

Instructions for Form 6220 Alaska

Underpayment of Estimated Tax by Corporations

Purpose of the Form

A corporation uses Form 6220 to report the use of the annualized income installment method or the adjusted seasonal installment method of calculating any estimated tax penalty.

Who Must File

A corporation is required to complete and attach Form 6220 to its return, only if the corporation pays its estimated tax based on the annualized income installment method or the adjusted seasonal installment method. If neither of these methods apply, a corporation is not required to use the form, because the DOR will calculate the amount of any penalty and notify the corporation of any amount due.

Who Must Pay the Underpayment Penalty

If the corporation did not pay sufficient estimated tax by any due date for paying estimated tax, it may be charged a penalty. This is true even if the corporation is due a refund when its return is filed. The penalty is computed separately for each installment due date. Therefore, the corporation may owe a penalty for an earlier installment due date, even if it paid enough tax later to make up the underpayment.

Generally, a corporation is subject to the penalty if its tax liability, net of all credits, is \$500 or more and it did not pay on time the lesser of: 100% of its tax liability for this tax year, or 100% of its tax liability for the previous tax year, if a return was filed showing a tax liability, and it covered a full 12 months. (A "large corporation" may base only its first required installment on 100% of the prior year's tax liability.) A corporation may be able to reduce or eliminate the penalty by using the annualized income or adjusted seasonal installment method.

Check the applicable box, if the corporation uses the annualized income installment method or the adjusted seasonal installment method, or if the corporation is a "large corporation." A "large corporation" is a corporation (or its predecessor) that reported \$1 million or more of Alaska taxable income for any of the three tax years immediately preceding the tax year involved. For this purpose, taxable income does not include a net operating loss or capital loss carryback. Members of a controlled group, as defined in IRS Section 1563, must divide the \$1 million among themselves in accordance with IRC Section 1561.

Amended Returns

A penalty for underpayment of estimated tax is based on the tax liability of the original return. The amendment of the return does not change the penalty. However, an amended return is considered the original return if the amended return is filed by the filing due date (including extension) of the original return.

Specific Instructions

Attach Form 6220 to the income tax return (Form 6000, 6100, or 6150) if the annualized income installment method or adjusted seasonal installment method is used.

Line 1: Enter on line 1 the net income tax from Form 6000, 6100, or 6150, Schedule A, line 9 less refundable credits on Schedule A, line 12. Do not enter an amount less than zero.

Do not include the Alternative Minimum Tax ("AMT") from Schedule E, line 1d on line 1 of Form 6220 if the tax year began after 12/31/2024 and the tax year began prior to 01/01/2026.

Line 3: Subtract line 2d from line 1. If the result is less than \$500, do not complete the rest of this form.

Line 4b: Compute your previous year's tax in the same way that the amount on line 3 of this form was determined, using the taxes and credits from your previous year's tax return. If you did not file an Alaska return showing a tax liability for the previous tax year, or if that tax year was for less than 12 months, do not complete this line. Instead, enter the amount from line 4a on line 4c.

Line 4c: Enter the lesser of line 4a or line 4b.

Line 5: Enter in columns A through D the installment due dates (the 15th day of the 4th, 6th, 9th and 12th months of the tax year).

Line 6: Annualized income installment method or adjusted seasonal installment method: If the corporation's income varied during the year because, for example, it operated 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. The annualized income installment or adjusted seasonal installment may be less than the required installment under the regular method for one or more due dates, thereby reducing or eliminating the penalty for those due dates.

To use one or both of these methods to compute one or more required installments, use the worksheet for federal Form 2220, using Alaska figures, rates, and computations. Taxpayers must calculate a cumulative quarterly Alaska apportionment factor for each required installment payment. The taxpayer calculates the estimated Alaska taxable income by multiplying the cumulative quarterly consolidated taxable income by the cumulative quarterly Alaska apportionment factor. If you use the worksheet for any payment date, you must use it for all payment due dates. **Do not enter an amount less than zero in each column.**

If you are not using the annualized income installment method or adjusted seasonal installment method, and are completing Form 6220 to estimate the penalty for underpayment of estimated tax, then follow the instructions below to compute the amount to enter on line 6, and complete the Penalty Worksheet below.

