusted by the Tax Administrator.

Line 26 - Overpayment to be refunded. Enter the amount of the overpayment from line 24 that is to be refunded.

2006 Rhode Island Business Corporation Tax Return

GENERAL INSTRUCTIONS FORM RI-1120C AND 1120S

1. WHO MUST FILE:

Domestic and Foreign Corporations: Every business corporation, joint stock company or association exercising corporation functions or otherwise doing business in this state is required to file an annual tax return and is subject to the income tax (minimum \$500.00). Domestic corporations and foreign corporations qualified to do business in this state are liable to the franchise tax as provided in 44-12 of the General Laws of 1956, as amended, if it exceeds the tax on income.

Under the provisions of chapter 44-12 of the General Laws of 1956, as amended, corporations which are chartered in Rhode Island and foreign corporations qualified to do business in this state which were not engaged in any business activities in Rhode Island during the last taxable year will be subject to lower franchise tax rates (minimum of \$500.00) if tax returns are accompanied by a supplement affidavit certifying the fact of such inactivity.

SUBCHAPTER "S" CORPORATIONS: A small business corporation having an election in effect under subchapter S of The Internal Revenue Code is required to file an annual tax return on Form RI-1120S. Such corporation shall not be subject to the Rhode Island income tax on corporations but is subject to and liable for a franchise tax pursuant to §44-12-1 of the General Laws as last amended (minimum \$500.00), except that such corporation shall be subject to the Rhode Island income tax, to the extent of such income as is subject to federal tax under said subchapter S and in those cases will be required to file Form RI-1120C.

If a subchapter S corporation is taxable for federal purposes it must attach Form RI-1120-Schedule S and compute and pay any tax due at the 9% tax rate.

Legislation passed requiring Pass-Through Entities such as "s" corporations, general partnerships, limited partnerships, limited liability partnerships, trust or limited liability companies that are not taxed as corporations for federal tax purposes to withhold from the member's share of income of the entity which is derived from or attributable to sources within this state distributed to each nonresident member and pay the withheld amount to the tax division at either the highest individual rate or nine percent (9%) for corporations. A pass-through entity is not required to withhold tax for a nonresident member if:

1. the member has a pro rata or distributive share of income from the pass-through entity from doing business in this state of less than \$1,000 per annual accounting period.
2. the tax administrator has determined by regulation, ruling or instruction that the member's income is not subject to withholding, or
3. the member elects to have the tax due paid as part of a composite return filed by the pass-through entity, or
4. the entity is a publicly traded partnership as defined by section 7704(b) of the Internal Revenue Code that is treated as a partnership for the purposes of the Internal Revenue Code and that has agreed to file an annual information return reporting the name, address, taxpayer identification number and other information requested by the tax administrator of each unit holder with an income in this state in excess of \$500.00.

"DISC's" (DOMESTIC INTERNATIONAL SALES CORPORATION):

DISC's are afforded similar treatment under the Rhode Island Business Corporation Tax Law as is allowed under the federal income tax law. They are required to file an annual tax return on Form RI-1120C and attaching thereto a complete copy including all schedules of the federal form. DISC's are subject to and liable for a franchise tax pursuant to §44-12-1 of the General Laws as last amended (minimum \$500.00). Any income to shareholders of DISC's is to be treated as it is treated under federal income tax law, as it existed on December 31, 1984.

"FSC's" (FOREIGN SALES CORPORATION)

Qualifying FSC's having a valid election for the entire year are required to file an annual return on Form RI-1120C with a complete copy of all federal schedules. FSC's are subject to and liable for the franchise tax (minimum tax \$500.00) under 44-12. Income to FSC shareholders will be treated as it is treated under federal income tax law of January 1, 1985.

