

Corporation Estimated Tax

For calendar year 1992, or tax year beginning _____, 1992, and ending _____, 19 _____

1992
 (Rev. 1-92)

(Keep for the Corporation's Records—Do Not Send to the Internal Revenue Service)

1 Taxable income expected in the tax year	1	
<i>Qualified personal service corporations (defined in instructions): Skip lines 2 through 9 and enter 34% of line 1 on line 10.</i>		
2 Enter the smaller of line 1 or \$50,000 (members of a controlled group, see instructions)	2	
3 Subtract line 2 from line 1	3	
4 Enter the smaller of line 3 or \$25,000 (members of a controlled group, see instructions)	4	
5 Subtract line 4 from line 3	5	
6 Enter 15% of line 2	6	
7 Enter 25% of line 4	7	
8 Enter 34% of line 5	8	
9 If line 1 is greater than \$100,000, enter the smaller of 5% of the excess over \$100,000 or \$11,750 (members of a controlled group, see instructions)	9	
10 Total. Add lines 6 through 9	10	
11 Estimated tax credits	11	
12 Subtract line 11 from line 10	12	
13 Recapture of: a Investment credit and b Low-income housing credit	13	
14a Alternative minimum tax	14a	
b Environmental tax	14b	
15 Total. Add lines 12 through 14b	15	
16 Credit for Federal tax on fuels (see instructions)	16	
17 Subtract line 16 from line 15. Note: If the result is less than \$500, the corporation is not required to make estimated tax payments.	17	
18a Enter 93% of line 17.	18a	
b Enter the tax shown on the corporation's 1991 tax return (CAUTION: See instructions before completing this line.)	18b	
c Enter the smaller of line 18a or line 18b	18c	
		(a) (b) (c) (d)
19 Installment due dates (see instructions)	19	
20 Required installments. Enter 25% of line 18c in columns (a) through (d) unless a or b below applies to the corporation.	20	
a If the annualized income installment method and/or the adjusted seasonal installment method is used, complete Schedule A and enter the amounts from line 45 in each column of line 20.		
b If the corporation is a "large corporation," see the instructions for the amount to enter in each column of line 20.		

Schedule A Required Installments Using the Annualized Income Installment Method or the Adjusted Seasonal Installment Method Under Section 6655(e)

Part I—Annualized Income Installment Method		(a)	(b)	(c)	(d)
		Period			
			First 3 months	First 6 months	First 9 months
1	Enter taxable income for each period.	1			
2	Annualization amounts.	2	4	2	1.33333
3	Multiply line 1 by line 2.	3			
			First 3 months	First 5 months	First 8 months
4	Enter taxable income for each period.	4			
5	Annualization amounts.	5	4	2.4	1.5
6	Multiply line 4 by line 5.	6			
7	Annualized taxable income. In column (a), enter the amount from line 6, column (a). In columns (b), (c), and (d), enter the smaller of the amounts in each column on line 3 or line 6.	7			
8	Figure tax on the amount in each column on line 7 in the same manner as figured for line 10, Form 1120-W.	8			
9	Enter other taxes for each payment period (see instructions).	9			
10	Total tax. Add lines 8 and 9.	10			
11	For each period, enter the same type of credits as allowed on Form 1120-W, lines 11 and 16 (see instructions).	11			
12	Total tax after credits. Subtract line 11 from line 10. If zero or less, enter -0-.	12			
13	Applicable percentage.	13	23.25%	46.5%	69.75%
14	Multiply line 12 by line 13.	14			
15	Add the amounts in all preceding columns of line 45.	15			
16	Subtract line 15 from line 14. If zero or less, enter -0-.	16			
Part II—Adjusted Seasonal Installment Method <i>(Use this method only if the base period percentage for any 6 consecutive months is at least 70%. See the Schedule A instructions.)</i>		(a)	(b)	(c)	(d)
		Period			
		First 3 months	First 5 months	First 8 months	First 11 months
17	Enter taxable income for the following periods:				
a	Tax year beginning in 1989	17a			
b	Tax year beginning in 1990	17b			
c	Tax year beginning in 1991	17c			
18	Enter taxable income for each period for the tax year beginning in 1992.	18			
			First 4 months	First 6 months	First 9 months
19	Enter taxable income for the following periods:				Entire year
a	Tax year beginning in 1989	19a			
b	Tax year beginning in 1990	19b			
c	Tax year beginning in 1991	19c			
20	Divide the amount in each column on line 17a by the amount in column (d) on line 19a.	20			
21	Divide the amount in each column on line 17b by the amount in column (d) on line 19b.	21			
22	Divide the amount in each column on line 17c by the amount in column (d) on line 19c.	22			

