

Corporation Estimated Tax

For calendar year 1993, or tax year beginning, 1993, and ending, 19

1993

(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 (as defined in the instructions): Skip lines 2 through 9 and go to 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 Multiply line 2 by 15%	6			
7 Multiply line 4 by 25%	7			
8 Multiply line 5 by 34%	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 (Qualified personal service corporations: Multiply line 1 by 34%).	10			
11 Estimated tax credits (see instructions)	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 (see instructions)	14a			
b Environmental tax (see instructions)	14b			
15 Total. Add lines 12 through 14b	15			
16 Credit for Federal tax paid on fuels (see instructions)	16			
17 Subtract line 16 from line 15. Note: <i>If the result is less than \$500, the corporation is not required to make estimated tax payments.</i>	17			
18a Multiply line 17 by 97%.	18a			
	b Enter the tax shown on the corporation's 1992 tax return. CAUTION: See instructions before completing this line	18b		
	c Enter the smaller of line 18a or line 18b. If the corporation is required to skip line 18b, enter the amount from line 18a on line 18c	18c		
19 Installment due dates (see instructions) ▶	19	(a)	(b)	(c)
20 Required installments. Enter 25% of line 18c in columns (a) through (d) (less any 1992 overpayment credited to 1993 estimated tax) unless a or b below applies to the corporation. (See instructions.)	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) (See the instructions for Schedule A.)

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	First 11 months
4	Enter taxable income for each period. 4				
5	Annualization amounts. 5	4	2.4	1.5	1.09091
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 the tax on the amount in each column on line 7 by following the same steps used to figure the tax for line 10, page 1 of 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 lines 11 and 16, page 1 of Form 1120-W (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	24.25%	48.5%	72.75%	97%
14	Multiply line 12 by line 13. 14				
15	Add the amounts in all preceding columns of line 14 (see instructions). 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%.)</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: 17				
	a Tax year beginning in 1990 17a				
	b Tax year beginning in 1991 17b				
	c Tax year beginning in 1992 17c				
18	Enter taxable income for each period for the tax year beginning in 1993. 18				
		First 4 months	First 6 months	First 9 months	Entire year
19	Enter taxable income for the following periods: 19				
	a Tax year beginning in 1990 19a				
	b Tax year beginning in 1991 19b				
	c Tax year beginning in 1992 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 the tax on the amount on line 25 by following the same steps used to figure the tax for line 10, page 1 of 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 lines 11 and 16, page 1 of Form 1120-W (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 97%.	37			
38	Add the amounts in all preceding columns of line 45 (see instructions).	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, page 1 of Form 1120-W, by 4 and enter the result in each column. (Note: "Large corporations," see instructions for line 20b 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 line 20, page 1 of Form 1120-W.	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.—Public Law 102-318, the Unemployment Compensation Amendments of 1992, increased the amount of estimated tax payments that a corporation must make. Generally, for tax years beginning after June 30, 1992, required estimated tax payments are increased to 97% of the corporation's current year tax liability. The change applies regardless of whether the corporation uses the regular installment method, the annualized income installment method, or the adjusted seasonal installment method.

The law does not change the rule that allows small corporations to pay 100% of their prior year tax liability. In addition, a "large corporation" can 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 installment payments of estimated tax 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 a calendar or fiscal year corporation, 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, the payment is due on 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), using the underpayment 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 for the tax year, **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.

Depositary Method of Tax Payment.—Deposit corporation income tax payments and estimated tax payments with **Form 8109**, Federal Tax Deposit Coupon. Do not send deposits directly to an IRS office. Mail or deliver the completed Form 8109 with the payment to a qualified depositary for Federal taxes or to the Federal Reserve bank (FRB) servicing the corporation's geographic area. Make checks or money orders payable to that depositary or FRB.

To help ensure proper crediting, write the corporation's employer identification number, the tax period to which the deposit applies, and "Form 1120" on the check or money order. Be sure to darken the "1120" box on the coupon. These records of deposits will be sent to the IRS.

A penalty may be imposed if the deposits are mailed or delivered to an IRS office rather than to an authorized depositary or FRB.

For more information on deposits, see the instructions in the coupon booklet (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

Line 1—Qualified Personal Service Corporation.—A qualified personal service corporation is taxed at a flat rate of 34% on taxable income. A corporation is a qualified personal service corporation if it meets both of the following tests: (1) substantially all of the corporation's activities involve the performance of services in the fields of health, law, engineering, architecture, accounting, actuarial science, performing arts, or consulting, and (2) at least 95% of the corporation's stock, by value, is owned by (a) employees performing the services, (b) retired employees who had performed the services listed above, (c) any estate of an employee or retiree described above, or (d) any person who acquired the stock of the corporation as a result of the death of an employee or retiree, 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, both Corporation A and Corporation B are 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.

Members of a controlled group may elect an unequal apportionment plan and divide the taxable income brackets as they wish. There is no need for consistency between taxable income brackets. 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 that must be paid by corporations with taxable income in excess of \$100,000. If the additional tax applies, 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 for the tax year over the regular tax for the tax year. 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.—The environmental tax is 0.12% of the excess of modified alternative minimum taxable income for the tax year over \$2 million. See section 59A and **Pub. 542**, Tax Information on Corporations, for more information.

Line 16.—Complete **Form 4136**, Credit for Federal Tax Paid on Fuels, if the corporation qualifies to take the credit. Also include on this line 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 1992 tax in the same manner that line 17 of this worksheet was determined, using the taxes and credits from the 1992 tax return. If a return was not filed for the 1992 tax year showing a liability for at least some amount of tax, or if the 1992 tax year was for less than 12 months, do not complete line 18b. Instead, skip line 18b and enter the amount from line 18a on line 18c.

Line 19.—**Calendar year taxpayers:** Enter 4-15-93, 6-15-93, 9-15-93, and 12-15-93, 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.—Payments of estimated tax should take into account any 1992 overpayment that the corporation chose to credit against its 1993 tax. Any overpayment will be applied to the first installment, unless the corporation notifies the IRS that the overpayment should be applied against another installment.

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 1993 tax year. 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 18a is larger than line 18b: Enter 25% of line 18b in column (a) of line 20. In column (b), determine the amount to enter as follows:

1. Subtract line 18b from line 18a,
2. Add the result to the amount on line 18a, and
3. Multiply the result in 2 above by 25% and enter the result in column (b).

Enter 25% of line 18a in columns (c) and (d).

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 three 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.

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 the corporation is entitled to because of events that occurred during the months shown in the column headings used to figure annualized taxable income.

Line 15.—Before completing line 15 in columns (b) through (d), complete line 16; Part II (if applicable); and lines 40 through 45, in each of the preceding columns. For example, complete line 16, lines 17 through 39 (if using the adjusted seasonal installment method), and lines 40 through 45, in column (a) before completing line 15 in column (b).

Part II—Adjusted Seasonal Installment Method

Do **not** complete this part unless the corporation's base period percentage for any six consecutive months of the tax year equals or exceeds 70%. The term "base period percentage" for any period of six consecutive months is the average of the three percentages figured by dividing the taxable income for the corresponding six-consecutive-month period in each of the three 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 1993, it must figure its taxable income for the period May through October in each of the years 1990, 1991, and 1992. 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 1990, .74 for May through October 1991, and .67 for May through October 1992. Since the average of .69, .74, and .67 is .70, the base period percentage for May through October 1993 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 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.

Line 38.—Before completing line 38 in columns (b) through (d), complete lines 39 through 45 in each of the preceding columns. For example, complete lines 39 through 45 in column (a) before completing line 38 in column (b).