

2021



Arizona Booklet
120ES

**Corporation Estimated
Tax Payment**

This booklet contains:

☐ Form 120ES

☐ Form 120W



2020 CORPORATE INCOME TAX HIGHLIGHTS

Electronic Filing of Corporate Income Tax Returns

Electronic filing of Arizona corporate income tax returns is required for the 2020 taxable year. Please see the department's website at <https://azdor.gov/> for a list of approved software vendors.

Any corporate taxpayer who is required to file its income tax return electronically may apply to the director for an annual waiver from the electronic filing requirement. The waiver may be granted if any of the following apply:

- The taxpayer has no computer.
- The taxpayer has no internet access.
- Any other circumstance considered to be worthy by the director.

Waivers are granted on an annual basis and expire at the end of the requested tax year. Waivers must be renewed each calendar year. If a waiver is not renewed, you will be subject to statutory electronic filing and payment requirements at the expiration of your waiver.

To request a waiver, submit Form 292, *Electronic Filing and Payment Waiver Application*, to the department. Form 292 is available at: <https://azdor.gov/forms/other-forms/electronic-filing-and-payment-waiver-application>.

A waiver is not required if the corporate income tax return cannot be electronically filed for reasons beyond the taxpayer's control, including situations in which the taxpayer was instructed by either the Internal Revenue Service or the Arizona Department of Revenue to file by paper.

Please contact the department at azefile@azdor.gov if you need assistance in electronically submitting your Arizona corporate income tax return.

Electronic Funds Transfer

Corporations are required to pay their tax liability by electronic funds transfer (EFT) if the corporation owes:

- \$5,000 or more for any taxable year beginning from and after December 31, 2019, through December 31, 2020, or,
- \$500 or more for any taxable year beginning from and after December 31, 2020.

A corporation may apply to the director for an annual waiver from the electronic payment requirement. The application must be received by December 31 of each year. The director may grant the waiver if any of the following applies:

- The corporation has no computer.
- The corporation has no internet access.
- Any other circumstance considered to be worthy by the director exists, including:
 - The corporation has a sustained record of timely payments, and,
 - No delinquent tax account with the department.

To request a waiver, submit Form 292, *Electronic Filing and Payment Waiver Application*, to the department. Form 292 is available at: <https://azdor.gov/forms/other-forms/electronic-filing-and-payment-waiver-application>.

NOTE: *A corporation who is required to pay by EFT but who fails to do so is subject to a penalty of 5% of the amount of the payment not made by EFT. See A.R.S. § 42-1125(O).*

For additional information on electronic funds transfer, refer to A.R.S. § 42-1129 and the related Arizona Administrative Code rules (A.A.C. R15-10-301 through R15-10-307) for detailed information.

Inclusion of federal return with Arizona return

The department requests that taxpayers include a copy of their "as-filed" federal return (i.e. federal Form(s) 1120, 1120-S, 1120-F, 1120-RIC, etc.) and all its schedules and attachments with their Arizona return.

Change to MSP Election

Effective for taxable years beginning from and after December 31, 2019, the Multistate Service Provider election includes sales from services or *sales from intangibles* in its calculation. This includes sales derived from credit and charge card receivables, including fees, merchant discounts, interchanges, interest and related revenue. Refer to the instructions for the MSP for additional information.

Credits no longer available to corporate taxpayers

For taxable years beginning after December 31, 2019, the following credits may no longer be claimed by corporate taxpayers:

- The Agricultural Pollution Control Credit, claimed on Arizona Form 325;
- The Credit for Donation of School Site, claimed on Arizona Form 331; and
- The Training Credit for Healthy Forest Enterprises and the Employment Credit for Healthy Forest Enterprises, claimed on Arizona Form 332, Credit for Employment by a Healthy Forest Enterprise.

Corporate taxpayers, including S corporations, may no longer claim these credits for taxable years beginning from and after December 31, 2019.

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

For the ☐ calendar year 2021 or ☐ fiscal year beginning MM/DD/2021 and ending MM/DD/20YY.

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

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.