		(a)	(b)	(c)	(d)
		Period			
		First 4 months	First 6 months	First 9 months	Entire year
23	Add lines 20 through 22.	23			
24	Divide line 23 by 3.	24			
25	Divide line 18 by line 24.	25			
26	Figure tax on the amount on line 25 in the same manner as figured for line 10, Form 1120-W.	26			
27	Divide the amount in columns (a) through (c) on line 19a by the amount in column (d) on line 19a.	27			
28	Divide the amount in columns (a) through (c) on line 19b by the amount in column (d) on line 19b.	28			
29	Divide the amount in columns (a) through (c) on line 19c by the amount in column (d) on line 19c.	29			
30	Add lines 27 through 29.	30			
31	Divide line 30 by 3.	31			
32	Multiply the amount in columns (a) through (c) of line 26 by the amount in the corresponding column of line 31. In column (d), enter the amount from line 26, column (d).	32			
33	Enter other taxes for each payment period (see instructions).	33			
34	Total tax. Add lines 32 and 33.	34			
35	For each period, enter the same type of credits as allowed on Form 1120-W, lines 11 and 16 (see instructions).	35			
36	Total tax after credits. Subtract line 35 from line 34. If zero or less, enter -0-.	36			
37	Multiply line 36 by 93%.	37			
38	Add the amounts in all preceding columns of line 45.	38			
39	Subtract line 38 from line 37. If zero or less, enter -0-.	39			

Part III—Required Installments

		1st installment	2nd installment	3rd installment	4th installment
		40	If only one of the above parts is completed, enter the amount in each column from line 16 or line 39. If both parts are completed, enter the smaller of the amounts in each column from line 16 or line 39.	40	
41	Divide line 18c, Form 1120-W, by 4 and enter the result in each column. (Note: "Large corporations" see line 20b Instructions on page 5 for the amount to enter.)	41			
42	Enter the amount from line 44 for the preceding column.	42			
43	Add lines 41 and 42.	43			
44	If line 43 is more than line 40, subtract line 40 from line 43. Otherwise, enter -0-.	44			
45	Required installments. Enter the smaller of line 40 or line 43 here and on Form 1120-W, line 20.	45			

General Instructions

(Section references are to the Internal Revenue Code unless otherwise noted.)

Paperwork Reduction Act Notice.—Use of this form is optional. It is provided to aid the corporation in determining its tax liability.

The time needed to complete this form will vary depending on individual circumstances. The estimated average time is:

Form	Recordkeeping	Learning about the law or the form	Preparing the form
1120-W	6 hr., 56 min.	1 hr., 12 min.	1 hr., 21 min.
1120-W, Sch. A (Pt. I)	11 hr., 43 min.	6 min.	17 min.
1120-W, Sch. A (Pt. II)	24 hr., 23 min.	24 min.
1120-W, Sch. A (Pt. III)	5 hr., 16 min.	5 min.

If you have comments concerning the accuracy of these time estimates or suggestions for making this form more simple, we would be happy to hear from you. You can write to both the **Internal Revenue Service**, Washington, DC 20224, Attention: IRS Reports Clearance Officer, T:FP; and the **Office of Management and Budget**, Paperwork Reduction Project (1545-0975), Washington, DC 20503. **DO NOT** send the tax form to either of these offices. Instead, keep the form for your records.

Important Change.—Form 1120-W has been revised to reflect changes made by the Tax Extension Act of 1991 (the Act) that was enacted after the 1991 Form 1120 (U.S. Corporation Income Tax) Package was printed. Use this form instead of the previously released version that appears in the Form 1120 package. This form can be distinguished from the previously released version by the notation "(Rev. 1-92)" under "1992" in the upper right hand corner of the form.

