

2017



Arizona Booklet  
**120ES**

Corporation Estimated  
Tax Payment

**This booklet contains:**

Form 120ES

Form 120W



**CAUTION**

The federal taxable income that you use on your Arizona return may not be the same as the federal taxable income from your federal tax return.

Each year the Arizona legislature considers if they will adopt changes made to the federal tax law during the prior year. These forms assume the Legislature will adopt all the federal law changes made after January 1, 2016.

If you use the amounts from your 2016 federal tax return to complete your Arizona return and the Arizona legislature does not adopt the 2016 federal changes, you may have to amend your return at a later date for any difference between Arizona and federal law. For more detailed information go to <http://www.azdor.gov> and click on the link for Conformity to IRC under Legal Research.



**To ensure proper application of this payment, this form must be completed in its entirety.**

For the  calendar year 2017 or  fiscal year beginning MM,DD,2017 and ending MM,DD,20YY.

<b>1</b> Name of Firm – exactly as it will appear on the return	Employer Identification Number (EIN)
<b>2</b> Address – number and street or PO Box	Business Phone Number (with area code)
<b>2</b> Address – continued	<b>REVENUE USE ONLY. DO NOT MARK IN THIS AREA</b> <b>88</b>
<b>3</b> City State ZIP Code	
<input type="checkbox"/> Check if this is the first tax return filed under this name and EIN. <input type="checkbox"/> Check if name and/or address has changed. <input type="checkbox"/> Check if EIN has changed. List prior number: _____	
<div style="display: flex; justify-content: space-between;"> <span><b>81</b> PM</span> <span><b>80</b> RCVD</span> </div>	

1 The enclosed amount is payment number: \_\_\_\_\_

2 Payment: Round estimated payment to a whole dollar (no cents).

Enter the amount of payment enclosed ..... \$    00

- Make check payable to Arizona Department of Revenue.
- Include EIN on payment.
- Mail to Arizona Department of Revenue, PO Box 29085, Phoenix, AZ 85038-9085.

**General Instructions**

Obtain additional information or assistance by calling one of the numbers listed below:

Phoenix..... (602) 255-3381  
From area codes 520 and 928, toll-free ..... (800) 352-4090

Obtain tax rulings, tax procedures, tax forms and instructions, and other tax information by accessing the department's website at [www.azdor.gov](http://www.azdor.gov).

**Who Should Use Arizona Form 120ES**

This form should be used by entities filing Arizona Forms 99T, 120, 120A, and 120S that are required to make Arizona estimated tax payments. Payments can be made via check, electronic check, money order, or credit card. The taxpayer should not use Form 120ES if the taxpayer makes its required installments of estimated tax by electronic funds transfer (EFT) or over the internet. Visit [www.AZTaxes.gov](http://www.AZTaxes.gov) to register and make payments via the internet.

**S corporations and partnerships** must use Form 140ES to make voluntary estimated tax payments on a composite basis on behalf of nonresident individual shareholders or nonresident individual partners participating in the filing of a composite return on Arizona Form 140NR.

Refer to Arizona Individual *Income Tax Ruling ITR 16-2* for additional information regarding composite returns.

**Estimated Tax Payments by Electronic Funds Transfer**

Refer to Arizona Revised Statutes § 42-1129 and the related Arizona Administrative Code R15-10-301 through R15-10-307 for detailed information regarding EFT.

Taxpayers whose Arizona corporate income tax liability for the preceding taxable year was \$20,000 or more must make Arizona corporate estimated tax payments via the EFT program. **If the taxpayer makes its estimated tax payments by EFT, the taxpayer should not submit Form 120ES to the department.**

**NOTE: Taxpayers required to make corporate estimated payments via EFT that fail to do so will be subject to a penalty of 5% of the amount of the payment not made by EFT. See A.R.S. § 42-1125(O).**

Taxpayers required to make estimated tax payments via EFT must complete the department's EFT authorization agreement at least 30 days prior to initiation of the first applicable transaction.

