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under the corporate alternative minimum tax.

Jason Bramwell • Jun. 12, 2023



The IRS and the Treasury Department said on June 7 that penalty relief will be provided for corporations that failed to pay their estimated tax liability under the new [corporate alternative minimum tax](#) (CAMT), which was created last year by the Inflation Reduction Act.

The CAMT applies to certain corporations reporting more than \$1 billion in annual adjusted book income averaged over a three-year period. The new CAMT applies a 15% tax to a company's [adjusted financial statement income](#) (AFSI). AFSI is a company's net income or loss reported on its applicable financial statements, such as

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Accordingly, for its applicable tax year, a corporation's required installments of estimated tax need not include amounts attributable to its CAMT liability to prevent the imposition of a penalty under section 6655 of the Internal Revenue Code, the IRS said.

The instructions to Form 2220, *Underpayment of Estimated Tax by Corporations*, will be modified to clarify that penalties will not be imposed under section 6655 based on a corporation's failure to make estimated tax payments of its CAMT liability for any covered CAMT year, the IRS said. However, affected taxpayers must still file Form 2220 with their federal income tax return, even if they owe no estimated tax penalty. Failure to do so could result in affected taxpayers receiving a penalty notice that will require an abatement request to apply the relief provided by Notice 2023-42.

IRS • Taxes

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