2. WHEN AND WHERE TO FILE:

The Form RI-1120C and RI-1120S are due on or before the fifteenth day of the third month following the close of the taxable year. Returns must be filed with the State of Rhode Island, Division of Taxation, One Capitol Hill, Suite 9, Providence, RI 02908-5811. A return will be considered timely filed if it is mailed so as to bear a U.S. postmark on or before the applicable due date. When the last day for filing the Form RI-1120C or RI 1120S falls on a Saturday, Sunday, or a Rhode Island legal holiday, the filing shall be considered timely if it is performed on the next succeeding day which is not a Saturday, Sunday or Rhode Island legal holiday.

3. EXTENSION OF TIME FOR FILING:

An automatic six month extension of time for the filing of the required return may be granted provided a Form RI-7004 is filed together with a payment equal to the full amount of tax reasonably estimated to be due for the taxable year based on income, or franchise whichever shall yield the greater tax. **Payment of a minimum amount if a larger amount is due will void the extension.**

4. PAYMENT OF TAX:

The balance of tax shown on the return to be due must be paid in full with the return. Failure to pay the tax on time will subject the taxpayer to an assessment of interest and penalties.

Interest Generally

Any tax not paid when due is subject to interest from the time the tax was originally due at the rates of 12% per annum through 9/30/2006 and 18% per annum effective 10/1/2006.

Penalties - Failure to file returns on time

In case of failure to file a return within the time prescribed by law, or within the extension period, there shall be added to the tax 5% of such tax if delinquency is for not more than one month plus an additional 5% for each additional month or fractional part thereof during which such failure continues not exceeding 25% in the aggregate.

The law provides for the imposition of fines up to \$5,000.00 for failure to file the required returns of filing of false or fraudulent returns.

Penalties - Failure to pay tax on time

In case of failure to pay the tax with the return on or before the date prescribed (determined with regard to any extension of time for payment) there shall be added to the amount shown as tax on such return five-tenths percent (0.5%) of the amount of such tax if the failure is for not more than one month, plus an additional five-tenths percent (0.5%) for each additional month or fractional part thereof during which such failure continues, not exceeding 25% in the aggregate.

5. RATE OF TAX:

Nine percent (9%) of net income apportioned to Rhode Island; or an annual franchise tax on its authorized capital stock at the rate of \$2.50 for each \$10,000.00 or fractional part thereof minimum of \$500.00, whichever amount shall yield the greatest tax.

In the case of corporations having capital stock of no-par value, \$100.00 per share shall be deemed to be the par value for the purposes of the franchise tax.

6. DECLARATION OF ESTIMATED TAX BY CORPORATIONS:

Every corporation shall file a declaration of its estimated tax for the taxable year if its estimated tax on any basis (income or franchise) for such taxable year can reasonably be expected to exceed \$500.00. The entire amount of such estimated tax shall constitute the amount of the advance required to be paid. The due dates and amounts of the installments are as follows: The 15th day of the 3rd month of the taxable year (40%) and the 15th day of the 6th month of the taxable year (60%).

Underpayment-Interest on declaration of estimated tax

In case of any underpayment of the estimate by a corporation there shall be added to the tax as the case may be for the taxable year, an amount determined at the rate of 12% per annum to 9/30/2006 and 18% per annum effective 10/1/2006 upon the amount of the underpayment for the period of the underpayment. "The amount of the underpayment" shall be the excess of the installment or installments which would be required to be paid if the advance payments were equal to eighty percent (80%) of the tax shown on the return for the taxable year or, if no return was filed eighty percent (80%) of the tax for such year, over the amount, if any, of the installment paid on or before the last date prescribed for payment.

The law provides for the assessment of a penalty of 5% of the tax imposed on such corporations for such taxable year for failure to file required estimated tax payments.

7. CHANGE IN NET INCOME BY FEDERAL GOVERNMENT:

Any change in net income for any prior year directly affects the tax liability to the State of Rhode Island and such changes must be reported to the Tax Administrator within 60 days of final adjustment or determination on Form T-70C.