Taxpayers whose Arizona corporate income tax liability for the preceding taxable year was less than \$20,000 may elect voluntary participation in the EFT program. Voluntary participants in the program must complete the department's EFT authorization agreement at least 30 days prior to the first applicable transaction.

## Estimated Tax Payments via the Internet

Taxpayers must be licensed by the Department of Revenue before they can register to pay taxes online. Visit [www.AZTaxes.gov](http://www.AZTaxes.gov) to register and make estimated tax payments over the internet. **If the taxpayer makes its estimated tax payments via the internet, the taxpayer should not submit Form 120ES to the department.**

### Electronic payment from checking or savings account

Estimated tax payments can be made electronically from a checking or savings account. Visit [www.AZTaxes.gov](http://www.AZTaxes.gov) and choose the e-check option. There is no fee to use this method. This payment method will debit the amount from the specified checking or savings account on the date specified. If an electronic payment is made from a checking or savings account, a confirmation number will be generated. **Please keep this confirmation number as proof of payment.**

### Credit card payment

Estimated tax payments can be made via American Express, Discover, MasterCard or VISA credit cards. Visit [www.AZTaxes.gov](http://www.AZTaxes.gov) and choose the credit card option. This will take you to the web site of the credit card payment service provider. The service provider will charge a convenience fee based on the amount of the tax payment. The service provider will disclose the amount of the convenience fee during the transaction and the option to continue or cancel the transaction will be presented. If you accept the convenience fee and complete the credit card transaction, a confirmation number will be generated. **Please keep this confirmation number as proof of payment.**

## Who is Required to Make Estimated Tax Payments

Entities filing Arizona Forms 99T, 120, 120A, and 120S that expect an Arizona tax liability for the taxable year of at least \$1,000 are required to make Arizona estimated tax payments.

A unitary group of corporations filing a combined return on Form 120 must make estimated tax payments on a combined basis. Therefore, a unitary group, as a single taxpayer, must make estimated tax payments if its Arizona tax liability for the taxable year is at least \$1,000.

An Arizona affiliated group filing a consolidated return pursuant to A.R.S. § 43-947 on Form 120 must make estimated tax payments on a consolidated basis. Therefore, an Arizona affiliated group, as a single taxpayer, must make estimated tax payments if its Arizona tax liability for the taxable year is at least \$1,000.

## When to Make Estimated Tax Payments

Calendar year and fiscal year basis taxpayers are required to make their Arizona corporate estimated tax payments by the 15th day of the 4th, 6th, 9th, and 12th months of the taxable year. If the installment due date falls on a weekend or legal holiday, the payment is considered timely if made on the next business day.

## Computation of Required Installments of Estimated Tax on Arizona Form 120W

Taxpayers should use Form 120W, *Estimated Tax Worksheet for Corporations*, to compute the amount of the required installments of estimated tax.

## Underpayment of Required Installments of Estimated Tax

If the taxpayer is required to make Arizona corporate estimated tax payments, a penalty will be imposed on any required installment that is late or underpaid.

## Recomputing Required Installments of Estimated Tax

If the taxpayer, after paying one or more required installments of estimated tax, finds that its tax liability for the taxable year will be more or less than originally estimated, the taxpayer should recompute its required installments. If earlier installments were underpaid, the taxpayer may be subject to a penalty for underpayment of estimated tax.

If a new estimate is made, the required installments payable on or after the date of the new estimate should be adjusted. 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 payment, or a mistake.

## Completing Arizona Form 120ES

Complete the form in its entirety to ensure the proper application of the estimated tax payment.

Enter the following information on Form 120ES:

- the period covered by the taxable year;
- sequence number of the estimated tax payment;
- taxpayer name, address and employer identification number (EIN) as it will appear on the tax return. If the taxpayer has a foreign address, enter the information in the following order: city, province or state, and country. Follow the country's practice for entering the postal code. **Do not abbreviate the country's name;**
- amount of the estimated tax payment (in whole dollars).

