



Penalty Reference Chart

Please use this chart for reference purposes only. We list penalty codes by Revenue and Taxation Code (R&TC) sections and reference comparable Internal Revenue Code (IRC) sections. These penalties reflect the law as enacted on September 21, 2011, for taxable years beginning on or after January 1, 2011.

Penalty Name	R&TC Section	IRC Section	Penalty Reason	Computation
Limited Liability Company (LLC) Fee Estimate Penalty	17942(d)(2)	None	Underpayment of estimated fee.	10% of the underpayment.
			Exceptions - Safe harbor-100% of prior year.	
Tax on Joint Return Exceeds Tax on Separate Returns	18530	6013(b)(5)	Tax on a joint return exceeds tax shown on separate returns, due to negligence or intentional disregard of rules, or fraud. In lieu of penalties provided by Section 19164(a) and (b).	75% of excess if attributable to fraud.
			20% of total amount of excess if attributable to negligence/intentional disregard of rules.	
Exceptions - None.				
Information Return From Owner of Real Property	18642	6045	Owners and transferors failing to file information return relating to interest in real property by the due date.	Penalty under 19183 applies. If information return not filed within 60 days of due date, the deduction of certain property-related expenses are disallowed.
			Exceptions - Reasonable cause and not willful neglect.	
Withholding Penalties	18668(a)	3403, 1461	Any person required to withhold tax, but fails to do so.	The greater of: <ul style="list-style-type: none"> • The actual amount withheld or • Payee's total tax liability (before application of any payments and credits), not to exceed the required 7% withholding amount.
			Exceptions - Reasonable cause.	
Withholding Penalties – Real Estate	18668(d)	3403, 1461	Any person required to withhold tax from the sale of real property when properly notified, but fails to do so.	The greater of: <ul style="list-style-type: none"> • \$500 or • 10% of the amount required to be withheld.
			Exceptions - Reasonable cause.	

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Penalty Name	R&TC Section	IRC Section	Penalty Reason	Computation
Withholding Penalties – Real Estate Escrow Person	18668(e)(1)		Any real estate escrow person failing to provide written notification of withholding requirement to a transferee/buyer of a California real property interest.	The greater of: <ul style="list-style-type: none"> • \$500 or • 10% of the amount required to be withheld.
			Exceptions - Reasonable cause.	
Withholding Penalties – Real Estate False Certificate	18668(e)(5)		Any transferor of California real property who knowingly files a false exemption certificate (Form 593-C, <i>Real Estate Withholding Certificate</i>) to avoid withholding.	The greater of: <ul style="list-style-type: none"> • \$1,000 or • 20% of the amount required to be withheld.
			Exceptions - Reasonable cause.	
Withholding Penalties	18669	None	Successor on a sale, transfer, or disposition of a business for failing to pay required amounts or failing to withhold or to pay withheld amounts.	10% of amount not paid or personal liability for amounts not withheld or withheld amounts not paid.
			Exceptions - None.	
Electronic Funds Transfer (EFT) Penalty	19011(c)	6302	Any person required to remit payment by EFT, but who makes payment by other means.	10% of the amount paid by non-EFT.
			Exceptions - Reasonable cause and not willful neglect.	
Electronic Payment Requirements for Individuals	19011.5	None	Failure by individuals, whose tax liability is greater than \$80,000 or who make an estimated tax or extension payment that exceeds \$20,000, to remit their tax payments electronically.	1% of the amount paid.
			Exceptions - Reasonable cause and not willful neglect.	
Failure to File a Return/Late Filing Penalty	19131	6651	Any taxpayer who is required to file a return, but fails to do so by the due date.	5% of the tax due, after allowing for timely payments, for every month that the return is late, up to a maximum of 25%. For fraud, substitute 15% and 75% for 5% and 25%, respectively. For individuals and fiduciaries, minimum penalty is the lesser of: <ul style="list-style-type: none"> • \$135 or • 100% of the tax required to be shown on the return.
			Exceptions - Reasonable cause and not willful neglect.	