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. Do 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 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 the department's ruling, ITR 16-2, *Composite Individual Income Tax Returns*, 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 who anticipate their Arizona corporate income tax liability for the 2021 taxable year to be \$500 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 who anticipate their Arizona corporate income tax liability for the 2021 taxable year to be less than \$500 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 registered with the Department of Revenue before they can register to pay taxes online. Visit www.AZTaxes.gov to register and make estimated tax payments over the Internet. ***If the taxpayer makes its estimated tax payments over 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 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 by American Express, Discover, MasterCard or Visa credit cards. Visit 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 an Arizona 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.

1 Arizona tax liability: See instructions before completing this line.....	1		00
2 Required annual payment:			
a Enter 90% of line 1.....	2a		00
b Forms 99T, 120, and 120A: Enter the tax as shown on the 2020 return. See instructions	2b		00
c Form 120S: See instructions.....	2c		00
d 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	2d		00

Required Installments – Due Dates and Amounts				
	(a)	(b)	(c)	(d)
3 Installment due dates: See instructions	3	MM/DD/YY	MM/DD/YY	MM/DD/YY
4 Required installments: 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.....	4			

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)
	First _____ Months	First _____ Months	First _____ Months	First _____ Months
5 Annualization periods: See instructions.....	5			
6 Enter taxable income for each annualization period.....	6			
7 Annualization amounts: See instructions.....	7			
8 Annualized taxable income: Multiply line 6 by line 7. Enter result...	8			
9 Multiply the amount in each column on line 8 by 4.9%: Enter the result.	9			
10 Enter tax from recapture of tax credits for each payment period: See instructions.....	10			
11 Subtotal tax: Add lines 9 and 10. Enter the total	11			
12 For each period, enter the amount of nonrefundable tax credits: See instructions	12			
13 Arizona tax liability: Subtract line 12 from line 11. Enter the difference. If zero or less, enter "0".....	13			
14 Refundable tax credits: See instructions	14			
15 Claim of right adjustment: See instructions.....	15			
16 Net liability: Subtract the sum of line 14 and line 15 from line 13. Enter the difference. If zero or less, enter "0"	16			
17 Applicable percentage.....	17	22.5%	45%	67.5%
18 Multiply line 16 by line 17. Enter the result.	18			
19 Add the amounts in all preceding columns from page 2, Part 3, line 52: See instructions	19			
20 Annualized income installments: Subtract line 19 from line 18. Enter the difference. If zero or less, enter "0"	20			

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)
	First 3 Months	First 5 Months	First 8 Months	First 11 Months
21 Enter taxable income for the following periods:				
a Taxable year beginning in 2018.....	21a			
b Taxable year beginning in 2019.....	21b			
c Taxable year beginning in 2020.....	21c			
22 Enter taxable income for each period for taxable year beginning in 2021.....	22			

Continued on page 2 →

	(a) First 4 Months	(b) First 6 Months	(c) First 9 Months	(d) Entire Year
23 Enter taxable income for the following periods:				
a Taxable year beginning in 2018.....	23a			
b Taxable year beginning in 2019.....	23b			
c Taxable year beginning in 2020.....	23c			
24 Divide the amount in each column on line 21a by the amount in column (d) on line 23a. Enter the result.....	24			
25 Divide the amount in each column on line 21b by the amount in column (d) on line 23b. Enter the result.....	25			
26 Divide the amount in each column on line 21c by the amount in column (d) on line 23c. Enter the result.....	26			
27 Add lines 24 through 26. Enter the total.....	27			
28 Divide line 27 by three (3). Enter the result.....	28			
29 Divide line 22 by line 28. Enter the result.....	29			
30 Multiply the amount in each column on line 29 by 4.9%: Enter the result.....	30			
31 Divide the amount in each column on line 23a by the amount in column (d) on line 23a. Enter the result.....	31			
32 Divide the amount in each column on line 23b by the amount in column (d) on line 23b. Enter the result.....	32			
33 Divide the amount in each column on line 23c by the amount in column (d) on line 23c. Enter the result.....	33			
34 Add columns (a) through (c) of lines 31 through 33. Enter the total.....	34			
35 Divide columns (a) through (c) of line 34 by three (3). Enter the result.....	35			
36 Multiply the amount in columns (a) through (c) of line 30 by the amount in the corresponding column of line 35. Enter the result. In column (d), enter the amount from line 30, column (d)....	36			
37 Enter tax from recapture of tax credits for each payment period: See instructions.....	37			
38 Subtotal tax: Add lines 36 and 37. Enter the total.....	38			
39 For each period, enter the amount of nonrefundable tax credits: See instructions.....	39			
40 Arizona tax liability: Subtract line 39 from line 38. Enter the difference. If zero or less, enter "0".....	40			
41 Refundable tax credits: See instructions.....	41			
42 Claim of right adjustment: See instructions.....	42			
43 Net liability: Subtract the sum of line 41 and line 42 from line 40. Enter the difference. If zero or less, enter "0".....	43			
44 Multiply line 43 by 90%. Enter the result.....	44			
45 Add the amounts in all preceding columns from Part 3, line 52: See instructions.....	45			
46 Adjusted seasonal installments: Subtract line 45 from line 44. Enter the difference. If zero or less, enter "0".....	46			

