



STATE OF CALIFORNIA Franchise Tax Board

Penalty Information

Penalties when you file a tax return late

Delinquent Filing Penalty

If you do not file your tax return by the extended due date, we impose a penalty of 25 percent of the amount due, after applying any payments and credits made on or before the original tax return due date. We impose the penalty from the original due date of the tax return. (For a tax return that shows a balance due, the minimum delinquent filing penalty is \$135 or 100 percent of the tax due after applying timely payments and credits, whichever is less.) A suspended entity is not eligible for an extension to file its tax returns. In that case, the penalty is then imposed at 5 percent of the late-paid tax for every month the return is late, up to a maximum of five months. (R&TC Section 19131). For tax year 2009 and before the minimum delinquent filing penalty is the lesser of \$100 or 100 percent of the amount of tax due after applying timely payments and credits.

Late Filing Penalty - Partnership and Limited Liability Company Treated Like Partnerships

We impose a penalty if you fail to file the business entity's tax return by its due date. For tax returns filed before January 1, 2011, the penalty is \$10 per partner or member for each month or part of the month the tax return is late, not to exceed five months. For tax returns with original due dates on or after January 1, 2011, the penalty is \$18 per partner or member for each month or part of the month that the failure continues, but not to exceed 12 months. (R&TC Section 19172).

Late Filing Penalty - S Corp Shareholder

We impose a penalty if you fail to file the business entity's tax return by its due date. We impose the penalty for tax returns with original due dates on or after January 1, 2011. The penalty is \$18 per shareholder for each month or part of the month that the failure continues, but not to exceed 12 months. (R&TC Section 19172.5).

Penalties when you pay late

Underpayment and Monthly Penalty

We impose a penalty if you do not pay the total amount due shown on your entity's tax return by the original due date. The penalty is 5 percent of the unpaid tax, plus 0.5 percent of the unpaid tax for each month or part of a month it remains unpaid. The maximum penalty is 25 percent of the unpaid tax. (R&TC Section 19132).

Corporation Estimated Tax Penalty

We impose a penalty if your entity does not pay, pays late, or underpays an estimated tax installment. We calculate the penalty on the unpaid amount from the due date of the estimated tax installment to the date we receive your payment or to the due date of the return, whichever is earlier. To locate both past and current interest rates, go to ftb.ca.gov and search for **interest rates**.

LLC Estimated Fee Penalty

We assess a penalty if your LLC fails to estimate and pay its annual fee by the 15th day of the 6th month of the tax year. The penalty amounts to 10 percent of the unpaid fee. We will not assess this penalty if your LLC pays a fee that equals or exceeds the amount it paid for the previous year. This provision affects tax years that begin on or after January 1, 2009 (R&TC Section 17942).

Penalties when you don't file a tax return

Demand Penalty

If you do not file the tax return within the time period specified in a demand notice, we impose a penalty of 25 percent of the total tax amount before applying any payments or credits. (R&TC Section 19133) Therefore, you may owe penalties and interest even if your tax return, when filed, shows the tax was paid timely or a refund is due. This penalty is imposed as of the date of the Notice of Proposed Assessment and may be imposed in addition to the delinquent filing and late filing penalties. (R&TC Section 19131).

Filing Enforcement Fee

We charge a filing enforcement fee for entities that do not file a tax return by the date indicated on our written demand to file a tax return. (R&TC Section 19254).

Nonqualified/Nonregistered, Suspended, Forfeited Penalty

We impose a \$2,000 penalty on entities who fail to file a tax return within 60 days after we send a demand to file. This penalty applies to the following entities doing business in California:

- Nonqualified, suspended, or forfeited corporations.
- Nonregistered, suspended, or forfeited limited liability (R&TC Section 19135).

Information on all other penalties

Franchise Tax Board - Penalty Reference Chart

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