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Failure to Pay Tax/Late Payment Penalty	19132	6651	Taxpayer failing to pay tax by the due date. This penalty is not imposed if, for the same tax year, the sum of Sections 19131 and 19133 penalties are equal to or greater than this penalty.	5% of the total tax unpaid plus 1/2 of 1% for every month the payment of tax was late up to 40 months. Not to exceed 25% of the total unpaid tax.
			Exceptions - Reasonable cause and not willful neglect.	
Failure to Provide Information Requested/ Failure to File a Return Upon Demand	19133	None	Any taxpayer for failing to provide requested information, or failing to file a return after notice and demand.	25% of total tax liability assessed without regard to any payments or credits.
			Exceptions - Reasonable cause and not willful neglect.	
Penalty for Failure to Make a Small Business Stock Report	19133.5	6652(k)	Taxpayer for failing to make a small business report.	\$50 for each report. \$100 per report if the failure is due to negligence or intentional disregard.
			Exceptions - Reasonable cause and not willful neglect.	
Dishonored Payments	19134	6657	Any taxpayer who makes a payment by check that is dishonored. Includes payments made by credit card or EFT.	For payments received after January 1, 2011: <ul style="list-style-type: none"> • An amount equal to 2% of the amount of the dishonored payment, or • If the amount of the check is less than \$1,250, \$25 or the amount of the check, whichever is less.
			Exceptions - Reasonable cause and good faith.	
Unqualified or Suspended Corporation Doing Business in this State	19135	None	Any foreign corporation which fails to qualify to do business, or whose powers have been forfeited, or any domestic corporation which has been suspended, and is doing business in this state, within the meaning of Section 23101.	\$2,000 per taxable year.
			Exceptions - Reasonable cause and not willful neglect.	

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Penalty Name	R&TC Section	IRC Section	Penalty Reason	Computation
Underpayment of Estimated Tax (Addition to Tax)	19136 et seq., 19142-19151	6654	Any taxpayer who fails to pay estimated tax in the required installments.	An amount determined by applying the underpayment rate specified in Section 19521 to the amount of the underpayment for the period of the underpayment.
			Exceptions - (1) Safe harbors under 6654 as modified. (2) Underpayment created or increased by any provision of law that is chaptered during and operative for the taxable year of the underpayment (3) underpayment was created or increased by the disallowance of a credit under Section 17053.80(g) or 23623(g).	
Large Corporate Understatement of Tax	19138	None	When a corporation has an understatement of tax for: Tax years beginning January 1, 2003, through December 31, 2009, that exceeds \$1 million. Tax years beginning January 1, 2010, that exceeds the greater of: <ul style="list-style-type: none"> • \$1 million. • 20% of tax shown on original return or shown on amended return filed on or before original or extended due date of return for taxable year. 	20% of the understatement of tax.
			Exceptions - Understatement is attributable to (1) a change in law after earlier of date return is filed or extended due date of return or (2) reasonable reliance on legal ruling by the Chief Counsel.	
Corporation Officer Statement Penalty	19141	None	Upon certification by the Secretary of State, penalty for taxpayer's failure to provide a Statement of Information.	\$250 upon certification by the Secretary of State under Corporations Code Sections 2204 and 17653. \$50 upon certification by the Secretary of State under Corporations Code Sections 6810 and 8810.
			Exceptions - None.	

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Penalty Name	R&TC Section	IRC Section	Penalty Reason	Computation
Information With Respect to Certain Foreign Corporations (IRS Form 5471, Information Return of U.S. Persons With Respect To Certain Foreign Corporations)	19141.2	6038	Failure to file and furnish certain information about certain foreign corporations.	\$1,000 for each annual accounting period. \$1,000 for each 30-day period up to a maximum of \$24,000 when failure continues after 90-day of notification.
			Exceptions - Reasonable cause and not willful neglect.	
Failure to File and Furnish Information About Foreign-Owned Corporations (IRS Form 5472, Information Return of a 25% Foreign-Owned U.S. Corporation or a Foreign Corporation Engaged in a U.S. Trade or Business)	19141.5	6038A	Failure to file and furnish information or to maintain required records about foreign-owned corporations, under IRC Section 6038A.	\$10,000 for each taxable year for which the taxpayer fails to file required information or fails to maintain the required records. \$10,000 for each 30-day period when failure continues after 90-day of notification.
			Exceptions - Reasonable cause.	