Part 3 Required Installments

	(a) First Installment	(b) Second Installment	(c) Third Installment	(d) Fourth Installment
47 If only one of the above parts is completed, enter the amount in each column from line 20 or line 46. (If both parts are completed, enter the lesser of the amounts in each column from line 20 or line 46.).....	47			
48 Enter 25% of line 2d in each column. NOTE: "Large corporations", see instructions for line 4 to determine the amount to enter.....	48			
49 Enter the amount from line 51 of this schedule for the preceding column.....	49			
50 Add lines 48 and 49. Enter the total.....	50			
51 If line 50 is more than line 47, subtract line 47 from line 50. Otherwise, enter "0".....	51			
52 Required Installments: Enter the lesser of line 47 or line 50 here and on page 1, line 4.....	52			

2021 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.

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 *Reports & Legal Research* then click on *Legal Research* and select a Document Type Category from the drop down menus.

Publications

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

NOTE: A corporation who is required to pay by EFT but who fails to do so is subject to a penalty of 5% of the amount of the payment not made by EFT. See A.R.S. § 42-1125(O).

For additional information on electronic funds transfer, refer to A.R.S. § 42-1129 and the related Arizona Administrative Code rules (A.A.C. R15-10-301 through R15-10-307) for detailed information.

How to Make EFT Payments

Corporations making EFT payments must register with the department before their EFT payments may be accepted. **An officer of the corporation must complete the initial registration.**

Taxpayers may use www.AZTaxes.gov to make EFT payments:

- Electronic payment from checking or savings account/e-check/ACH Debit.

Payments can be made electronically from a checking or savings account. Go to www.AZTaxes.gov and choose the e check option. Follow the prompts to complete your registration.

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.

- Online credit card payment

Payments can be made by American Express, Discover, MasterCard, or Visa credit cards. Go to www.AZTaxes.gov and choose the credit card option. This will take you to the website of the credit card payment service provider. Follow the prompts to make your payment.

The service provider will charge a fee based on the amount of the tax payment. The service provider will disclose the amount of the fee during the transaction and you will be given the option to continue or cancel. If you accept the fee and complete the credit card transaction, a confirmation number will be generated. Please keep this confirmation number as proof of payment.

Taxpayers may also make EFT payment by ACH Credit.

To register to make ACH Credit payments, go to the department's website, www.azdor.gov. Click on "Forms", then click "Other Forms." Click on Form number 10366, Electronic Funds Transfer (EFT) Disclosure Agreement for ACH Credit filers. Click "Download." Complete the form as instructed. Submit the completed at least five business days before the first anticipated transaction as it may take that long to process the application.

Fax the completed form to the department at (602) 771-9913. You may also email the completed form to the department at electronicfundstransfer@azdor.gov. Once the application is processed, the corporation will receive additional information to present to its bank to make the ACH Credit payment.

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. Use Form 120W to compute the required annual payment of estimated tax, and the required installments.

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

Payment by Electronic Funds Transfer

Corporations are required to pay their tax liability by electronic funds transfer (EFT) if the corporation owes \$500 or more for any taxable year beginning from and after December 31, 2020.

