



## Notice 2024-33 provides limited penalty relief for corporations that do not pay estimated income tax attributable to corporate AMT liability

### Tax Alert

## Overview

On April 15, 2024, the IRS released [Notice 2024-33](#) (the "Notice"), which grants limited penalty relief for corporations that do not pay estimated income tax related to a corporate alternative minimum tax (CAMT) liability with respect to the estimated tax installment payments due on or before April 15, 2024, or on or before May 15, 2024 in the case of a fiscal year taxpayer with a taxable year beginning in February 2024.

## Background

The Inflation Reduction Act, ([P.L. 117-169](#)), signed into law by President Biden on August 16, 2022, includes a 15-percent CAMT on "adjusted financial statement income" (AFSI) of an applicable corporation ("Applicable Corporation"), effective for taxable years beginning after December 31, 2022.

Treasury and the IRS have released interim CAMT guidance in five previous notices, Notice 2023-7, Notice 2023-20, Notice 2023-42, Notice 2023-64, and Notice 2024-10, (collectively, the "CAMT Notices"). For background on the CAMT Notices, review our prior Tax Alerts dated [December 30, 2022](#), [February 20, 2023](#), [June 8, 2023](#), [September 19, 2023](#), and [December 21, 2023](#), respectively. The CAMT Notices announced the government's intent to issue forthcoming proposed regulations addressing the application of the CAMT and provided interim guidance intended to clarify the application of certain aspects of the CAMT.

Taxpayers are permitted to rely on the interim guidance in the CAMT Notices for any taxable year that begins before January 1, 2024, and for any taxable year that begins on or after January 1, 2024 but ends before the date the proposed regulations are published in the Federal Register. Section 5 of Notice

2024-10 provides special reliance rules for the interim guidance provided in such Notice.

## Corporate Estimated Income Tax

[Section 6655\(a\)](#) imposes an addition to tax ("penalty") for failure by a corporation to make a sufficient and timely payment of estimated income tax. Corporations are generally required to pay annual estimated income tax in four installments consisting of 25-percent of the required annual payment. Section 6655(d) provides the required annual payment means the lesser of 100% of the tax shown on the return for the taxable year or 100% of the tax shown on the return of the corporation for the preceding taxable year. The preceding taxable year provision does not apply if preceding taxable year was not a taxable year of 12 months or the corporation did not file a return for such preceding taxable year showing a liability for tax. Large corporations may not utilize the preceding tax year to determine its required annual payment except for the first required installment for any taxable year. A large corporation means any corporation if such corporation had taxable income of \$1 million or more (excluding net operating loss carryforwards) for any taxable year during the testing period, which is the 3 taxable years immediately preceding the taxable year.

Under section 6655(e), however, a taxpayer may establish that the required installment amount is lower than the 25-percent of the required annual payment determined under section 6655(d) by utilizing the annualized income installment or adjusted seasonal installment.

On June 8, 2023, the government released Notice 2023-42, which provided relief from penalty under section 6655 with respect to a corporation's CAMT liability for a taxable year that begins after December 31, 2022 and before January 1, 2024.

## Notice 2024-33: Limited Waiver of Addition to Tax

According to the Notice, Treasury and the IRS acknowledge the challenges that continue to persist with respect to the application of the CAMT and delay in issuance of the forthcoming proposed regulations. Accordingly, the IRS will waive any portion of the penalty under section 6655 with respect to a corporation's CAMT liability for the first installment of estimated tax that is due on or before April 15, 2024, or May 15, 2024 for fiscal years beginning in February 2024. However, if a corporation fails to timely pay its CAMT liability when due, other penalties may apply (e.g., if payment of the CAMT liability is not made by the due date of the corporation's return, without regard to any extension).

Taxpayers are required to file [Form 2220](#), *Underpayment of Estimated Tax by Corporations*, with their Federal income tax return, even if they owe no estimated tax penalty, to avoid a penalty notice. The instructions to Form 2220 will be modified, as necessary, to clarify that no penalty will be imposed for a corporation's failure to make estimated tax payments of its CAMT liability with respect to the estimated tax installment that is due on or before April 15, 2024 (or May 15, 2024 as referenced above), and that taxpayers may exclude such amounts when calculating the amount of its required annual payment on Form 2220.



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