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Penalty Name	R&TC Section	IRC Section	Penalty Reason	Computation
Failure to File - Notice of Certain Transfers to Foreign Corporation (IRS Form 926, Return by a U.S. Transferor of Property to a Foreign Corporation)	19141.5	6038B	Failure to file/furnish information records about transfers or distributions to foreign-owned corporations, under IRC Section 6038B.	10% of fair market value at time of exchange, not to exceed \$100,000 unless failure due to intentional disregard. Plus recognition of gain required as if property sold based on that value.
			Exceptions - Reasonable cause and not willful neglect.	
Failure to File or Furnish Information About Foreign Corporations Engaged in U.S. Business (IRS Form 5472)	19141.5	6038C	Failure to file and furnish information or to maintain required records about a foreign corporation engaged in a trade or business within the U.S., under IRC Section 6038C.	\$10,000 for each taxable year for which the taxpayer fails to provide the required information or fails to maintain the required records. \$10,000 for each 30-day period, when failure continues after 90-day of notification.
			Exceptions - Reasonable cause.	
Failure to Retain Unitary Records Penalty	19141.6	None	Any taxpayer engaged in a unitary business that fails to maintain records relating to unitary combination, apportionment and allocation, and application of federal law.	\$10,000 for each year that the taxpayer fails to maintain or causes another to fail to maintain the required records. If the failure continues beyond 90 days of notice from us, an additional penalty of \$10,000 for each 30-day period is imposed up to a maximum of \$50,000 if the taxpayer's conduct is not willful.
			Exceptions - None.	

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Penalty Name	R&TC Section	IRC Section	Penalty Reason	Computation
Accuracy Related Penalty	19164	6662	Any underpayment of tax required to be shown on a return, attributable primarily to negligence or disregard of rules and regulations or a substantial understatement of income tax.	20% of the underpayment of tax. 40% unless certain exceptions apply for amnesty eligible years, which are tax years prior to January 1, 2003.
			Exceptions - The defenses to an accuracy related penalty include (1) substantial authority, (2) adequate disclosure and reasonable basis or (3) reasonable cause and good faith, depending on the grounds for imposing the penalty. In addition, see underlying regulation regarding unitary and business and nonbusiness income determinations.	
Accuracy Related Penalty – Substantial Valuation Misstatement	19164	6662(e)(1)	A substantial valuation misstatement exists when the value (or adjusted basis) of any property claimed on a return is 150% or more of the correct amount. Transactional Penalty – The price reported for any property or services claimed on a return is 200% or more (or 50% or less) of the correct figure. Net Adjustment Penalty – When the transfer price of any property or services increases the taxable income for the taxable year by the lesser of \$5 million or 10% of the taxpayer's gross receipts.	20% of the portion of the underpayment of tax attributable to the misstatement. No penalty imposed unless the portion of the underpayment exceeds \$5,000 (\$10,000 for corporations other than S corporations or personal holding companies).
			Exceptions - Reasonable cause and good faith. (See Treasury Regulation Section 1.6664-4 and 1.6662-6 for special rules.) There is no disclosure exception to this penalty. Treasury Regulation Section 1.6662-5(a). When there is an underpayment due to overstated charitable deduction property, there are special rules for reasonable cause under IRC Section 6664(c) for returns filed after January 1, 2010.	
Accuracy Related Penalty - Increase in Penalty in Case of Gross Valuation Misstatements	19164	6662(h)	A gross valuation misstatement exists if: The value (or adjusted basis) of any property on a return is 200% or more of the correct amount, or The price for any property or service claimed on a return is 400% or more (or 25% or less) of the correct price, or The net Section 482 adjustment exceeds the lesser of \$20 million or 20% of the taxpayer's gross receipts.	40% of the portion of the underpayment of tax attributable to the misstatement. No penalty imposed unless the amount of the underpayment exceeds \$5,000 (\$10,000 for corporations other than S corporations or personal holding companies).
			Exceptions - Reasonable cause and good faith. (See Treasury Regulation Section 1.6664-4 and 1.6662-6(d).) There is no disclosure exception to this penalty. Treasury Regulation Section 1.6662-5(a). When there is an underpayment due to overstated charitable deduction property, there are special rules for reasonable cause under IRC Section 6664(c) for returns filed after January 1, 2010.	