A corporation may apply to the director for an annual waiver from the electronic payment requirement. The application must be received by December 31 of each year. The director may grant the waiver if any of the following applies:

- The corporation has no computer.
- The corporation has no internet access.
- Any other circumstance considered to be worthy by the director exists, including:
 - The corporation has a sustained record of timely payments, and,
 - No delinquent tax account with the department.

To request a waiver, submit Form 292, *Electronic Filing and Payment Waiver Application*, to the department. Form 292 is available at: <https://azdor.gov/forms/other-forms/electronic-filing-and-payment-waiver-application>.

The payment will be electronically transferred into the department's account, normally the next business day. The corporation should consult with its bank for the timeframe required to make timely payments. NOTE: The corporation may be charged a service fee.

NOTE: *Corporate taxpayers using a foreign bank account to make EFT payments cannot make EFT payments by ACH Debit. The department does not accept ACH Debit payments from a foreign bank account. If the taxpayer wishes to make payment by EFT, the payment MUST be made by ACH Credit. See the instructions for ACH Credit above to register and make ACH Credit payments.*

MAKING ESTIMATED TAX PAYMENTS

Taxpayers making estimated payments for 2021 that expect a 2021 income tax liability of \$500 or more must make Arizona estimated payments using EFT. See the Section *Payment of Tax Liability by Electronic Funds Transfer*, on page 1, for details on making tax payments by EFT.

NOTE: *Corporations that make estimated tax payments by EFT should not submit Form 120ES.*

Corporations making estimated payments for 2021 who expect a 2021 income tax liability of less than \$500 may pay by check, e-check, money order, credit card, or they may elect to participate in EFT. See the Section, *Payment of Tax Liability by Electronic Funds Transfer* on page 1 for additional information. If paying by check or money order, complete Form 120ES and include the check or money order with the form.

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

For additional information on electronic funds transfer, refer to A.R.S. § 42-1129 and the related Arizona Administrative Code rules (A.A.C. R15-10-301 through R15-10-307).

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.

NOTE: *If two or more amounts must be added to figure the amount to enter on a line, include cents when adding the amounts. Round only the total.*

If two or more amounts must be added to figure the amount to enter on a line, include cents when adding the amounts. Round only the total.

Specific Instructions

Line 1 - Arizona Tax Liability

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

Claim of right adjustments (Forms 120 and 120A): If a taxpayer computes its tax liability under the claim of right

provisions, the estimated tax payments should be based 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:

- 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**
- 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 plus (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%. Enter the result on line 2a.

Line 2b - (Form 99T, 120, or 120A Filers)

Enter the tax as shown on the 2020 return.

NOTE: *If the taxpayer had no tax liability for 2020, or if its 2020 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 Filers)

Enter the sum of:

- Ninety percent of the portion of the 2021 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 2020 Arizona tax liability that is attributable to excess net passive income.

NOTE: *If the S corporation's 2020 taxable year was a period of less than twelve months, skip line 2c. 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

Enter the installment due dates for the estimated payments.

NOTE: All corporate taxpayers are required to make 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.

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

Line 4 - Required Installments

Enter 25% of line 2d in columns (a) through (d) unless:

- The entity uses the installment method; or,
- The entity uses the annualized income installment method; or,
- The entity is a "large corporation".

NOTE: When making estimated tax payments, be sure to take into account any 2020 overpayment that the entity chose to apply against its 2021 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 determine 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 Internal Revenue Code § 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 an Arizona consolidated return is treated as a single corporation for purposes of applying this 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 line 4.

- If line 2a is less than line 2b, enter 25% of line 2a in columns (a) through (d) of line 4.

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

B. If the taxpayer uses the annualized income installment method and/or the adjusted seasonal installment method, follow the instructions below to compute the amounts to enter on Part 3, line 48, columns (a) through (d) before completing the remainder of the lines in Part 3 of Schedule A.