Check the applicable box on the form if the estimated tax payment applies to a taxable year for which:

- The taxpayer will file an initial return under the name and EIN listed; or
- The name and/or address listed is different from the name and/or address under which the preceding taxable year's return was filed; and/or
- The EIN listed is different from the EIN under which the preceding taxable year's return was filed. If the EIN has changed, list the prior EIN.

## Rounding Dollar Amounts

Taxpayers must round amounts to the nearest whole dollar. If 50 cents or more, round up to the next dollar. If less than 50 cents, round down.

<b>1 Arizona tax liability:</b> See instructions before completing this line.....	<b>1</b>		<b>00</b>
<b>2 Required annual payment:</b>			
<b>a</b> Enter 90% of line 1 .....	<b>2a</b>		<b>00</b>
<b>b</b> Forms 99T, 120, and 120A: Enter the tax as shown on the 2016 return. See instructions.....	<b>2b</b>		<b>00</b>
<b>c</b> Form 120S: See instructions .....	<b>2c</b>		<b>00</b>
<b>d</b> Forms 99T, 120, and 120A: Enter the smaller of line 2a or line 2b. Form 120S: Enter the smaller of line 2a or line 2c.....	<b>2d</b>		<b>00</b>

Required Installments – Due Dates and Amounts				
	(a)	(b)	(c)	(d)
<b>3 Installment due dates:</b> See instructions.....	<b>3</b>	MM,DD,YY	MM,DD,YY	MM,DD,YY
<b>4 Required installments:</b> Enter 25% of line 2d in columns (a) through (d) unless the taxpayer uses the annualized income installment method, the adjusted seasonal installment method or is a "large corporation". See instructions .....	<b>4</b>			

**SCHEDULE A Required Installments Using the Annualized Income or Adjusted Seasonal Installment Methods Under IRC § 6655(e)**

**Part 1 Annualized Income Installment Method**

	(a)	(b)	(c)	(d)
<b>1</b> Annualization periods: See instructions .....	<b>1</b>	First _____ Months	First _____ Months	First _____ Months
<b>2</b> Enter taxable income for each annualization period.....	<b>2</b>			
<b>3</b> Annualization amounts: See instructions .....	<b>3</b>			
<b>4</b> Annualized taxable income: Multiply line 2 by line 3 .....	<b>4</b>			
<b>5</b> Calculate the tax on the amount in each column on line 4: See instructions.....	<b>5</b>			
<b>6</b> Enter tax from recapture of tax credits for each payment period: See instructions .....	<b>6</b>			
<b>7</b> Subtotal tax: Add lines 5 and 6.....	<b>7</b>			
<b>8</b> For each period, enter the amount of nonrefundable tax credits: See instructions.....	<b>8</b>			
<b>9</b> Arizona tax liability: Subtract line 8 from line 7. If zero or less, enter zero .....	<b>9</b>			
<b>10</b> Refundable tax credits: See instructions .....	<b>10</b>			
<b>11</b> Claim of right adjustment: See instructions .....	<b>11</b>			
<b>12</b> Net liability: Subtract the sum of line 10 and line 11 from line 9. If zero or less, enter zero .....	<b>12</b>			
<b>13</b> Applicable percentage.....	<b>13</b>	22.5%	45%	67.5%
<b>14</b> Multiply line 12 by line 13 .....	<b>14</b>			
<b>15</b> Add the amounts in all preceding columns from page 2, Part 3, line 48: See instructions .....	<b>15</b>			
<b>16 Annualized income installments:</b> Subtract line 15 from line 14. If zero or less, enter zero .....	<b>16</b>			

**Part 2 Adjusted Seasonal Installment Method**

**CAUTION:** Use this method only if the base period percentage of any 6 consecutive months is at least 70%. See the instructions for more information.