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Fraud Penalty	19164	6663	When there is clear and convincing evidence to prove that some part of the underpayment of tax was due to civil fraud. Such evidence must show the taxpayer's intent to evade tax that the taxpayer believed to have owed.	75% of the underpayment attributable to civil fraud.
			Exceptions - Reasonable cause and good faith.	
Reportable Transaction Accuracy Related Penalty - Disclosed Reportable Transaction	19164.5	6662A	Any disclosed reportable transaction understatement for tax years beginning on or after January 1, 2005.	20% of the understatement attributed to the reportable or listed transaction if the transaction is adequately disclosed on the return.
			Exceptions - Chief Counsel relief for reportable transactions other than listed transactions. The standards in R&TC Section 19772 apply.	
Reportable Transaction Accuracy Related Penalty - Undisclosed Reportable Transaction	19164.5	6662A(c)	Any undisclosed reportable transaction understatement for tax years beginning on or after January 1, 2005.	30% of the understatement attributed to the reportable or listed transaction if the transaction is not adequately disclosed on the return.
			Exceptions - Chief Counsel relief for reportable transactions other than listed transactions. The standards in R&TC Section 19772 apply.	
Preparer Penalty	19166(a)	6694(a)(1)	When a preparer completes a return or claim for refund that results in the taxpayer's understatement based on an unreasonable position and the preparer knew or reasonably should have known of the unreasonable position.	Greater of: \$250 or 50% of income derived (or to be derived) by the tax preparer with respect to each return or claim.
			Exceptions - The preparer can avoid the penalty (1) if the position is adequately disclosed and has a reasonable basis; (2) if the position is not disclosed and is not a tax shelter and there is substantial authority for the position; or (3) for a tax shelter position defined in IRC Section 6662(d) or a reportable transaction under IRC Section 6011, if the preparer reasonably believes that the position is more-likely-than-not correct. Also reasonable cause and good faith. If preparer pays at least 15% of the penalty within 30 days of the bill and files a claim for refund, the preparer may file an action in court within 30 days of the claim denial or deemed denial.	

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Penalty Name	R&TC Section	IRC Section	Penalty Reason	Computation
Preparer Penalty - Reportable Transactions, Listed Transactions or Gross Misstatements	19166(b)(2)	6694	When a preparer completes a return or claim for refund that results in the taxpayer's understatement based on an undisclosed reportable transaction, a listed transaction, or a gross misstatement.	\$1,000 or 50% of the income derived (or to be derived) with respect to each return or claim.
			Exceptions - Standard to avoid the penalty is more-likely-than-not. If preparer pays at least 15% of the penalty within 30 days of the bill and files a claim for refund, the preparer may file an action in court within 30 days of the claim denial or deemed denial.	
Understatement of a Taxpayer's Liability by Tax Preparer - Willful or Reckless Conduct	19166(a)	6694(b)	If the understatement of the taxpayer's tax is due to the preparer's willful attempt to understate the liability or any reckless or intentional disregard of rules or regulations.	The greater of \$5,000 or 50% of the income derived (or to be derived) with respect to each return or claim.
			Exceptions - A preparer is not considered to have recklessly or intentionally disregarded a rule or regulation if the position has a reasonable basis and is adequately disclosed. If a regulation is at issue, there must be a good faith challenge. If the position is contrary to a revenue ruling or notice, the substantial authority standard applies. The same rules of paying 15% and filing a claim and suit in court apply.	
Additional Penalties - Failure to Furnish Copy to Taxpayer	19167(a)	6695(a)	Failure to furnish a completed copy of return or claim.	\$50 per failure, not to exceed \$25,000 during any calendar year.
			Exceptions - Reasonable cause and not willful neglect.	
Additional Penalties - Failure to Furnish Identifying Number	19167(b)	6695(c)	Failure to include on a return or claim the identifying number of the preparer, employer or both.	\$50 per failure, not to exceed \$25,000 during any calendar year.
			Exceptions - Reasonable cause and not willful neglect.	
Additional Penalties - Failure to Retain Copy or List	19167(c)	6695(d)	Failure to retain a completed copy of a return or claim for 3 years or a list with the taxpayer's name and identifying number and make the return or list available for inspection by FTB.	\$50 per failure, not to exceed \$25,000 during any calendar year.
			Exceptions - Reasonable cause and not willful neglect.	