- If line 2a is less than line 2b, enter 25% of line 2a in columns (a) through (d) of Schedule A, Part 3, line 48.
- If line 2b is less than line 2a:
 - Enter 25% of line 2b in column (a) of Schedule A, Part 3, line 48.
 - Determine the amount to enter in column (b) of Schedule A, Part 3, line 48 as follows:
 - (i) Subtract line 2b from line 2a,
 - (ii) Add the result to the amount on line 2a, and
 - (iii) Multiply the total in (ii) above by 25%.
 - Complete the remainder of Part 3, Schedule A.
 - Enter 25% of line 2a in columns (c) and (d) of Schedule A, Part 3, line 48.
- Complete the remainder of Schedule A, Part 3.
- Enter the amounts from columns (a) through (d) from Schedule A, Part 3, line 48 in columns (a) through (d) of this line.

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 1 and 3 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

NOTE for lines 5 through 20: Complete all lines in each column before completing the next column.

Line 5 - Annualization Periods

Enter the annualization period the taxpayer is using in 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 6 –

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

Line 7 - Annualization Amounts

Enter the annualization amounts for the option used on line 5 in columns (a) through (d), respectively.

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 8 – Annualized Taxable Income

Multiply columns (a) through (d) of line 6 by columns (a) through (d) of line 7. Enter the result in each column.

Line 9 - Calculate the Tax

Multiply columns (a) through (d) of line 8 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 2020 for: Form 99T, line 6; or Form 120, line 16; or Form 120A, line 8; or Form 120S, line 12.

Line 10 - Tax From Recapture of Tax Credits

Enter the amount of tax due from recapture of the following credits for each payment period in each column (a) through (d):

- The Environmental Technology Facility Credit claimed on Form 305,
- The credit for Employment by a Healthy Forest Enterprise claimed on Form 332,
- The credit for Qualified Facilities claimed on Form 349, and,
- The credit for Renewable Energy Investment and Production for Self-Consumption by International Operations Centers claimed on Form 351.

Line 11 – Subtotal Tax

Add columns (a) through (d) of line 9 and columns (a) through (d) of line 10. Enter the total in each column.

Line 12 - 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 2020 for: Form 99T, line 9; or Form 120, line 19; or Form 120A, line 11; or Form 120S, line 15.

Line 13 -

Subtract columns (a) through (d) of line 12 from columns (a) through (d) of line 11. Enter the difference in each column. If the difference is zero or less, enter "0".

Line 14 - 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 2020 for: Form 99T, line 12; Form 120, line 22; Form 120A, line 14 or Form 120S, line 18.

Line 15 - Claim of Right Adjustment (Forms 120 and 120A)

If a taxpayer computes its tax liability under the claim of right provisions, it should base its estimated tax liability on the net tax liability computed under the claim of right provisions.

Line 16 – Net Liability

Subtract the sum columns (a) through (d) of line 14 and columns (a) through (d) of line 15 from columns (a) through (d) of line 13. Enter the difference in each column. If the difference is zero or less, enter "0".

Line 18

Multiply columns (a) through (d) of line 16 by columns (a) through (d) of line 17. Enter the result in each column.

Line 19 - Cumulative Installments

Do not enter an amount in column (a). Enter the amounts from Part 3, line 52, columns (a) through (c) in columns (b) through (d) of this line.

Line 20 – Annualized Income Installments

Enter line 18, column (a) in line 20, column (a). Subtract line 19 columns (b) through (d) from line 18 columns (b) through (d). Enter the difference. If zero or less, enter “0”.

Part 2 - Adjusted Seasonal Installment Method

Complete Part 2 only if the taxpayer’s base period percentage for any 6 consecutive months of the tax year equals or exceeds 70%. Figure the base period percentage using the 6 month period in which the taxpayer normally receives the largest part of its 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 2020, the taxpayer figures its taxable income for each April through September period in 2018, 2019, and 2020. 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 2018, 75% for April - September 2019, and 70% for April - September 2020. Because the average of 65%, 75%, and 70% is 70%, the base period percentage for April through September 2021 is 70%. Therefore, the taxpayer qualifies for the adjusted seasonal installment method.*

Lines 21 through 29

Read and follow the instructions on the form.

Line 30 - Calculate the Tax

Multiply columns (a) through (d) of line 29 by 4.9%. Enter the result.

NOTE: *Refer to the instructions for taxable year 2020 for Form 99T, line 6; or Form 120, line 16; or Form 120A, line 8; or Form 120S, line 12 for additional information.*

Lines 31 through 36

Read and follow the instructions on the form.