If the corporation is not a Large Corporation, enter 25% of line 4c in columns A through D.

Large Corporation: A Large Corporation may not base its estimated tax payments on the previous year's tax, except for the first quarter. Any reduction in that first installment must be added to the second installment, so that the total of columns A–D is equal to line 4a, as follows:

If line 4b is less than line 4a, in column A enter 25% of line 4b. In column B, determine the amount to enter by:

- (i) subtracting line 4b from line 4a,
- (ii) adding the result to the amount on line 4a, and
- (iii) multiplying the total by 25%.

In columns C and D, enter 25% of line 4a.

Penalty Worksheet and Instructions

Use the worksheet below to estimate the penalty for underpayment of estimated tax payments. Use additional worksheets to account for payments if more than four estimated payments were made for the tax year.

Do not attach the Penalty Worksheet to the tax return. Keep the Penalty Worksheet with your other tax records.

Line 1: Enter in column A through D the installment due dates from Form 6220 line 5.

Line 2: Enter in columns A through D the requirement installment from Form 6220, line 6.

Line 3: In column A, enter the estimated tax payments deposited by the 15th day of the 4th month of your tax year; in column B, enter payments made after the 15th day of the 4th month through the 15th day of the 6th month of your tax year; in column C, enter payments made after the 15th day of the 6th month through the 15th day of the 9th month of your tax year; and in column D, enter payments made after the 15th day of the 9th month through the 15th day of the 12th month of your tax year. For column A only, enter the amount from line 3 on line 7.

Generally, a prior year's overpayment will be applied against the earliest installment, unless the taxpayer instructs the Department otherwise.

Line 7: Subtract line 6 from line 5. If less than zero, enter zero (for column A only, enter the amount from line 3)

Line 8: If the amount on line 7 is zero, subtract line 5 from line 6 and enter the result on line 8. Otherwise, enter zero.

Line 9: If line 7 is less than or equal to line 2, subtract line 7 from line 2, enter the result, compute the penalty on line 13, and then go to line 4 of the next column. Otherwise, go to line 10.

Line 10: If line 2 is less than line 7, subtract line 2 from line 7 and enter the result on line 10. Then go to line 4 of the next column.

Line 11: Enter the date of payment or the final tax payment due date (see below) after the close of the tax year, whichever is earlier.

The final payment due date depends on whether the taxpayer is a C Corporation, an S Corporation, or a special entity such as an Exempt Organization or Cooperative. There are also special rules for tax years that end in June.

Payment due dates (months after the end of the tax year) are as follows:

- C Corporations, generally:
 - 15th of the fourth month
- C Corporations, fiscal year ending June 30, 20XX:
 - September 15, 20XX
- S Corporations (all tax year-ends):
 - 15th of the third month
- Exempt Organizations (all tax year-ends):
 - 15th day of the fifth month
- Cooperatives (all tax year-ends):
 - 15th day of the ninth month

A payment of estimated tax is applied against underpayment of required installments in the order in which such installments are required to be paid, regardless to which installment the payment pertains. If the corporation has made more than one payment for a required installment, compute the penalty separately for each payment.

Line 12: Enter the number of days from the due date of the installment on line 1 to the date shown on line 11.

Line 13: Enter the amount that is equal to the number of days on line 12 divided by the number of days in the tax year times the applicable rate times the amount on line 9. The applicable rate is the Alaska interest rate in effect. For interest rates, refer to DOR's website at <https://tax.alaska.gov>.

Line 14: Add amounts on line 13 columns A–D. Enter on line 14 and on Schedule A, line 14 of Form 6000, 6100, or 6150.