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Additional Penalties - Failure to Register as a Tax Preparer with California Tax Education Council (CTEC)	19167(d)(1) and (2)	None	Failure to register with the CTEC.	\$2,500 for first failure to register. \$5,000 for other than first failure.
			Exceptions - Reasonable cause and not willful neglect. The penalty may be waived if the preparer provides proof of registration to us within 90 days of mail date of notice. Certain persons are exempt from the requirement to register, such as licensed certified public accountants (CPA) and licensed attorneys.	
Negotiation of Taxpayer's Check by Tax Preparer	19169, 20645.7	6695(f)	If the tax preparer endorses or otherwise negotiates a check for the refund of tax that is issued to a taxpayer, if the person was the preparer of the return or claim that gave rise to the refund check.	\$250 for each endorsement or negotiation of a check.
			Exceptions - The preparer will not be considered to have endorsed a check solely as a result of putting the taxpayer's name to a check for the purpose of depositing the check into the taxpayer's account, if authorized by the taxpayer.	
Failure to File Electronically	19170	None	If a preparer that is subject to R&TC Section 18621.9 fails to file returns electronically.	\$50 for each failure.
			Exceptions - Reasonable cause and not willful neglect. Reasonable cause can be established by the taxpayer electing not to file electronically.	
Failure of Partnership to Comply with Filing Requirements	19172	6698	If a partnership: Fails to file a timely return (FTB 565 <i>Partnership Return of Income</i> / FTB 568, <i>Limited Liability Return of Income</i>), including any extensions, or Files a return (FTB 565/568) that fails to include information required under R&TC Section 18633 or 18633.5.	\$18 multiplied by the number of persons who were partners/members during any part of that taxable year for each month during which that failure continues, not to exceed 12 months.
			Exceptions - Reasonable cause.	

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Penalty Name	R&TC Section	IRC Section	Penalty Reason	Computation
Failure of S Corporation to Comply with Filing Requirements	19172.5	6699	If an S Corporation: Fails to file a timely return, including extensions, or Files a return that fails to include information required under R&TC Section 18601.	\$18 multiplied by the number of persons who were shareholders during any part of that taxable year for each month during which that failure continues, not to exceed 12 months.
			Exceptions - Reasonable cause.	
Failure to Comply With Request to Provide Lists - Reportable Transactions	19173(a)	6708	Failing to provide lists of advisees with respect to reportable transactions (other than a listed transaction) to FTB within 20 business days after FTB requests the list.	\$10,000 for each day of such failure after the 20th business day.
			Exceptions - Chief Counsel relief for reportable transactions other than listed transactions.	
Failure to Comply With Request - Material Advisors With Respect to Listed Transactions	19173(b)	None	Material advisors who fail to meet the requirements of R&TC Section 18648(d)(1) with respect to a listed transaction.	\$100,000 or 50% of gross income that the material advisor derived from that activity whichever is greater.
			Exceptions - The penalty does not apply if it is shown that the additional information required was not identified in our notice prior to the date the transaction/shelter was entered into. No Chief Counsel review for listed transactions.	
Failure to Report Personal Service Remuneration	19175	None	Any person or entity who fails to report amounts paid as remuneration for personal services may be liable for a penalty.	The maximum personal income tax rate multiplied by the unreported amounts paid as remuneration for personal services. In addition, at our discretion, we may disallow the deduction for amounts paid as remuneration.
			Exceptions - None.	
Statement That Results in Under-Withholding	19176	6682	Statement that results in a decrease in amounts deducted and withheld, if there was no reasonable basis for the statement.	\$500 for the statement.
			Exceptions - Penalty may be waived if the tax paid by the individual for the taxable year is equal to or less than the sum of both certain credits allowed and payments of estimated tax.	