Line 37 - Tax From Recapture of Tax Credits

Enter the amount of tax due from recapture of the following credits for each payment period in each column (a) through (d):

- The Environmental Technology Facility Credit claimed on Form 305,
- The credit for Employment by a Healthy Forest Enterprise claimed on Form 332,
- The credit for Qualified Facilities claimed on Form 349, and,
- The credit for Renewable Energy Investment and Production for Self-Consumption by International Operations Centers claimed on Form 351.

Line 38 – Subtotal Tax

Add columns (a) through (d) of lines 36 and 37. Enter the total in each column.

Line 39 - 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 21. Calculate this amount using the instructions for taxable year 2020 for: Form 99T, line 9; Form 120, line 19; Form 120A, line 11; or Form 120S, line 15.

Line 40 – Arizona Tax Liability

Subtract columns (a) through (d) of line 39 from columns (a) through (d) of line 38. Enter the difference in each column. If the difference in any column is zero or less than zero, enter “0”.

Line 41 - 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 taxable year 2020 for: Form 99T, line 12; Form 120, line 22; Form 120A, line 14; or Form 120S, line 18.

Line 42 - Claim of Right Adjustment (Forms 120 and 120A)

If a taxpayer computes its tax liability under the claim of right provisions, it should base its estimated tax liability on the net tax liability computed under the claim of right provisions. Enter the Claim of Right adjustment to be claimed.

Line 43 – Net Liability

Subtract the sum of columns (a) through (d) of lines 41 and line 42 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”.

Line 44

Multiply columns (a) through (d) of line 43 by 90%. Enter the result in each column.

Line 45 - Cumulative Installments

Do not enter an amount in column (a). Enter columns (a) through (d) of Part 3, line 52 in columns (b) through (d) of this line.

Line 46 – Adjusted Seasonal Installments

Subtract columns (a) through (d) of line 45 from columns (a) through (d) of line 44. Enter the difference in each column. If the difference in any column is zero or less than zero, enter “0”.

Part 3 - Required Installments**Line 47 -**

- If Part 1 is completed, enter the amounts from columns (a) through (d) of line 20.
- If Part 2 is completed, enter the amounts from columns (a) through (d) of line 46.
- If Part 1 and Part 2 are completed, enter the lesser of the amounts from columns (a) through (d) of line 20 or columns (a) through (d) of line 46.

Line 48 -

Enter 25% of line 2d in each column.

NOTE: "Large corporations" see the instructions for line 4 to determine the amount to enter in columns (a) through (d).

Line 49 -

Do not enter an amount in column (a). Enter the amounts from columns (a) through (c) of line 51, in columns (b) through (d) of this line.

Line 50 -

Add columns (a) through (d) of line 48, and columns (b) through (d) of line 49. Enter the totals in the respective columns.

Line 51 -

If columns (a) through (c) of line 50 are greater than columns (a) through (c) of line 47, subtract columns (a) through (c) of line 47 from columns (a) through (c) of line 50. Otherwise, enter "0". Do not enter an amount in column (d).

Line 52 - Required Installments

Enter the lesser of columns (a) through (d) of line 47 or columns (a) through (d) of line 50 and in columns (a) through (d) of Page 1, line 4.

QUICK AND EASY ACCESS TO TAX HELP AND FORMS



PERSONAL COMPUTER

You may use a personal computer and modem to get the forms and information you need at www.azdor.gov, including:

- Forms and Instructions
- Publications
- Tax Rulings and Procedures
- Other General Tax Information

WALK-IN SERVICE

You may get forms and information at any of our offices. Due to COVID-19, ADOR's in-person lobby services are by appointment only. Visit azdor.gov for latest updates on lobby restrictions.



We have offices at the following locations:

Phoenix

1600 West Monroe Street
Phoenix, AZ 85007

Tucson

400 West Congress
Tucson, AZ 85701



PHONE

Phoenix (602) 255-3381
Toll-free from area codes
520 and 928 (800) 352-4090

Reasonable accommodations for any person with a disability can be made.

Do not include any correspondence with your payment; mail separately to the department.