

## 2017 Underpayment of Estimated Tax by Corporations

**For information or help, call one of the numbers listed:**

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### General Instructions

**Purpose of Form**

Taxpayers filing Forms 99T, 120, 120A, and 120S use Form 220 to determine if they are subject to a penalty for underpayment of their Arizona estimated tax liability, and if so, the amount of the penalty.

The taxpayer's Arizona estimated tax liability is determined as follows: [income tax plus tax from recapture of tax credits] less [nonrefundable tax credits and any refundable tax credits].

**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.

**Who is Subject to the Underpayment Penalty**

*If the taxpayer's Arizona tax liability (reduced by any refundable tax credit and the claim of right adjustments, if applicable) is less than \$1,000, the taxpayer is not subject to this penalty.* Arizona tax liability is from Form 99T, page 1, line 11 (reduced by any refundable tax credit, if applicable); or Form 120, page 1, line 21 (reduced by any refundable tax credit and the claim of right adjustments, if applicable); or Form 120A, page 1, line 13 (reduced by any refundable tax credit and claim of right adjustments, if applicable); or Form 120S, page 1, line 17 (reduced by any refundable tax credit, if applicable).

**A. Forms 99T, 120, and 120A:** Generally, the taxpayer is subject to the penalty if the tax shown on the taxpayer's 2017 Arizona tax return is \$1,000 or more and it did not timely pay at least the **smaller** of:

- Ninety percent of the tax (reduced by any refundable tax credit and the claim of right adjustments, if applicable) shown on its 2017 return, OR
- The tax shown on its 2016 return (reduced by any refundable tax credit and the claim of right adjustments, if applicable). The taxpayer must have filed a 2016 return showing at least some amount of tax and the return must have been filed for a period of 12 full months. However, a "large corporation" may base only its first required installment on the prior taxable year's tax.

**NOTE FOR FORM 120:** *A unitary group of corporations filing a combined return* must make its estimated tax payments on a combined basis. Therefore, a unitary group, as a single taxpayer, must compute the underpayment of estimated tax penalty on a combined basis if its Arizona tax liability for the taxable year is \$1,000 or more.

**NOTE FOR FORM 120:** *An Arizona affiliated group filing an Arizona consolidated return* pursuant to Arizona Revised Statutes (A.R.S.) § 43-947 must make its estimated tax payments on a consolidated basis. Therefore, an Arizona affiliated group, as a single taxpayer, must compute the underpayment of estimated tax penalty on a consolidated basis if its Arizona tax liability for the taxable year is \$1,000 or more.

**B. Form 120S:** Generally, the taxpayer is subject to the penalty if the tax shown on the taxpayer's 2017 Arizona tax return is \$1,000 or more and it did not timely pay at least the **smaller** of:

- Ninety percent of the tax (reduced by any refundable tax credit, if applicable) shown on its 2017 return, OR
- If the taxpayer's 2016 return was filed for a period of twelve months, an amount of tax equal to 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.

**NOTE:** *In these instructions, "return" generally refers to the corporation's original return. However, an amended return is considered the original return if the amended return is filed by the due date (including extensions) of the original return. Refer to the department's ruling, CTR 02-1 for further information.*

The penalty is calculated separately for each installment due date. Therefore, the taxpayer may owe a penalty for an earlier installment due date, even if later "catch-up" payments were made for the earlier installment due date underpayment. A taxpayer may be subject to the underpayment penalty even if the taxpayer is due a refund when its return is filed.

A taxpayer may be able to reduce or eliminate the penalty by using the annualized income installment method or the adjusted seasonal installment method.

**Who Must Complete This Form**

A taxpayer DOES NOT HAVE TO COMPLETE Form 220, *Underpayment of Estimated Tax by Corporations*, if the taxpayer made estimated tax payments based on either of the following methods:

- *All taxpayers:* An amount equal to 90 percent of the current taxable year's tax liability (reduced by any refundable tax credit and the claim of right adjustments, if applicable), paid in four equal installments; or
- *Form 99T, 120, and 120A:* An amount equal to 100 percent of the taxpayer's tax liability (reduced by any refundable tax credit and the claim of right adjustments, if applicable) for the prior taxable year, paid in four equal installments. A "large corporation" may not use this method.

The department will compute the estimated tax penalty based on either of these methods and notify the taxpayer of any amount due.