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Promotion of Abusive Tax Shelter	19177	6700	Any person who engages in the organization of, or sale of any interest in, a partnership or other entity, an investment plan or arrangement, or any other plan or arrangement, if the person makes, furnishes, or causes another person to make or furnish: A false or fraudulent tax benefits statement as to a material matter; or A gross valuation overstatement as to a material matter.	\$1,000 or 100% of the gross income derived (or to be derived) by the person from the activity whichever is less. If the activity on which the penalty is imposed involves a false or fraudulent statement as to any matter pertaining to the tax shelter plan or arrangement, the penalty is 50% of the gross income the promoter derived (or was to derive) from promoting the activity.
			Exceptions - If a penalty is imposed with respect to a gross valuation overstatement, the penalty may be waived on a showing that there was a reasonable basis for the valuation and the valuation was made in good faith.	
Aiding and Abetting Understatement of Tax Liability	19178	6701	Aiding and abetting understatement of tax.	\$1,000. \$10,000 if the tax liability relates to a corporation. Only one penalty per person per period.
			Exceptions - None.	
Filing Frivolous Return	19179(a) and (b)	6702(a)	Filing a frivolous return.	\$5,000 if the return does not contain sufficient information or is based on a frivolous position or reflects an attempt to delay or impede administration of the tax laws.
			Exceptions - Chief Counsel relief.	
Frivolous Submissions	19179(d)	6702(b)	Filing a specified frivolous submission.	\$5,000 for "specified frivolous submissions."
			Exceptions - Chief Counsel relief.	
Failure to Comply With Original Issue Discount Reporting Requirements	19181	6706	Failing to comply with original issue discount reporting requirements.	\$50 for each failure to show information on debt instrument. 1% of the aggregate issue price of each issue, up to a maximum of \$50,000 for each issue for failure to furnish information to taxing agency.
			Exceptions - Reasonable cause and not willful neglect.	

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Penalty Name	R&TC Section	IRC Section	Penalty Reason	Computation
Failure to Furnish Information Regarding Reportable Transaction	19182	6707	A material advisor who fails to file a return with respect to any reportable transaction before the date prescribed or who files false or incomplete information with respect to such transactions.	\$50,000; for listed transactions, equal to the greater of: \$200,000 or 50% (or 75% if failure is intentional) of the gross income derived by such a person.
			Exceptions - Penalty will not apply if it is shown that the additional required information was not identified in our notice issued prior to the date of the transaction. Chief Counsel relief for reportable transactions other than listed transactions.	
Failure to Disclose Quid Pro Quo Contributions	19182.5	6714	For each contribution where the organization fails to make the required disclosure.	\$10 for each contribution, but the total penalty with respect to a particular fundraising event or mailing shall not exceed \$5,000.
			Exceptions - Reasonable cause. No penalty imposed if requirements under IRC Section 6115 are met.	
Failure to File Correct Information Return	19183(a)	6652, 6721-6724	Failing to file information returns or failure to include all required information.	\$50 for failure to file correct information returns, with respect to which such a failure occurs. Shall not exceed \$250,000 during any calendar year; \$100,000 for persons with gross receipts of not more than \$5 million. Higher penalties (without reduction for correction) apply in the case of intentional disregard, depending on type of information return.
			Exceptions - De minimis failure exception. Reasonable cause and not willful neglect.	
Failure to File Correct Information Return	19183(a)	6721(b)(1)	Reduction in failure to file correct information return penalty when corrected within 30 days.	\$15 for failure to file correct information returns, with respect to which such a failure occurs. Shall not exceed \$75,000 during any calendar year. \$25,000 for persons with gross receipts of not more than \$5 million.
			Exceptions - Reasonable cause and not willful neglect.	
Failure to File Correct Information Return	19183(a)	6721(b)(2)	Reduction in failure to file correct information return penalty when corrected on or before August 1.	\$30 for failure to file correct information returns, with respect to which such a failure occurs. Shall not exceed \$150,000 during any calendar year. \$50,000 for persons with gross receipts of not more than \$5 million.
			Exceptions - Reasonable cause and not willful neglect.	