Effective for tax years beginning after 1991, the Act increases the amount of estimated tax payments that a corporation must make. Generally, for tax years beginning in 1992, the estimated tax payments are increased from 90% to 93% of the corporation's current year tax liability. This change applies regardless of whether the corporation uses the regular installment method, the annualized income installment method, or the adjusted seasonal installment method.

The Act does not change the rule that allows a small corporation to pay 100% of last year's tax liability. In addition, a "large corporation" may continue to base its first required installment on 100% of the prior year's tax liability.

Who Must Make Estimated Tax Payments.—Generally, a corporation must make estimated tax payments if it expects its estimated tax (income tax less credits) to be \$500 or more. S corporations must also make estimated tax payments for certain taxes. See the instructions for **Form 1120S**, U.S. Income Tax Return for an S Corporation, to figure the estimated tax payments of an S corporation.

In addition, tax-exempt corporations filing **Form 990-T**, Exempt Organization Business Income Tax Return, must make estimated tax payments for their unrelated business income tax. Tax-exempt corporations use **Form 990-W**, Estimated Tax on Unrelated Business Taxable Income for Tax-Exempt Organizations, to figure their estimated tax.

When To Make Estimated Tax Payments.—For calendar or fiscal year corporations, the payments are due by the 15th day of the 4th, 6th, 9th, and 12th months of the tax year. If any date falls on a Saturday, Sunday, or legal holiday, substitute the next regular workday.

Underpayment of Estimated Tax.—A corporation that does not pay estimated tax when due may be charged an underpayment penalty for the period of underpayment (section 6655), at a rate determined under section 6621.

Overpayment of Estimated Tax.—A corporation that has overpaid its estimated tax may apply for a "quick refund" if the overpayment is:

1. At least 10% of its expected income tax liability, **and**
2. At least \$500.

To apply for a quick refund, file **Form 4466**, Corporation Application for Quick Refund of Overpayment of Estimated Tax, before the 16th day of the 3rd month after the end of the tax year, but before the corporation files its income tax return. Do not file Form 4466 before the end of the corporation's tax year.

Depository Method of Tax Payment.—Deposit corporation income tax payments and estimated tax payments with a Federal Tax Deposit (FTD) Coupon (Form 8109). Do not submit deposits directly to an IRS office. Mail or deliver the completed FTD Coupon (Form 8109) and the payment to a qualified depository for Federal taxes or to the Federal Reserve bank (FRB) servicing the corporation's geographic area. Make checks or money orders payable to that depository or FRB. To help ensure proper crediting to the corporation's account, write the employer identification number, "Form 1120," and the tax period to which the deposit applies on the check or money order. Be sure to darken the "1120" box on the coupon. Records of deposits will be sent to IRS for crediting to the corporation's account.

A penalty may be imposed for failure to deposit the required amount of tax. See section 6656. This penalty may also apply if deposits are mailed or delivered to IRS offices rather than to authorized depositories or FRBs.

For more information about deposits, see the instructions in the coupon book (Form 8109) and **Pub. 583**, Taxpayers Starting a Business.

Amended Estimated Tax.—If after the corporation figures and deposits estimated tax, it finds that its tax liability for the year is much more or less than originally estimated because its economic condition has changed, it may have to refigure its required installments. If earlier installments were underpaid, the corporation may owe a penalty for underpayment of estimated tax.

An immediate "catch-up" payment should be made to reduce the amount of any penalty resulting from the underpayment of any earlier installments, whether caused by a change in estimate, failure to make a deposit, or a mistake.

Specific Instructions

Qualified Personal Service Corporations.—A qualified personal service corporation is taxed at a flat rate of 34% on taxable income. For this purpose, a qualified personal service corporation is any corporation: **(a)** substantially all of the activities of which involve the performance of services in the fields of health, law, engineering, architecture, accounting, actuarial science, performing arts, or consulting, and **(b)** at least 95% of the stock of which is owned by employees performing the services, retired employees who had performed the services listed above, any estate of an employee or retiree described above, or any person who acquired stock of the corporation as a result of the death of an employee or retiree described above, if the acquisition occurred within 2 years of death. See Temporary Regulations section 1.448-1T(e) for details.

