ACT 2005 4 CHANGE TO REV-1630F, EXCEPTION 2, FOR CALCULATION OF UNDERPAYMENT OF ESTIMATED TAX BY FIDUCIARIES

Fiduciaries will use the new Form REV-1630F, Underpayment of Estimated Tax by Fiduciaries, to determine underpayment penalties and whether they meet either of the exceptions to the penalties. Effective with payments due after June 30, 2006, fiduciaries can use the annualized method to calculate the minimum estimated payment needed to avoid the estimated underpayment penalty. The following explains how the calculation for Exception 2 is to be done for the 2006 tax year.

EXCEPTION 2 WORKSHEET

Use this worksheet if your income was earned unevenly through 2006 and your 2006 estimated tax payments, tax withholdings, and credits equal at least 90% of the tax on your actual taxable income for the first two periods or equal at least the applicable percentage of the tax on the annualized income for the last two periods.

| 13. | Part II, Line 13 Calculation (For Installments due before 07/01/2006, | | 01/01/06 | 01/01/06 | 01/01/06 | 01/01/06 |
|-----|-----------------------------------------------------------------------|-----|----------|----------|----------|----------|
| | use the first two columns. For | | 03/31/06 | 05/31/06 | 07/31/06 | 11/30/06 |
| | installments due after 06/30/2006, use | | | | | |
| _ | the last two columns.) | _ | | | | |
| Α. | Enter your actual taxable income for period. | Α | | | | |
| B. | Annualized Amounts | B. | | | 1.71429 | 1.09091 |
| C. | Annualized income. Multiply Line A by Line B. | C. | | | | |
| D. | For the first two columns, multiply | D. | | | | |
| | Line A by 3.07% (.0307). For the last | | | | | |
| | two columns, multiply Line C by | | | | | |
| _ | 3.07% (.0307). | _ | | | | |
| E. | For each period, enter the same type | E. | | | | |
| | of credits as allowed on PA-41, Lines 12, 13, and 14. | | | | | |
| | (See instructions.) | | | | | |
| F. | Subtract Line D from Line E. If zero | F. | | | | |
| | or less, enter zero. | | | | | |
| G. | Applicable Percentage | G. | 90% | 90% | 67.5% | 90.0% |
| 13. | Exception 2 - For the first two | 13. | | | | |
| | columns, multiply Line D by Line G. | | | | | |
| | For the last two columns, multiply Line | | | | | |
| | F by Line G. | | | | | |

If the amount on Line 11 of the REV-1630F (estimated tax payments, tax withholdings, and credits) is equal to or greater than Line 13, you do not owe a penalty for that quarter.