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Failure to File Correct Information - Failure to Furnish Correct Payee Statements	19183(b)(1)	6722(a)	Failure to furnish correct payee statements.	\$50 for each statement, up to a maximum of \$100,000 for each calendar year. \$100, or, if greater, 5% or 10% of the aggregate amount of the items required to be reported correctly, depending on the type of return required, with respect to each such failure for intentional disregard. The \$100,000 limitation in IRC Section 6722(a) shall not apply.
			Exceptions - Reasonable cause and not willful neglect.	
Failure to File Correct Information - Failure to Comply With Other Information Reporting Requirements	19183(c)	6723	Failure to comply with other information reporting requirements.	\$50 for each such failure, up to a maximum of \$100,000 for each calendar year.
			Exceptions - Reasonable cause and not willful neglect.	
Failure to File Correct Information - Failure to Provide Written Explanation to Recipients of Distributions Eligible for Rollover Treatment.	19183(e)	None	Failure to provide written explanation to recipients of distributions eligible for rollover treatment pursuant to IRC Section 402(f).	\$10 for each failure, up to a maximum of \$5,000 for each calendar year after notice and demand.
			Exceptions - Reasonable cause and not willful neglect.	
Failure to File Report Regarding Tax Deferred Savings Accounts	19184	6693	Failure to file report regarding tax deferred savings accounts.	\$50 for each failure.
			Exceptions - Reasonable cause.	

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Failure to File Report Regarding Tax Deferred Savings Accounts - Overstatement as to Amount Designated Nondeductible Contributions	19184(b)(1)(B)	6693	Overstating the amount designated as nondeductible contributions for any taxable year.	\$100 for each overstatement.
			Exceptions - Reasonable cause.	
Failure to File Report Regarding Tax Deferred Savings Accounts - Failure to File a Form Required for Nondeductible Contributions to Individual Retirement Accounts (IRA)	19184(b)(2)	6693	Failure to file a form required for nondeductible contributions to IRAs.	\$50 for each failure.
			Exceptions - Reasonable cause.	
Substantial and Gross Valuation Misstatements on Appraisal	19185	6695A	Knowingly preparing an appraisal to be used in connection with a return or claim and the claimed value results in a substantial valuation misstatement, or gross valuation misstatement.	For returns or submissions filed on or after January 1, 2011: 125% of gross income from the preparation of the appraisal. Or, if less: 10% of the amount of underpayment attributable to misstatement, but not less than \$1,000.
			Exceptions - Established value in the appraisal was more likely than not the proper value.	
Fraudulent Identification of Exempt Use Property	19186	6720B	Knowingly misidentifying applicable property (charitable deduction property) as having exempt use.	\$10,000.
			Exceptions - None.	

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Financial Institution Record Match (FIRM)	19266(g)	None	Any financial institution that willfully fails to comply with rules and regulations for the administration of delinquent tax collections.	\$50 for each record not provided up to \$100,000 per calendar year.
			Exceptions - Reasonable cause.	
Suspension or Disbarment From Practice Before FTB	19523.5	None	Failure to notify the Franchise Tax Board within 45 days of the issuance of a final order disbaring or suspending the person to practice.	\$5,000.
			Exceptions - None.	
Failure to Provide Information Concerning State Licenses Penalty	19528	None	Licenses failing to provide identification numbers upon demand.	\$100 after 30-day notice and demand.
			Exceptions - None.	
Frivolous Proceedings; Failure to Exhaust Administrative Remedies	19714	6673	Taxpayer's action at the State Board of Equalization (BOE) or in court that was instituted or maintained by the taxpayer for delay, or that the position was frivolous or groundless, or that administrative remedies were not pursued.	Not more than \$5,000.
			Exceptions - None.	
Business Conducted After Suspension or Forfeiture of Corporate Rights	19719	None	Anyone who attempts or purports to exercise the powers, rights, and privileges of a corporation that has been suspended or forfeited.	Minimum \$250 and not exceeding \$1,000.
			Exceptions - Not applicable to any insurer or insurer's counsel.	
Failure to Include Information on Reportable Transactions	19772	6707A	Failure to include reportable transactions information with a return.	\$15,000, \$30,000 if listed transaction.
			Exceptions - Chief Counsel relief only for reportable transactions other than listed transactions.	