	(a)	(b)	(c)	(d)
<b>17</b> Enter taxable income for the following periods:				
<b>a</b> Taxable year beginning in 2014.....	<b>17a</b>	First 3 Months	First 5 Months	First 8 Months
<b>b</b> Taxable year beginning in 2015.....	<b>17b</b>			First 11 Months
<b>c</b> Taxable year beginning in 2016.....	<b>17c</b>			
<b>18</b> Enter taxable income for each period for taxable year beginning in 2017.....	<b>18</b>			

	(a) First 4 Months	(b) First 6 Months	(c) First 9 Months	(d) Entire Year
<b>19</b> Enter taxable income for the following periods:				
<b>a</b> Taxable year beginning in 2014.....	<b>19a</b>			
<b>b</b> Taxable year beginning in 2015.....	<b>19b</b>			
<b>c</b> Taxable year beginning in 2016.....	<b>19c</b>			
<b>20</b> Divide the amount in each column on line 17a by the amount in column (d) on line 19a.....	<b>20</b>			
<b>21</b> Divide the amount in each column on line 17b by the amount in column (d) on line 19b.....	<b>21</b>			
<b>22</b> Divide the amount in each column on line 17c by the amount in column (d) on line 19c.....	<b>22</b>			
<b>23</b> Add lines 20 through 22.....	<b>23</b>			
<b>24</b> Divide line 23 by three (3).....	<b>24</b>			
<b>25</b> Divide line 18 by line 24.....	<b>25</b>			
<b>26</b> Calculate the tax on the amount in each column on line 25: See instructions.....	<b>26</b>			
<b>27</b> Divide the amount in columns (a) through (c) on line 19a by the amount in column (d) on line 19a.....	<b>27</b>			
<b>28</b> Divide the amount in columns (a) through (c) on line 19b by the amount in column (d) on line 19b.....	<b>28</b>			
<b>29</b> Divide the amount in columns (a) through (c) on line 19c by the amount in column (d) on line 19c.....	<b>29</b>			
<b>30</b> Add lines 27 through 29.....	<b>30</b>			
<b>31</b> Divide line 30 by three (3).....	<b>31</b>			
<b>32</b> 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).....	<b>32</b>			
<b>33</b> Enter tax from recapture of tax credits for each payment period: See instructions.....	<b>33</b>			
<b>34</b> Subtotal tax: Add lines 32 and 33.....	<b>34</b>			
<b>35</b> For each period, enter the amount of nonrefundable tax credits: See instructions.....	<b>35</b>			
<b>36</b> Arizona tax liability: Subtract line 35 from line 34. If zero or less, enter zero.....	<b>36</b>			
<b>37</b> Refundable tax credits: See instructions.....	<b>37</b>			
<b>38</b> Claim of right adjustment: See instructions.....	<b>38</b>			
<b>39</b> Net liability: Subtract the sum of line 37 and line 38 from line 36. If zero or less, enter zero.....	<b>39</b>			
<b>40</b> Multiply line 39 by 90%.....	<b>40</b>			
<b>41</b> Add the amounts in all preceding columns from Part 3, line 48: See instructions.....	<b>41</b>			
<b>42 Adjusted seasonal installments:</b> Subtract line 41 from line 40. If zero or less, enter zero.....	<b>42</b>			

**Part 3** Required Installments

	(a) First Installment	(b) Second Installment	(c) Third Installment	(d) Fourth Installment
<b>43</b> If only one of the above parts is completed, enter the amount in each column from line 16 or line 42. (If both parts are completed, enter the <b>smaller</b> of the amounts in each column from line 16 or line 42.).....	<b>43</b>			
<b>44</b> Enter 25% of line 2d on Form 120W in each column. NOTE: "Large corporations", see instructions for line 4 on page 2 of the instructions, for the amount to enter.....	<b>44</b>			
<b>45</b> Enter the amount from line 47 of this schedule for the preceding column.....	<b>45</b>			
<b>46</b> Add lines 44 and 45. Enter the total.....	<b>46</b>			
<b>47</b> If line 46 is more than line 43, subtract line 43 from line 46. Otherwise, enter zero.....	<b>47</b>			
<b>48 Required Installments:</b> Enter the <b>smaller</b> of line 43 or line 46 here and on Form 120W, page 1, line 4.....	<b>48</b>			