A taxpayer **MUST COMPLETE** Form 220, even though no penalty is due, if it made its estimated tax payments based on any of the following methods:

- *All taxpayers:* The annualized income installment method; **or**
- *All taxpayers:* The adjusted seasonal installment method; **or**
- *Forms 120 and 120A:* The taxpayer is a “large corporation” that computed its first required installment based on the taxpayer’s tax liability for the prior taxable year; **or**
- *Form 120S:* An amount, paid in four equal installments, that is equal to the sum of:
  - 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; **plus**
  - One hundred percent of the portion of the prior taxable year's Arizona tax liability that is attributable to excess net passive income.

### How to Use This Form

Check the applicable boxes in Part A. Complete Part B to determine if the taxpayer has an underpayment for any of the four installment due dates. If the taxpayer has an underpayment on line 15 (column (a), (b), (c), or (d)), complete Part C to calculate the penalty.

If the taxpayer is required to complete Form 220, include the completed Form 220 with the taxpayer's Arizona tax return. Check the box on Form 99T, page 1, line 22; Form 120, page 1, line 29; Form 120A, page 1, line 21; or Form 120S, page 1, line 25, to indicate Form 220 is included with the return.

## Specific Instructions

Complete the name and employer identification number (EIN) section at the top of the form. If filing on a fiscal year, indicate the period covered by the taxable year.

All returns, statements, and other documents filed with the department require a taxpayer identification number (TIN). The TIN for a corporation is the corporation’s EIN. Taxpayers that fail to include their TIN may be subject to a penalty.

### Part A - Reasons for Filing Form 220

#### Lines 1 and 2 - Annualized Income Installment Method and/or Adjusted Seasonal Installment Method

If the taxpayer's income varied 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 Form 220, Schedule A, to compute one or more required installments. If Schedule A is used for any payment due date, it must be used for all payment due dates.

Use Schedule A to calculate 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 recaptured under Internal Revenue Code (IRC) § 6655(e)(1)(B).

Follow the steps below to determine which parts of Form 220, Schedule A, to complete.

- If the taxpayer is using only the annualized income installment method, check the box on Part A, line 1 and complete Schedule A, Parts 1 and 3.
- If the taxpayer is using only the seasonal installment method, check the box on Part A, line 2 and complete Schedule A, Parts 2 and 3.
- If the taxpayer is using both methods, check the boxes on Part A, lines 1 and 2 and complete all three parts of Schedule A.
- All taxpayers: In each column on line 8, enter the amounts from the corresponding column of line 48 of Schedule A. Include a copy of Schedule A with Form 220.

#### Line 3 - 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 an Arizona consolidated return is treated as a single corporation for purposes of applying the large corporation definition.

If the taxpayer is a large corporation, check the box on Part A, line 3. If applicable, check the box(es) on line 1 and/or line 2. Complete Schedule A, Parts 1, 2, and 3, as discussed above.

#### Line 4 - S corporations (form 120S)

If the taxpayer is an S corporation, check the box on Part A, line 4. Complete Part B.

### Part B - Calculation of Underpayment

#### Line 5 - Arizona Tax Liability

Enter the 2017 Arizona tax liability from Form 99T, line 11 less line 12; or Form 120, line 21 less line 22; or Form 120A, line 13 less line 14; or Form 120S, line 17 less line 18.

#### CLAIM OF RIGHT ADJUSTMENT (FORMS 120 AND 120A):

Taxpayers computing the Arizona tax liability under the claim of right provisions should use the Arizona tax liability reduced by those provisions for purposes of computing underpayment of estimated tax. Enter the Claim of Right adjustment.

**Line 6 - Required Annual Payment**

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

- *All taxpayers* - ninety percent of the taxpayer's Arizona tax liability (reduced by any refundable tax credit and the claim of right adjustments, if applicable) for the current taxable year; **or**
- *Forms 99T, 120, and 120A* - one hundred percent of the taxpayer's Arizona tax liability (reduced by any refundable tax credit and the claim of right adjustments, if applicable) for the prior taxable year.
- *Form 120S* - an amount equal to the sum of:
  - 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; **plus**
  - One hundred percent of the portion of the prior taxable year's Arizona tax liability that is attributable to excess net passive income.

**Line 6a - (All Taxpayers)**

Multiply line 5 by 90%. Enter the result on line 6a.

**Line 6b - (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 credit and the claim of right adjustments, if applicable). Enter the net amount on line 6b.

DO NOT COMPLETE THIS LINE IF: (1) a return was not filed for the 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 6b and enter the amount from line 6a on line 6d.

**Line 6c - (Form 120S)**

Enter an amount on line 6c 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 6c and enter the amount from line 6a on line 6d.