Lines 2 and 4.—Members of a controlled group enter on line 2 the smaller of the amount on line 1 or their share of the \$50,000 amount. Members of a controlled group enter on line 4 the smaller of the amount on line 3 or their share of the \$25,000 amount.

If no apportionment plan is adopted, the members of the controlled group must divide the amount in each taxable income bracket equally among themselves. For example, controlled group AB consists of corporation A and corporation B. They do not elect an apportionment plan. Therefore, corporation A is entitled to \$25,000 (one-half of \$50,000) in the \$50,000 taxable income bracket, and \$12,500 (one-half of \$25,000) in the \$25,000 taxable income bracket. Corporation B is also entitled to \$25,000 in the \$50,000 taxable income bracket and \$12,500 in the \$25,000 taxable income bracket.

Members of a controlled group may elect an unequal apportionment plan and divide the amounts in each taxable income bracket in any way they want. They need not divide each taxable income bracket in the same way. For example, if controlled group AB above elects an unequal apportionment plan, any member of the controlled group may be entitled to all, some, or none of the \$50,000 amount in the first taxable income bracket, as long as the total for all members of the controlled group is not more than \$50,000. Similarly, any member may be entitled to all, some, or none of the \$25,000 amount in the second taxable income bracket, as long as the total for all members of the controlled group is not more than \$25,000.

Line 9.—Members of a controlled group of corporations are treated as one corporation for purposes of figuring the applicability of the additional 5% tax. If the taxable income of the controlled group exceeds \$100,000, enter on line 9 the portion of the smaller of 5% of the excess over \$100,000; or \$11,750.

Line 11.—The estimated tax credits include the sum of any credits against tax provided by Part IV of Subchapter A of Chapter 1 (except the credits shown on line 16).

Line 14a.—Alternative minimum tax is generally the excess of tentative minimum tax over regular tax. See section 55 for definitions of tentative minimum tax and regular tax. A limited amount of the foreign tax credit may be used to offset the minimum tax. See sections 55 through 59 for more information on alternative minimum tax.

Line 14b.—Environmental tax is 0.12% of the excess of modified alternative minimum taxable income over \$2 million. See section 59A and **Pub. 542**, Tax Information on Corporations, for more information.

Line 16.—Include any credit the corporation is claiming under section 4682(g)(3) for ozone-depleting chemicals used in the manufacture of rigid foam insulation.

Line 18b.—Figure the corporation's 1991 tax in the same manner that line 17 of this worksheet was determined, using the taxes and credits from the 1991 tax return. If a return was not filed for the 1991 tax year showing at least some amount of tax or if the 1991 tax year was for less than 12 months, do not complete this line. Instead, skip line 18b and enter the amount from line 18a on line 18c.

Line 19.—*Calendar year taxpayers:* Enter 4-15-92, 6-15-92, 9-15-92, and 12-15-92, respectively, in columns (a) through (d).

Fiscal year taxpayers: Enter the 15th day of the 4th, 6th, 9th, and 12th months of your tax year in columns (a) through (d). If any date falls on a Saturday, Sunday, or legal holiday, substitute the next regular workday.

Line 20.—When making payments of estimated tax, be sure to take into account any 1991 overpayment that the corporation chose to credit against its 1992 tax.

Line 20a.—Annualized income installment method or adjusted seasonal installment method—If the corporation's income is expected to vary during the year because, for example, it operates its business on a seasonal basis, it may be able to lower the amount of one or more required installments by using the annualized income installment method or the adjusted seasonal installment method. For example, a ski shop, which receives most of its income during the winter months, may be able to benefit from using one or both of these methods in figuring one or more of its required installments.

To use one or both of these methods to figure one or more required installments, use Schedule A on pages 2 and 3. If Schedule A is used for any payment date, it must be used for all payment due dates. To arrive at the amount of each required installment, Schedule A automatically selects the smallest of: (a) the annualized income installment, (b) the adjusted seasonal installment (if applicable), or (c) the regular installment under section 6655(d) (increased by any reduction recapture under section 6655(e)(1)(B)).