**2017 Estimated Tax Worksheet for Corporations**

**For information or help, call one of the numbers listed:**  
 Phoenix (602) 255-3381  
 From area codes 520 and 928, toll-free (800) 352-4090

**Tax forms, instructions, and other tax information**  
 If you need tax forms, instructions, and other tax information, go to the department's website at [www.azdor.gov](http://www.azdor.gov).

**Income Tax Procedures and Rulings**  
 These instructions may refer to the department's income tax procedures and rulings for more information. To view or print these, go to our website and click on *Legal Research* then click on *Procedures* or *Rulings* and select a tax type from the drop down menu.

**Publications**  
 To view or print the department's publications, go to our website and click on *Publications*.

**General Instructions**

**Who Is Required To Make Arizona Estimated Tax Payments**

Entities filing Forms 99T, 120, 120A, or 120S that expect an Arizona tax liability for the taxable year of at least \$1,000 are required to make Arizona estimated tax payments.

*A unitary group of corporations filing a combined return* on Form 120 must make estimated tax payments on a combined basis. Therefore, a unitary group, as a single taxpayer, must make estimated tax payments if its Arizona tax liability for the taxable year is at least \$1,000.

*An Arizona affiliated group filing a consolidated return* pursuant to *Arizona Revised Statutes (A.R.S.) § 43-947* on Form 120 must make estimated tax payments on a consolidated basis. Therefore, an Arizona affiliated group, as a single taxpayer, must make estimated tax payments if its Arizona tax liability for the taxable year is at least \$1,000.

**Rounding Dollar Amounts**

Taxpayers must round amounts to the nearest whole dollar. If 50 cents or more, round up to the next dollar. If less than 50 cents, round down.

**Specific Instructions**

All taxpayers who are required to make estimated tax payments use Form 120W to compute the required annual payment of estimated tax and the required installments.

**NOTE:** *Several legislative changes are scheduled to be effective for tax year 2017. These changes may be affected by future legislation.*

*- Laws 2011, 2<sup>nd</sup> Special Session, Chapter 1, Section 105, lowers the corporate tax rate from 5.5% to 4.9%.*

*- Laws 2011, 2<sup>nd</sup> Special Session, Chapter 1, Section 106, allows all non-air carrier taxpayers to select an enhanced apportionment ratio where the sales factor is weighted at 100% and the property and payroll factors are not included the calculation.*

*- Laws 2012, Chapter 2, Section 1, provides a binding election for a multistate service provider, as defined, to determine sales of services by 100% of market sales and not income producing activity sales.*

**Line 1 - Arizona Tax Liability**

This amount is the taxpayer's estimated tax liability for the current taxable year. The Arizona tax liability is determined as follows: [income tax plus tax from recapture of tax credits] less [nonrefundable tax credits and refundable tax credits]; or

**Claim of right adjustments (Forms 120 and 120A):** A taxpayer that computes its tax liability under the claim of right provisions should base its estimated tax liability on the net tax liability computed under the claim of right provisions.

**Line 2 - Required Annual Payment**

The Arizona required annual payment of estimated tax is the smaller of:

- a) *All taxpayers* - ninety percent of the taxpayer's Arizona tax liability (reduced by any refundable tax credits and the claim of right adjustment, if applicable) for the current taxable year; **or**
- b) *Forms 99T, 120, and 120A filers* - one hundred percent of the taxpayer's Arizona tax liability (reduced by any refundable tax credits and the claim of right adjustment, if applicable) for the prior taxable year.

*Form 120S filers* - an amount equal to the sum of: (a) ninety percent of the portion of the current taxable year's Arizona tax liability that is attributable to built-in gains income or certain capital gains income and (b) one hundred percent of the portion of the prior taxable year's Arizona tax liability that is attributable to excess net passive income.