**Line 6d - (All Taxpayers)**

*Forms 99T, 120, and 120A* - enter the smaller of line 6a or line 6b (if an amount was entered on line 6b).

*Form 120S* - enter the smaller of line 6a or line 6c (if an amount was entered on line 6c).

**NOTE for lines 7 through 16:** Complete all lines in each column before completing the next column.

**Line 7 - Installment Due Dates**

Enter the installment due dates for the estimated payments.

**NOTE:** All corporate taxpayers are required to make their Arizona corporate estimated tax payments by the 15th day of the 4th, 6th, 9th, and 12th months of their 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.

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

**Line 8 - Required Installments**

- If the box on line 1 and/or line 2 is checked, enter the amounts from Schedule A, Part 3, line 48.
- If the box on line 3 is checked, see the instructions the "Large Corporations" below for the amounts to enter.
- If box 4 is checked, or if none of the boxes are checked, enter 25% of the amount on line 6d.

**Instructions for "Large Corporations" - Forms 120 and 120A.**

**A.** If the box on line 3 (but not the box on line 1 or line 2) is checked, follow the instructions below to compute the amount to enter on Part B, line 8.

- If line **6a** is **less than** line **6b**, enter 25% of line 6a in columns (a) through (d) of line 8.
- If line **6b** is **less than** line **6a**:
  - Enter 25% of line 6b in column (a) of line 8.
  - Determine the amount to enter in column (b) of line 8 as follows:
    - (i) Subtract line 6b from line 6a,
    - (ii) Add the result to the amount on line 6a, and
    - (iii) Multiply the total in (ii) above by 25%.
  - Enter 25% of line 6a in columns (c) and (d) of line 8.

**B.** If the box on line 3 **and** the box on line 1 and/or line 2 is checked, follow the instructions below to determine the amounts to enter on Schedule A, Part 3, line 44, columns (a) through (d). 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 Part B, line 8, columns (a) through (d).

- If Part B, line **6a** is **less than** line **6b**, enter 25% of line 6a in columns (a) through (d) of Schedule A, Part 3, line 44.
- If Part B, line **6b** is **less than** line **6a**:
  - Enter 25% of line 6b 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:
    - (i) Subtract line 6b from line 6a,
    - (ii) Add the result to the amount on line 6a, and
    - (iii) Multiply the total in (ii) above by 25%.
  - Enter 25% of line 6a in columns (c) and (d) of Schedule A, Part 3, line 44.
  - Complete the remainder of the lines on Schedule A, Part 3.
  - Enter the amounts from Schedule A, Part 3, line 48, columns (a) through (d) on Part B, line 8, columns (a) through (d).

**Line 9 - Estimated Tax Paid or Credited**

Enter the estimated tax payments made by the taxpayer for its taxable year.

The department will apply the payment of a required installment in the order in which the installments are required to be paid, regardless of the installment to which the payment pertains.

Include any overpayment of tax from the taxpayer's 2016 Arizona tax return that the taxpayer elected to apply to its 2017 Arizona estimated tax.

**NOTE:** For column (a) only, skip lines 10 through 12. Enter the amount on line 9 on line 13.

**Column (a)** Enter payments made by the 15th day of the fourth month.

**Column (b)** Enter payments made after the 15th day of the fourth month through the 15th day of the sixth month.

**Column (c)** Enter payments made after the 15th day of the sixth month through the 15th day of the ninth month.

**Column (d)** Enter payments made after the 15th day of the ninth month through the 15th day of the 12th month.

**Lines 10 through 14**

Read and follow the instructions on the form.

**Line 15 - Underpayment**

If line 13 is less than or equal to line 8, subtract line 13 from line 8. Enter the difference. If this amount is greater than zero, complete Part C to calculate the underpayment penalty. Otherwise, continue to line 16.

**Line 16 - Overpayment**

If line 8 is less than line 13, subtract line 8 from line 13 and enter the difference. Enter the amounts in columns (a) through (c) on line 10, columns (b) through (d).

**Part C - Penalty Calculation**

**NOTE:** Do not round amounts or components you use in the calculation for Part C, lines 20, 22, 24, 26, 28, 30, 32, 34, and 36 to the nearest whole dollar.

Round the total penalty on line 37, to the nearest whole dollar.

The underpayment of estimated tax penalty is imposed on any required installment of estimated tax that is late or underpaid. The penalty is equal to the interest that would accrue under A.R.S. § 42-1123 on the amount not paid for the period of nonpayment. The maximum penalty is 10% of the amount not paid. The Arizona interest rate is the federal underpayment rate for the calendar quarter in which the underpayment occurred.

