

Part III – Administrative, Procedural, and Miscellaneous

Extended Relief from Certain Additions to Tax for Corporation's Underpayment of Estimated Income Tax under Section 6655

Notice 2024-47

SECTION 1. OVERVIEW

This notice provides a limited waiver of the addition to tax under § 6655 of the Internal Revenue Code (Code)¹ for underpayment of estimated income tax by a corporation to the extent the amount of any underpayment is attributable to the corporation's corporate alternative minimum tax (CAMT) liability under § 55, as amended by § 10101 of Public Law 117-169, 136 Stat. 1818 (August 16, 2022), commonly referred to as the Inflation Reduction Act of 2022 (IRA).

SECTION 2. SCOPE

The relief provided in this notice applies only for the purpose of calculating an installment of estimated income tax of a corporate taxpayer that is due on or before August 15, 2024, with respect to a taxable year that began during 2024. This notice waives any addition to tax under § 6655 to the extent the amount of any underpayment is attributable to the portion of the CAMT liability due in that installment. Regarding installments of estimated income tax of a corporate taxpayer (or consolidated group) due after August 15, 2024, § 6655 applies in the normal

¹ Unless otherwise specified, all "section" or "§" references are to sections of the Code.

course and this notice does not apply, nor does it waive the addition to tax under § 6655 to the extent the amount of any underpayment is attributable to provisions of the Code other than § 55(a).

SECTION 3. BACKGROUND

.01 CAMT under the IRA. Section 10101 of the IRA amended § 55 to impose a new CAMT based on the “adjusted financial statement income” (AFSI) of an applicable corporation for taxable years beginning after December 31, 2022. Pursuant to § 59(k)(1), in general, a corporation is an applicable corporation subject to the CAMT for a taxable year if it meets an average annual AFSI test for one or more taxable years that (i) are before that taxable year and (ii) end after December 31, 2021 (Applicable Corporation). Section 55(a) provides that, for the taxable year of an Applicable Corporation, the amount of CAMT imposed by § 55 equals the excess (if any) of (i) the tentative minimum tax for the taxable year, over (ii) the sum of the regular tax, as defined in § 55(c), for the taxable year plus the tax imposed under § 59A. Section 55(b)(2)(A) provides that, in the case of an Applicable Corporation, the tentative minimum tax for the taxable year is the excess of (i) 15 percent of AFSI for the taxable year (as determined under § 56A), over (ii) the CAMT foreign tax credit for the taxable year (as determined under § 59(l)). In the case of any corporation that is not an Applicable Corporation, § 55(b)(2)(B) provides that the tentative minimum tax for the taxable year is zero.

Notice 2023-7, 2023-3 I.R.B. 390, announced that the Department of the Treasury (Treasury Department) and the Internal Revenue Service (IRS) intend to issue forthcoming proposed regulations addressing the application of the CAMT.

Notice 2023-7 also provided interim guidance intended to clarify the application of certain aspects of the CAMT. Notice 2023-20, 2023-10 I.R.B. 523, Notice 2023-64, 2023-40 I.R.B. 974, and Notice 2024-10, 2024-3 I.R.B. 406, provided additional interim guidance that is intended to further clarify the application of the CAMT.

Taxpayers may generally rely on the interim guidance provided in the aforementioned notices for any taxable year that begins before January 1, 2024, and any taxable year that begins on or after January 1, 2024, and ends on or before the date proposed regulations addressing the application of the CAMT are published in the *Federal Register*. Special reliance rules are provided in section 5 of Notice 2024-10 for the interim guidance provided in that notice.

.02 Estimated Taxes. Section 6655(a) imposes an addition to tax for failure by a corporation to make a sufficient and timely payment of estimated income tax. Section 6655(c) and (d)(1)(A) generally provide that, in the case of a corporation, estimated income tax is required to be paid in four installments and the amount of any required installment is 25 percent of the required annual payment. Generally, under § 6655(d)(1)(B), the required annual payment is the lesser of two amounts described in § 6655(d)(1)(B)(i) and (ii). The amount described in § 6655(d)(1)(B)(i) is 100 percent of the tax shown on the return for the taxable year. The amount described in § 6655(d)(1)(B)(ii) is 100 percent of the tax shown on the taxpayer's return for the preceding taxable year, so long as the preceding taxable year was a full twelve months long and the return for such year showed a liability for tax. However, pursuant to § 6655(d)(2), in the case of a large corporation (as defined under § 6655(g)(2)), the amount described in § 6655(d)(1)(B)(ii) may not be used to

reduce the amount of an installment payment other than the first installment payment for the taxable year. In special circumstances, other rules specified in § 6655 or elsewhere may also apply.

On June 7, 2023, the Treasury Department and the IRS issued Notice 2023-42, 2023-26 I.R.B. 1085, which provided a waiver of the addition to tax under § 6655 with respect to a corporation's CAMT liability under § 55 for any taxable year that begins after December 31, 2022, and before January 1, 2024.

On April 15, 2024, the Treasury Department and the IRS issued Notice 2024-33, 2024-18 I.R.B. 959, which provided a limited waiver of the addition to tax under § 6655 to the extent the amount of any underpayment is attributable to a portion of a corporation's CAMT liability. The relief provided in Notice 2024-33 applied only for the purpose of calculating the installment of estimated tax by a corporate taxpayer that was due on or before April 15, 2024, or May 15, 2024 (in the case of a fiscal year taxpayer with a taxable year beginning in February 2024), with respect to a taxable year that began in 2024.

SECTION 4. LIMITED WAIVER OF ADDITION TO TAX FOR UNDERPAYMENT OF ESTIMATED INCOME TAX

.01 Waiver. In light of the continuing challenges associated with determining whether a corporation is an Applicable Corporation and the amount of a corporation's CAMT liability under § 55, and in the interest of sound tax administration, the IRS will waive the portion of the addition to tax under § 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. Accordingly, a

corporate taxpayer's required installment of estimated tax that is due on or before August 15, 2024, need not include amounts attributable to its CAMT liability under § 55 to prevent the imposition of an addition to tax under § 6655. If a corporation fails to timely pay its CAMT liability under § 55 when due, other sections of the Code may apply; for example, additions to tax could be imposed under § 6651 if payment of the CAMT liability is not made by the due date (without regard to any extension) of the corporation's return.

.02 Instructions to be modified. Affected taxpayers must file Form 2220 with their Federal income tax return, even if they owe no estimated tax penalty, to avoid a penalty notice. The instructions to Form 2220, *Underpayment of Estimated Tax by Corporations*, will be modified to provide specific instructions on how to avoid a penalty notice. The instructions also will clarify that no addition to tax will be imposed under § 6655 based on a corporation's failure to make an estimated tax payment of its CAMT liability under § 55, 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, and that a taxpayer may exclude such amounts when calculating the amount of its required annual payment on Form 2220 for purposes of calculating the installments of estimated tax for which relief is provided. The modified instructions will be posted on <https://www.irs.gov>.

SECTION 5. APPLICABILITY DATE

The waiver of the addition to tax imposed by § 6655 described in section 4.01 of this notice applies to an installment of estimated tax that is due on or before August 15, 2024.

SECTION 6. DRAFTING AND CONTACT INFORMATION

The principal author of this notice is Alexander Wu of the Office of the Associate Chief Counsel (Procedure and Administration). Other personnel from the Treasury Department and the IRS participated in its development. For further information, please contact Alexander Wu at (202) 317-6845 (not a toll-free number).