**NOTE:** *Forms 99T, 120, and 120A filers must meet certain conditions in order to make estimated tax payments equal to one hundred percent of the prior taxable year's tax liability. (See instructions for line 2b.)*

*Form 120S filers may not use one hundred percent of the prior taxable year's tax liability. In addition, Form 120S filers must meet certain conditions in order to make estimated tax payments equal to the amount calculated in (b) above. (See instructions for line 2c.)*

**Line 2a - (All Taxpayers)**

Multiply line 1 by 90 percent. Enter the result on line 2a.

**Line 2b - (Forms 99T, 120 and 120A)**

Determine the amount of the taxpayer's Arizona tax liability from the prior taxable year (reduced by any refundable tax credits and the claim of right adjustment, if applicable). Enter this amount on line 2b.

**DO NOT COMPLETE THIS LINE IF:** (1) a return was not filed for the 2016 taxable year showing at least some amount of tax liability (an amount greater than zero); OR (2) the 2016 taxable year was a period of less than twelve months. Skip line 2b and enter the amount from line 2a on line 2d.

**Line 2c - (Form 120S)**

Enter an amount on line 2c that is the sum of:

- Ninety percent of the portion of the 2017 Arizona tax liability that is attributable to built-in gains income or certain capital gains income; plus
- One hundred percent of the portion of the 2016 Arizona tax liability that is attributable to excess net passive income.

DO NOT COMPLETE THIS LINE IF the 2016 taxable year was a period of less than twelve months. Skip line 2c and enter the amount from line 2a on line 2d.

**Line 2d - (All Taxpayers)**

*Forms 99T, 120, and 120A:* Enter the smaller of line 2a or line 2b (if an amount was entered on line 2b).

*Form 120S:* Enter the smaller of line 2a or line 2c (if an amount was entered on line 2c).

**Line 3 - Installment Due Dates**

Calendar year and fiscal year basis taxpayers are required to make their Arizona corporate estimated tax payments by the 15th day of the 4th, 6th, 9th, and 12th months of the taxable year. If the installment due date falls on a weekend or legal holiday, the payment is considered timely if made on the next business day.

**Note for short period returns:** *Enter the installment due dates and number of installments required by the Internal Revenue Service.*

**Line 4 - Required Installments**

When making estimated tax payments, be sure to take into account any 2016 overpayment that the taxpayer chose to credit against its 2017 Arizona tax liability.

**Annualized Income Installment Method and/or Adjusted Seasonal Installment Method**

If the taxpayer's income is expected to vary during the taxable 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.

Use Schedule A to calculate the amount of one or more required installments using one or both of these methods. If Schedule A is used for any payment due date, it must be used for all payment due dates.

Use Schedule A to arrive at the amount of each required installment and to select the lesser of:

- the annualized income installment;
- the adjusted seasonal installment (if applicable); or
- the regular installment (25% of the required annual payment) increased by any reduction recapture under IRC § 6655(e)(1)(B).

**Instructions for "Large Corporations" (Forms 120 and 120A)**

"Large corporation" means a corporation or unitary group of corporations if the corporation, or a predecessor corporation, had federal taxable income of one million dollars or more for any of the immediately preceding three taxable years, excluding any federal net operating loss or capital loss carrybacks or carryovers. An Arizona affiliated group filing a consolidated return pursuant to *A.R.S. § 43-947* is treated as a single corporation for purposes of applying the large corporation definition.

**A.** If the taxpayer DOES NOT USE the annualized income installment method or the adjusted seasonal installment method, follow the instructions below to compute the amounts to enter on Form 120W, line 4.

If line **2a** is **less than** line **2b**:

- Enter 25 percent of line 2a in columns (a) through (d) of line 4.

