



Notice 2024-47 extends relief for underpayment of estimated income tax attributable to corporate alternative minimum tax liability

Tax Alert

Overview

On June 13, 2024, the IRS issued [Notice 2024-47](#) (the "Notice") extending the limited waiver of addition to tax for any underpayment of estimated tax attributable to a corporation's corporate alternative minimum tax (CAMT) that is due on or before August 15, 2024, with respect to a taxable year that began in 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 previous notices: Notice 2023-7, Notice 2023-20, Notice 2023-42, Notice 2023-64, Notice 2024-10, and Notice 2024-33 (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](#), [December 21, 2023](#) and [April 18, 2024](#), 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, and reliance on such guidance before the proposed regulations are published in the Federal Register.

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.

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 April 18, 2024, the IRS released Notice 2024-33 that waived 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.

Notice 2024-47: Extended Waiver of Addition to Tax

In light of the continuing challenges associated with determining whether a corporation is an Applicable Corporation and the amount of an Applicable Corporation's CAMT liability, the IRS extends the relief provided in Notice 2024-33 pursuant to the Notice. The Notice will waive the portion of the addition to tax under section 6655 that is attributable to a corporation's CAMT liability, for an installment of estimated tax with respect to a taxable year that began in 2024 that is due on or before August 15, 2024. However, if a corporation fails to timely pay its CAMT liability when due, other penalties may apply (*for example*, 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 August 15, 2024, and that taxpayers may exclude such amounts when calculating the amount of its required annual payment on Form 2220.



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