

N.J. Division of Taxation
(07-15)

Attach to your tax return (Form CBT-100 or CBT-100S)

INSTRUCTIONS

Purpose of Form

This Form CBT-160-A is used by corporations to determine whether they paid enough estimated tax, whether they are subject to an interest charge for underpayment of estimated tax, and if so, the amount of interest. Taxpayers with total gross receipts less than \$50,000,000 should use this form.

How to Use This Form

Complete Part I of Form CBT-160-A to find out if you have an underpayment for any of the four payment periods. If you have an underpayment on Line 9 (Column a, b, c or d), go to Part II, Exceptions. If you cannot meet either of the exceptions for a payment period, go to Part III, Installment Interest Due. If you are using Form CBT-160-A either to compute the interest on underpayment of estimated tax or to show that you qualify for any exception, attach Form CBT-160-A to your tax return, Form CBT-100 or CBT-100S.

Part I - How to Compute Your Underpayment

Complete Lines 1 through 9 in Part I. The instructions for most of these lines are on the form itself. Follow the instructions below for the lines indicated.

- Line 1 - Enter the amount from line 15, page 1 of Form CBT-100, or the amount from line 6, page 1 of Form CBT-100S.
- Line 7(b) - Enter any overpayment shown on Line 9 that is more than the total of all earlier underpayments.
- Line 9 - If Line 9 shows an underpayment, complete Part II to see if either of the exceptions apply.

Part II - Exceptions

You will not have to pay interest if all of your tax payments (Part II, Line 10) were made on time and are equal to or more than either of the amounts computed as explained by the exceptions (Lines 11 and 12) for the same payment period (Column a, b, c or d).

Exception I - Tax Based on Prior Year's Return Using Current Year's Rates

This exception applies if the amount the corporation paid is equal to or more than the tax computed by using the current year's rates but based on the facts shown on the prior year's return and the law that applies to the prior year. If the prior year return covered a period of less than a year, the prior return must be annualized by dividing the taxable net income by the number of whole months covered by the short period return and multiplying by 12.

Exception II - Tax Based on Annualized Tax

This exception applies if the estimated tax paid was equal to or more than 90% of the amount the corporation would owe if its estimated tax was based on a tax computed from annualizing tax for the months preceding an installment date.

A corporation may annualize its tax as follows:

- a. For the first 3 months if the installment was required to be paid in the 4th month.
- b. For the first 3 months or for the first 5 months if the installment was required to be paid in the 6th month.
- c. For the first 6 months or for the first 8 months if the installment was required to be paid in the 9th month.
- d. For the first 9 months or for the first 11 months if the installment was required to be paid in the 12th month.

Note: Initial New Jersey S Corporations should use the previous year CBT-100 income and the applicable CBT-100S rate.

- a. There is no rate of tax on entire net income that is not subject to Federal Corporate income taxation. All returns are subject to at least the minimum tax.
- b. The rate on taxable income that is subject to Federal Corporate income taxation is 6.5% (.065) for taxpayers with entire net income of \$50,000 or less. The rate is 7.5% (.075) for those with entire net income greater than \$50,000 but not greater than \$100,000. For all others the rate is 9% (.09).

Part III - Installment Interest Due

If no exception applies, complete Lines 13 through 18.

A payment of estimated tax on or before any installment date is considered a payment of any previous underpayment only to the extent the payment is more than the amount of the current installment as figured on Line 6. If the corporation made more than one payment for an installment, attach a separate computation for that installment.

Interest is computed on the amount of the underpayment from the installment due date to the date of payment or the original due date of the final tax return, whichever is earlier. The annual interest rate is 3% above the average predominant prime rate and is imposed each month or fraction thereof the underpayment exists. Changes in the average predominant prime rate must be reflected in the interest calculation. The interest rates assessed by the Division of Taxation are published in the quarterly issues of the *New Jersey State Tax News*.

The average predominant prime rate is the rate as determined by the Board of Governors of the Federal Reserve System, quoted by commercial banks to large businesses on December 1st of the calendar year immediately preceding the calendar year in which payment was due or as redetermined by the Director in accordance with N.J.S.A. 54:48-2.