If line **2b** is **less than** line **2a**:

- Enter 25 percent of line 2b in column (a) of line 4.
- Determine the amount to enter in column (b) as follows:
  - Subtract line 2b from line 2a,
  - Add the result to the amount on line 2a, and
  - Multiply the total in (ii) above by 25 percent.
- Enter 25 percent of line 2a in columns (c) and (d).

**B.** If the taxpayer DOES USE the annualized income installment method and/or the adjusted seasonal installment method, use the following instructions to determine the amounts to enter on the Form 120W, Schedule A, Part 3, line 44, columns (a) through (d). Then complete the remainder of the lines in Part 3 of Schedule A. Enter the amounts from Schedule A, Part 3, line 48, columns (a) through (d) on Form 120W, line 4, columns (a) through (d).

If Form 120W, line **2a** is **less than** line **2b**:

- Enter 25 percent of line 2a in columns (a) through (d) of Schedule A, Part 3, line 44.

If Form 120W, line **2b** is **less than** line **2a**:

- Enter 25 percent of line 2b in column (a) of Schedule A, Part 3, line 44.
- Determine the amount to enter in column (b) of Schedule A, Part 3, line 44 as follows:
  - Subtract line 2b from line 2a,
  - Add the result to the amount on line 2a, and
  - Multiply the total in (ii) above by 25 percent.
- Enter 25 percent of line 2a in columns (c) and (d) of Schedule A, Part 3, line 44.

**Form 120W, Schedule A**

Follow the steps below to determine which parts of the Form 120W, Schedule A, to complete.

- If only the annualized income installment method is used, complete Parts I and III of Schedule A.



- If only the adjusted seasonal installment method is used, complete Parts 2 and 3 of Schedule A.
- If both methods are used, complete all three parts of Schedule A.
- All taxpayers: In each column on Form 120W, line 4, enter the amounts from the corresponding column of line 48 of Schedule A.

**CAUTION:** Do not compute any required installment until after the end of the month preceding the due date for that installment.

**Part 1 - Annualized Income Installment Method**

**Line 1 - Annualization Periods**

Enter the annualization period that the taxpayer is using in the space on line 1, columns (a) through (d), respectively.

Forms 120, 120A, and 120S				
Option	1st Installment	2nd Installment	3rd Installment	4th Installment
Standard option	3	3	6	9
Option 1	2	4	7	10
Option 2	3	5	8	11

Form 99T				
Option	1st Installment	2nd Installment	3rd Installment	4th Installment
Standard option	2	3	6	9
Option 1	2	4	7	10

**Line 3 - Annualization Amounts**

Enter the annualization amounts for the option used on line 1.

Forms 120, 120A, and 120S				
Option	1st Installment	2nd Installment	3rd Installment	4th Installment
Standard option	4	4	2	1.33333
Option 1	6	3	1.71429	1.2
Option 2	4	2.4	1.5	1.09091

Form 99T				
Option	1st Installment	2nd Installment	3rd Installment	4th Installment
Standard option	6	4	2	1.33333
Option 1	6	3	1.71429	1.2

**Line 5 - Calculate the Tax**

**NOTE:** Laws 2011, 2<sup>nd</sup> Special Session, Chapter 1, Section 105, lowers the corporate tax rate for tax year 2017 to 4.9%.

Calculate the tax on the amount in each column using the instructions for 2016 Form 99T, line 6; or 2016 Form 120, line 16; or 2016 Form 120A, line 8; or 2016 Form 120S, line 12.

**Line 6 - Tax From Recapture of Tax Credits**

Enter the amount of tax due from recapture of the following credits:

- The environmental technology facility credit claimed on Form 305,
- The credits for healthy forest enterprises claimed on Form 332,
- The credit for renewable energy industry claimed on Form 342,
- The credit for qualified facilities tax credits claimed on Form 349, and,
- The credit for renewable energy investment and production for self-consumption by manufacturers and international operations centers claimed on Form 351.