8. SUPPORTING SCHEDULES:

All schedules are to be firmly attached to back of page 3 of the return. Each schedule must be clearly identified with the item which it supports. Write upon one side of the sheet only, so that schedule may be read without detaching from the return. If space permits, more than one schedule may be placed on a single sheet.

9. CONSOLIDATED RETURNS:

An affiliated group, as defined in regulations promulgated by the Tax Administrator, may file a consolidated return for the taxable year provided that all the corporations which constitute such affiliated group at any time during the period for which the return is made and which are subject to taxation under Chapter 44-11 shall consent to the making of such consolidated return. If the affiliated group includes corporations which are not subject to the Rhode Island Business Corporation Tax, these corporations must be excluded from the Rhode Island affiliated group. In filing a consolidated return separate income statements, balance sheets, and if applicable, apportionment schedules for each corporation joining in the filing, must be filed with the consolidated return.

10. INVESTMENT CREDIT

R.I. Law allows an investment tax credit of 2% of the cost or other basis as used for federal income tax purposes of certain property used by the taxpayer in the production of goods by manufacturing, processing or assembling. The credit allowed is 4% for qualified property placed in service January 1, 1994 through December 31, 1997 and 10% for qualified taxpayers from January 1, 1998 and thereafter. Detailed instructions are available on Form RI-3468 which must accompany any return claiming an investment credit. Form RI-3468 may be obtained at the R.I. Division of Taxation.

11. MOTION PICTURE PRODUCTION TAX CREDIT

A motion picture production company shall be allowed a credit pursuant to chapter 44-31.2. The amount of the credit shall be twenty-five percent (25%) of the state certified production costs incurred within the state, provided that the primary locations are within the state of Rhode Island and the total production budget as defined in 44-31.2-5 is a minimum of three hundred thousand dollars (\$300,000.00).

12. EDUCATIONAL ASSISTANCE AND DEVELOPMENT CREDIT

A credit is available for 8% of the contribution in excess of \$10,000.00 made to a R.I. institution of higher education and the contribution is to be for the establishment or maintenance of programs of scientific research or education. "Contributions" include the cost or other basis (for federal income tax purposes) in excess of \$10,000.00 of tangible personalty excluding sale discounts and sale-gift arrangements concerning the purchase of equipment. Amounts of unused credit may be carried over for 5 years and documentation of the credit requires a written statement from the institution.

13. ADULT EDUCATION TAX CREDIT

A R.I. employer may claim a credit of 50% of the costs incurred solely and directly for non-worksite or worksite-based adult education programs. The maximum credit per employee under the new provisions is \$300.00 and the maximum overall credit per taxable year per employer is \$5,000.00. Amounts of credit not deductible in one tax year may not be carried over to the following year and may not reduce the tax to less than \$500.00.

imum overall credit per taxable year per employer is \$5,000.00. Amounts of credit not deductible in one tax year may not be carried over to the following year and may not reduce the tax to less than \$500.00.

14. EMPLOYMENT TAX CREDIT

An employer who participates in the bonus program in conjunction with Chapter 40-6.3 of the general laws shall be eligible for a tax credit as set forth in R.I.G.L. section 40-6.3-4. An employer claiming credit must obtain a written certificate from the Director of Human Services that the employer has complied with the provisions of Chapter 40-6.3 and the rules and regulations promulgated thereunder. This credit may not reduce the tax to less than \$500.00. Amounts of unused credit may not be carried over to subsequent years.

15. CHILD DAY-CARE ASSISTANCE AND DEVELOPMENT CREDIT

Effective July 1, 1987, a credit is allowed against the business corporation tax of a taxpayer who pays for or provides child day-care services or that provides real property or dedicates rental space for child day-care services to its employees or to the employees of its commercial tenants.

The child day-care facility must be located in the State of Rhode Island and licensed by the Department of Children and Their Families pursuant to Chapter 42-72.1 of the general laws.