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Penalty Reference Chart

Penalty Name	R&TC Section	IRC Section	Penalty Reason	Computation
Noneconomic Substance Transaction Understatement	19774	6662(b)(6) and (i)	Understatement of a noneconomic substance transaction.	40% of understatement. Reduced to 20% if relevant facts adequately disclosed in the return.
			Exceptions - Chief Counsel relief.	
Interest-Based Penalty for Listed Transactions, et al.	19777	None	Taxpayer contacted by FTB concerning an abusive tax avoidance transaction.	100% of the interest payable for the period beginning on the due date of the return and ending on the date the NPA is mailed.
			Exceptions - None.	
Amnesty Program Interest Penalties	19777.5	None	An addition to tax for each tax year that was eligible for amnesty, but amnesty was not requested, and there was an unpaid amount due on March 31, 2005, (i.e., 50% Interest-Based penalty). The penalty is also imposed where FTB mails a notice of proposed assessment or a notice of tax due or where a taxpayer self assesses additional tax for an amnesty eligible tax year after the end of the amnesty period (i.e., Post-Amnesty Penalty).	The 50% Interest-Based Penalty is calculated as an amount equal to fifty percent of the interest that accrued on the unpaid daily balance from the original due date of the tax to March 31, 2005. The Post-Amnesty Penalty is calculated as an amount equal to fifty percent of the interest computed on the additional amount from the original due date of the tax year to March 31, 2005.
			Exceptions - No claim for refund allowed except on the grounds that the penalty was not properly calculated.	
150% Interest Penalty	19778	None	Amended return filed after April 15, 2004, but before taxpayer is contacted by FTB regarding a potentially abusive tax shelter.	Interest accrues at a rate of 150% of the adjusted annual rate.
			Exceptions - None.	
Relief From Contract Voidability	23305.1	None	The period for which relief from voidability of the contract is granted.	\$100 daily for each day of the period for which relief from voidability is granted, not to exceed a total penalty equal to the amount of the tax for the period for which relief is requested.
			Exceptions - None.	
Failure of Exempt Organizations and Trusts to Pay Filing Fee	23772(a)(3)	6033, 6072(e)	Failure to pay fee on or before due date (determined with regard to any extension of time for filing) for filing exempt organization or trust return.	Filing fee increased to \$25.
			Exceptions - Reasonable cause.	

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Penalty Name	R&TC Section	IRC Section	Penalty Reason	Computation
Failure of Exempt Organizations and Trusts to File Annual Information Return	23772(c)(1)	6033, 6072(e)	The period in which the exempt organization or trust fails to file a return after the due date.	On notice and demand \$5 for each month or fraction thereof during which the failure to file a return continues, but the total amount imposed on any organization for the failure to file shall not exceed \$40.
			Exceptions - Reasonable cause.	
Failure of Private Foundation to File on Demand	23772(c)(2)	6033, 6072(e)	The period in which a private foundation fails to file a return after receiving a demand for a return from FTB.	\$5 for each month or fraction thereof during which the failure to file a return continues, but the total amount imposed on any organization for the failure to file shall not exceed \$25 in addition to penalty provided in 23772(c)(1).
			Exceptions - Reasonable cause.	
Real Estate Investment Trust (REIT) Failure to Comply With Ascertainment of Ownership Rules	24872.7	857(f)	Failure to comply with federal regulations to ascertain ownership rules.	Penalty imposed only, and in same amount, if penalty is imposed for federal purposes: \$25,000. Intentional disregard is \$50,000. Failure to comply after notice an additional penalty of either \$25,000 or \$50,000.
			Exceptions – Reasonable cause and not willful neglect, as determined by the IRS.	
Failure to Supply Information Penalty	25112	None	Taxpayer engaged in a unitary business that fails to supply requested information.	\$1,000 for each taxable year. Additional penalty of \$1,000 for each 30-day period up to \$24,000 if failure continues for more than 90 days after we notify the taxpayer.
			Exceptions - Reasonable cause.	