

**Extension of Time for Payment of Taxes by a
 Corporation Expecting a Net Operating Loss Carryback**
 (Under Section 6164 of the Internal Revenue Code)

| | |
|------|--------------------------------|
| Name | Employer identification number |
|------|--------------------------------|

Number and street

City or town, State, and ZIP code

| | |
|--|--|
| 1 Tax year of expected net operating loss: Tax year ended | 2 Estimated amount of expected net operating loss \$ |
|--|--|

3 Amount of reduction of tax previously determined (reduction attributable to the expected carryback and any related adjustments) (attach schedule) \$

4 Tax year immediately preceding the tax year of the expected net operating loss: Tax year ended

5 Give the reasons, facts, and circumstances that cause the corporation to expect a net operating loss.

Computation of Amount for Which Payment is To Be Extended:

| | |
|--|--|
| 6 a Enter total of tax shown on return as filed plus any amount assessed as a deficiency (or as interest or penalty) before the date of filing this form (see instructions) | |
| b Enter total of taxes and rebates as specified in the instructions for line 6b | |
| c Amount of tax for which payment is to be extended—Subtract line 6b from line 6a. (Do not enter more than the amount on line 3 above) | |

Signature

Under penalties of perjury, I declare that I have examined this form, including any accompanying schedules and statements, and to the best of my knowledge and belief it is true, correct, and complete.

| | | |
|------|----------------------|-------|
| Date | Signature of officer | Title |
|------|----------------------|-------|

General Instructions

(Section references are to the Internal Revenue Code.)

Paperwork Reduction Act Notice.—We ask for this information to carry out the Internal Revenue laws of the United States. We need it to ensure that taxpayers are complying with these laws and to allow us to figure and collect the right amount of tax. You are required to give us this information.

A. Purpose of form.—This form permits a corporation that expects a net operating loss for the current year to get an extension of time to pay all or part of its income tax for the preceding year. The extension is only for amounts not required to be paid before the date this form is filed. Do not file this form if the tax for the preceding year has been paid or was required to have been paid (e.g. time for payment and extensions have expired).

The amount postponed may not be more than the reduction in tax that the carryback of the net operating loss will make.

Generally, a corporation may reduce the amount to be deposited with Form 7004, Application for Automatic Extension of Time To File Corporation Income Tax Return, by filing Form 1138 with Form 7004. The reduction of the amount due on Form 7004 is limited to the extent of the overpayment resulting from the expected net operating loss carryback (line 3, Form 1138). Also, all prior year tax liabilities must have been fully paid. See Rev. Rul. 82-47, 1982-1 C.B. 201, for other details.

B. Where to file.—File this form with the Internal Revenue Service Center where the corporation is required to file its income tax return.

C. Time for filing.—File this form within the tax year of the expected net operating loss but before the tax to be postponed for the preceding year is required to be paid.

D. Estimated amount of expected net operating loss.—A corporation may postpone the time to pay its previous year's income tax only if it expects to have a net operating loss. The estimate of the loss must be based upon all the facts relating to the operations of the corporation. Among the things to be considered are such items as: number and dollar amounts of the corporation's Government contracts that have been cancelled; profit and loss statements; and other factors peculiar to the corporation's operations. The corporation is responsible for the accuracy of the estimate.

E. Revised forms.—If a corporation files a Form 1138 to replace one that it previously filed for the same tax year, it may file a revised form as if it were a new one.

The new or revised form may extend the time to pay an amount different from the amount in the old form. If the amount extended under the new or revised form is less than the amount under the old form, the extension is terminated for the difference between the two amounts on the date the revised form is filed.

F. Termination of extension.—IRS may terminate the extension for any amount if it believes that any part of the form is erroneous or unreasonable. IRS may also terminate the extension if it believes it may not be able to collect the tax.

G. Period of extension.—In general, the extension for paying the tax expires at the end of the month in which the return for the tax year of the expected net operating loss is required to be filed (including extensions).

The time for payment may be further extended. If the corporation files Form 1139, Corporation Application for Tentative Refund, before the period of extension ends, the time of payment is extended to the date when IRS tells the corporation that it has allowed or disallowed its application.

H. Interest.—Interest is charged on postponed amounts from the dates on which the payments would normally be due. The interest charge is at the rate specified in section 6621.

Specific Instructions

The following instructions are numbered to correspond with the line numbers on this form.

Line 3.—Enter the amount of the reduction of the previously determined tax. This is the decrease that is figured by taking into account the carryback and any related adjustments. Form 1120, U.S. Corporation Income Tax Return, or Form 1120-A, U.S. Short-Form Corporation Income Tax Return, and instructions for the applicable year will help you figure the net operating loss deduction and recompute the tax. Also see section 172.

In general, the previously determined tax is the tax shown on the prior year return, plus amounts assessed as deficiencies before Form 1138 is filed and reduced by abatements, credits, or refunds allowed or made before Form 1138 is filed.

Line 6a.—Enter the total of (1) tax shown on the return as filed, plus (2) any amount assessed as a deficiency required to be paid before the date this form is filed. Such a deficiency exists if the 10th day after the notice and demand for its payment occurs before the filing date.

Line 6b.—Enter the total of the following:

- (1) The amount of tax that was paid or required to be paid before the date this form is filed. This includes any late installment. An amount of tax for which the corporation has received an extension of time to pay (under section 6161) is not considered required to be paid before the end of the extension.
- (2) The amount of rebates (as defined in section 6211(b)) made before the date of filing this form.