**Line 8 - Nonrefundable Tax Credits**

Enter the total amount of nonrefundable tax credits to which the taxpayer is entitled because of events that occurred during the months shown in the column headings used to calculate annualized taxable income. Calculate this amount using the instructions for 2016 Form 99T, line 9; or 2016 Form 120, line 19; or 2016 Form 120A, line 11; or 2016 Form 120S, line 15.

**Line 10 - Refundable Tax Credits**

Enter the total amount of refundable tax credits to which the taxpayer is entitled because of events that occurred during the months shown in the column headings used to calculate annualized taxable income. Calculate this amount using the instructions for 2016 Form 99T, line 12; or 2016 Form 120, line 22; or 2016 Form 120A, line 14 or 2016 Form 120S, line 18.

**Line 11 - Claim of Right Adjustment (Forms 120 and 120A)**

A taxpayer that computes its tax liability under the claim of right provisions should base its estimated tax liability on the net tax liability computed under the claim of right provisions.

**Line 15 - Cumulative Installments**

Complete column (a) before completing columns (b) through (d). Before completing line 15 in columns (b) through (d), complete the following items in each of the preceding columns: line 16; Part 2 (if applicable); and Part 3.

**EXAMPLE:** Complete line 16, Part 2 (if using the adjusted seasonal installment method), and Part 3, in column (a) before completing line 15 in column (b).

**Part 2 - Adjusted Seasonal Installment Method**

Do not complete this part unless the taxpayer's base period percentage for any six consecutive months of the taxable year equals or exceeds 70 percent. The term "base period percentage" for any period of six consecutive months is the average of the three percentages calculated by dividing the taxable income for the corresponding six consecutive month period in each of the three preceding taxable years by the taxable income for each of their respective taxable years.

**Line 26 - Calculate the Tax**

**NOTE:** *Laws 2011, 2<sup>nd</sup> Special Session, Chapter 1, Section 105, lowers the corporate tax rate for tax year 2017 to 4.9%.*

Calculate the tax on the amount in each column using the instructions for 2016 Form 99T, line 6; or 2016 Form 120, line 16; or 2016 Form 120A, line 8; or 2016 Form 120S, line 12.

**Line 33 - Tax From Recapture of Tax Credits**

Calculate the tax from the recapture of the following credits:

- The environmental technology facility credit claimed on Form 305,
- The credits for healthy forest enterprises claimed on Form 332,
- The credit for renewable energy industry claimed on Form 342,
- The credit for qualified facilities claimed on Form 349, and,
- The credit for renewable energy investment and production for self-consumption by manufacturers and international operations centers claimed on Form 351.

**Line 35 - Nonrefundable Tax Credits**

Enter the total amount of nonrefundable tax credits to which the taxpayer is entitled because of events that occurred during the months shown in the column headings above line 17. Calculate this amount using the instructions for 2016 Form 99T, line 9; or 2016 Form 120, line 19; or 2016 Form 120A, line 11; or 2016 Form 120S, line 15.

**Line 37 - Refundable Tax Credits**

Enter the total amount of refundable tax credits to which the taxpayer is entitled because of events that occurred during the months shown in the column headings used to calculate taxable income for the period. Calculate this amount using the instructions for 2016 Form 99T, line 12; or 2016 Form 120, line 22; or 2016 Form 120A, line 14; or 2016 Form 120S, line 18.

**Line 38 - Claim of Right Adjustment (Forms 120 and 120A)**

A taxpayer that computes its tax liability under the claim of right provisions should base its estimated tax liability on the net tax liability computed under the claim of right provisions.

**Line 41 - Cumulative Installments**

Complete column (a) before completing columns (b) through (d). Before completing line 41 in columns (b) through (d), complete lines 42 through 48 in each of the preceding columns.

EXAMPLE: Complete lines 42 through 48 in column (a) before completing line 41 in column (b).





## QUICK AND EASY ACCESS TO TAX HELP AND FORMS



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- Publications
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1600 West Monroe St.

#### East Valley

1840 South Mesa Drive, Building 1352

#### Tucson

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#### Taxpayer Information and Assistance:

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