(a) If a taxpayer establishes and/or operates a child day-care facility either alone or in conjunction with one (1) or more other taxpayers, the credit is thirty percent (30%) of the total amount expended during the taxable year if the facility is used primarily by the dependent children of the taxpayers' employees or employees of commercial tenants of the taxpayer during such employee' hours of employment. As used above, the term "amount expended" means the actual sums of money spent, or the cost or other basis for federal tax purposes of real or tangible personal property donated or dedicated to the establishment of a child day-care center. The credit may not reduce the corporation tax to less than \$250.00 and the unused balance of the credit may be carried forward for the next five consecutive taxable years.

(b) If a taxpayer provides rental or lease space for child day-care services, the credit is thirty percent (30%) of the total amount foregone in rent or lease payments. The amount foregone shall be the difference between fair market rental and actual rentals. The credit may not reduce the corporation tax to less than \$500.00 and the unused balance of the credit may be carried forward for the next five consecutive taxable years. A maximum total credit of thirty thousand dollars (\$30,000.00) shall be allowed a taxpayer who qualifies under (a) or (b) above.

(c) If a taxpayer purchases day-care services, the credit is thirty percent (30%) of the amount expended and is limited to sixty percent (60%) of the actual cost of the day-care services purchased for each child. The total credit is limited to thirty thousand dollars (\$30,000.00) annually, may not reduce the corporation tax to less than \$500.00 and **the unused balance of the credit may not be carried forward.**

Taxpayers claiming a child day-care assistance and development credit must complete and attach Form RI-2441. Forms and assistance are available at the Rhode Island Division of Taxation, One Capitol Hill, Providence, RI 02908-5811.

16. CAPITAL INVESTMENT IN SMALL BUSINESSES

Title 44, Chapter 44-43 of the General Laws provides a deduction for purposes of computing net income under the Rhode Island Business Corporation Tax (Chapter 44-11) for a qualifying investment in a certified venture capital partnership and for credits to entrepreneurs of a qualifying business entity for certain wages paid to employees of such entity.

Corporations claiming deductions for investments in certified venture capital partnerships or entrepreneurial wage credits should contact the Rhode Island Division of Taxation, One Capitol Hill, Providence, RI 02908-5811 for forms and instructions.

17. ENTERPRISE ZONE TAX BENEFITS

The Enterprise Zone Council enacted by 42-64.3-3.1 has created RI enterprise zones. Various tax benefits may be available to taxpayers in the forms of business credits, special modifications, donation credits and interest credits. Taxpayers wishing to use these benefits, should contact the Division of Taxation for details.

CHART FOR PAGE 1, LINE 11 UNDERESTIMATE INTEREST PERCENTAGE

---- FISCAL PERIOD ----				---- EFFECTIVE RATE ----	
(COL 1)		(COL 2)		----- (COL 3) -----	
BEGINNING MON	YR	ENDING MON	YR	1ST PER	2ND PER
---	--	---	--	-----	-----
JAN	2006	DEC	2006	0.150000	0.112191
FEB	2006	JAN	2007	0.155000	0.116356
MAR	2006	FEB	2007	0.160000	0.119671
APR	2006	MAR	2007	0.165000	0.123410
MAY	2006	APR	2007	0.170000	0.127540
JUN	2006	MAY	2007	0.175000	0.130890
JUL	2006	JUN	2007	0.180000	0.135123
AUG	2006	JUL	2007	0.180000	0.134630
SEP	2006	AUG	2007	0.180000	0.134630
OCT	2006	SEP	2007	0.180000	0.135617
NOV	2006	OCT	2007	0.180000	0.135617
DEC	2006	NOV	2007	0.180000	0.136110

INSTRUCTIONS FOR CHART

1. Look up beginning and ending of taxable year in Column 1 and Column 2 of chart.
2. Follow along same line to get interest percentage for each of the two periods of underpayment.
3. Insert the two period percentages from Columns 3 and 4 of chart into Line 10 Columns a and b on front page.