Line 20b.—Large corporations—A "large corporation" is one that had, or its predecessor had, taxable income of \$1 million or more for any of the 3 tax years immediately preceding the tax year involved. For this purpose, taxable income is modified to exclude net operating loss or capital loss carrybacks or carryovers. Members of a controlled group, as defined in section 1563, must divide the \$1 million amount among themselves in accordance with rules similar to those in section 1561.

If the annualized income installment method or adjusted seasonal installment method is not used, follow the instructions below to figure the amounts to enter on line 20. (If the annualized income installment method and/or the adjusted seasonal installment method are used, these instructions apply to line 41 of Schedule A.)

If line 18a is smaller than line 18b: Enter 25% of line 18a in columns (a) through (d) of line 20.

If line 18b is smaller than line 18a: Enter 25% of line 18b in column (a) of line 20. In column (b), determine the amount to enter by: (i) subtracting line 18b from line 18a, (ii) adding the result to the amount on line 18a, and (iii) multiplying the total by 25%. In columns (c) and (d), enter 25% of line 18a.

Schedule A Instructions

If only the annualized income installment method (Part I) is used, complete Parts I and III of Schedule A. If only the adjusted seasonal installment method (Part II) is used, complete Parts II and III of Schedule A. If both methods are used, complete all 3 parts of Schedule A. Enter in each column on line 20 of page 1 the amounts from the corresponding column of line 45 of Schedule A.

Caution: *If Schedule A is used, do not attempt to figure any required installment until after the end of the month preceding the due date for that installment.*

For each part that applies, complete each column in its entirety before going to the next column. For example, if Parts I and III are required, complete column (a) lines 1 through 16, and column (a) lines 40 through 45, before starting column (b).

Part I—Annualized Income Installment Method

Line 9.—Enter the taxes the corporation owed because of events that occurred during the months shown in the headings used to figure annualized taxable income. Include the same taxes used to figure line 15 of Form 1120-W.

Compute the alternative minimum tax and environmental tax by figuring alternative minimum taxable income and modified alternative minimum taxable income based on the corporation's income and deductions during the months shown in the column headings used to figure annualized taxable income. Multiply the alternative minimum taxable income and modified alternative minimum taxable income by the annualization amounts used to figure annualized taxable income (on line 2 or line 5) before subtracting the exemption amounts (see sections 55(d) and 59A(a)(2)).

Line 11.—Enter the credits to which the corporation is entitled because of events that occurred during the months shown in the column headings used to figure annualized taxable income.

Part II—Adjusted Seasonal Installment Method

Do **not** complete this part unless the corporation's base period percentage for any 6 consecutive months of the tax year equals or exceeds 70%. The term "base period percentage" for any period of 6 consecutive months is the average of the 3 percentages figured by dividing the taxable income for the corresponding 6-consecutive-month period in each of the 3 preceding tax years by the taxable income for each of their respective tax years.

Example: An amusement park that has a calendar year as its tax year receives the largest part of its taxable income during the 6-month period from May through October. To compute its base period percentage for the period May through October 1992, it must figure its taxable income for the period May through October in each of the years 1989, 1990, and 1991. The taxable income for each May through October period is then divided by the total taxable income for the tax year in which the period is included, resulting in the following quotients: .69 for May through October 1989, .74 for May through October 1990, and .67 for May through October 1991. Since the average of .69, .74, and .67 is .70, the base period percentage for May through October 1992 is 70%. Therefore, the amusement park qualifies for the adjusted seasonal installment method.

Line 33.—Enter the taxes the corporation owed because of events that occurred during the months shown in the column headings above line 17 of Part II. Include the same taxes used to figure line 15 of Form 1120-W.

Compute the alternative minimum tax and environmental tax by figuring alternative minimum taxable income and modified alternative minimum taxable income based on the corporation's income and deductions during the months shown in the column headings above line 17 of Part II. Divide the alternative minimum taxable income and modified alternative minimum taxable income by the amounts shown on line 24 before subtracting the exemption amounts (see sections 55(d) and 59A(a)(2)). For columns (a) through (c) only, multiply the alternative minimum tax and environmental tax so determined by the amounts shown on line 31.

Line 35.—Enter the credits to which the corporation is entitled because of events that occurred during the months shown in the column headings above line 17 of Part II.