**NOTE for lines 17 through 37:** Complete all lines in each column before completing the next column.

**Lines 17 through 36 -**

Complete Part C, lines 17 through 36 to determine the underpayment penalty for any underpayment of a required installment for the period of nonpayment.

- Apply the applicable rate to each underpayment. The penalty is computed for the number of days the

underpayment remained unpaid, or until the original due date of the return, whichever is earlier.

- If the taxpayer made more than one payment of a required installment, include a separate computation for each payment.

**Line 37 -**

Add columns (a) through (d) on line 36. Enter the total. Also, enter the total on Form 99T, line 22, or Form 120, line 29, or Form 120A, line 21, or Form 120A, line 25.

**NOTE FOR COMPOUND PENALTY AMOUNT:** The penalty is compounded annually (on January 1 of each year) on any underpayment of an installment outstanding as of that date. The compound penalty amount is added to the principal amount of the underpayment. The amount added to the principal accrues penalty until the underpayment is paid or until the original due date of the return, whichever is earlier.

**Form 220, Schedule A**

**Part 1 - Annualized Income Installment Method**

**NOTE for Schedule A, lines 1 through 16:** Complete all lines in each column before completing the next column.

**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<br>Installment | 2nd<br>Installment | 3rd<br>Installment | 4th<br>Installment |
| Standard option           | 3                  | 3                  | 6                  | 9                  |
| Option 1                  | 2                  | 4                  | 7                  | 10                 |
| Option 2                  | 3                  | 5                  | 8                  | 11                 |

| Form 99T        |                    |                    |                    |                    |
|-----------------|--------------------|--------------------|--------------------|--------------------|
| Option          | 1st<br>Installment | 2nd<br>Installment | 3rd<br>Installment | 4th<br>Installment |
| Standard option | 2                  | 3                  | 6                  | 9                  |
| Option 1        | 2                  | 4                  | 7                  | 10                 |

**Line 2 -**

Enter the taxable income for each annualization period indicated in columns (a) through (d).

**Line 3 - Annualization Amounts**

Enter the annualization amounts for the option used on line 1 in columns (a) through (d), respectively.

| Forms 120, 120A, and 120S |                    |                    |                    |                    |
|---------------------------|--------------------|--------------------|--------------------|--------------------|
| Option                    | 1st<br>Installment | 2nd<br>Installment | 3rd<br>Installment | 4th<br>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<br>Installment | 2nd<br>Installment | 3rd<br>Installment | 4th<br>Installment |
| Standard<br>option | 6                  | 4                  | 2                  | 1.33333            |
| Option 1           | 6                  | 3                  | 1.71429            | 1.2                |

**Line 4 – Annualized Taxable Income**

Multiply columns (a) through (d) of line 2 by columns (a) through (d) of line 3. Enter the result in each column.

**Line 5 - Calculate the Tax**

Multiply columns (a) through (d) of line 4 by 4.9%. Enter the result in each column.

**NOTE:** Calculate the tax on the amount in each column using the instructions for taxable year 2017 for: Form 99T, line 6; or Form 120, line 16; or Form 120A, line 8; or Form 120S, line 12.

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

Enter the amount of tax due from recapture of the environmental technology facility, healthy forest enterprises, renewable energy industry, qualified facility, and renewable energy investment and production for self-consumption by manufacturers and international operations centers tax credits from Form 300, Part 2, line 31.

**Line 7 – Subtotal Tax**

Add columns (a) through (d) of line 5 and columns (a) through (d) of line 6. Enter the total in each column.

**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 taxable year 2017 for: Form 99T, line 9; or Form 120, line 19; or Form 120A, line 11; or Form 120S, line 15.

**Line 9 -**

Subtract columns (a) through (d) of line 8 from columns (a) through (d) of line 7. Enter the difference in each column. If the difference is zero or less, enter "0".

**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 taxable year 2017 for: Form 99T, line 12; or Form 120, line 22; or Form 120A, line 14; or 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 12 – Net Liability**

Subtract the sum of columns (a) through (d) of line 10 and columns (a) through (d) of line 11 from columns (a) through (d) of line 9. Enter the difference in each column. If the difference is zero or less, enter "0".

**Line 14 –**

Multiply columns (a) through (d) of line 12 by columns (a) through (d) of line 13. Enter the result in each column.

**Line 15 - Cumulative Installments**

Do not enter an amount in column (a). Enter the amounts from columns (b) through (d) of Part 3, line 48 in columns (b) through (d).

**Line 16 – Annualized Income Installments**

Read and follow the instructions on the form.

**Part 2 - Adjusted Seasonal Installment Method**

Complete Part 2 only if your base period percentage for any 6 consecutive months of your tax year equals or exceeds 70%. Figure the base period percentage using the 6 month period in which you normally receive the largest part of your taxable income.

The taxpayer's base period percentage for any period of 6 consecutive months is the average of the three 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.

See the **EXAMPLE** below for information on how to calculate the base period percentage.

**EXAMPLE:** A calendar year taxpayer receives the largest part of its taxable income during the 6-month period from April through September. To compute its base period percentage for this 6-month period in 2017, the taxpayer figures its taxable income for each April through September period in 2014, 2015, and 2016. It then divides the taxable income for each April through September period by the total taxable income for that particular tax year. The resulting percentages are 65% for April - September 2014, 75% for April - September 2015, and 70% for April - September 2016. Because the average of 65%, 75%, and 70% is 70%, the base period percentage for April through September 2017 is 70%. Therefore, the taxpayer qualifies for the adjusted seasonal installment method.

**NOTE for Part 2, lines 17 through 42:** Complete all lines in each column before completing the next column.

**Lines 17 through 25**

Read and follow the instructions on the form.

**Line 26 - Calculate the Tax**

Multiply columns (a) through (d) of line 25 by 4.9%. Enter the result in each column.

**NOTE:** Refer to the instructions for taxable year 2017 for: Form 99T, line 6; or Form 120, line 16; or Form 120A, line 8; or Form 120S, line 12.

**Lines 27 through 32**

Read and follow the instructions on the form.

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

Enter the amount of tax due from recapture of the environmental technology facility, healthy forest enterprises, renewable energy industry, qualified facility, and renewable energy investment and production for self-consumption by manufacturers and international operations centers tax credits from Form 300, Part 2, line 31.

**Line 34 – Subtotal Tax**

Add columns (a) through (d) of lines 32 and 33. Enter the total in each column.

**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 taxable year 2017 for: Form 99T, line 9; or Form 120, line 19; or Form 120A, line 11; or Form 120S, line 15.

**Line 36 – Arizona Tax Liability**

Subtract columns (a) through (d) of line 35 from columns (a) through (d) of line 34. Enter the difference in each column. If the difference in any column is zero or less than zero, enter “0”.

**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 above line 17. Calculate this amount using the instructions for Form 99T, line 12; or Form 120, line 22; or Form 120A, line 14; or 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. Enter the Claim of Right adjustment claimed.

**Line 39 – Net Liability**

Subtract the sum of columns (a) through (d) of lines 37 and line 38 from columns (a) through (d) of line 36. Enter the difference each column. If the difference in any column is zero or less than zero, enter “0”.

**Line 40 –**

Multiply columns (a) through (d) of line 39 by 90%. Enter the result in each column.

**Line 41 - Cumulative Installments**

Do not enter an amount in column (a). Enter the amounts from columns (a) through (c) of Part 3, line 48, in columns (b) through (d) of this line.

**Line 42 – Adjusted Seasonal Installments**

Subtract columns (a) through (d) of line 41 from columns (a) through (d) of line 40. Enter the difference in each column. If the difference in any column is zero or less than zero, enter “0”.

**Part 3 - Required Installments**

**NOTE for Part 3, lines 43 through 48:** Complete all lines in each column before completing the next column.

**Line 43 -**

- If Part 1 or Part 2 is completed, enter the amount in columns (a) through (d) of line 16 or line 42.
- If Part 1 and Part 2 are completed, enter the lesser of columns (a) through (d) of line 16, or columns (a) through (d), of line 42.

**Line 44 –**

Enter 25% of line 6d in each column.

**NOTE:** “Large corporations” see the instructions for line 8 to determine the amount to enter in columns (a) through (d).

**Line 45 -**

Do not enter an amount in column (a). For columns (b) through (d), enter the amounts from line 47, columns (a) through (c).

**Line 46 -**

Add columns (a) through (d) of line 44 and columns (a) through (d) of line 45. Enter the totals in each column.

**Line 47 –**

If columns (a) through (d) of line 46 are greater than columns (a) through (d) of line 43, subtract columns (a) through (d) of line 43 from columns (a) through (d) of line 46. Enter the difference in each column. Otherwise, enter “0”.

**Line 48 – Required Installments**

Enter the lesser of columns (a) through (d) of line 43 or columns (a) through (d) of line 46 in each column and in columns (a) through (d) of Part B, line 8.