

§ 1.6015(j)-1

26 CFR Ch. I (4-1-02 Edition)

is, or expects to be, a resident of Puerto Rico during the entire taxable year, see section 876 and §1.876-1. For purposes of applying paragraph (a)(2) of this section, income which is effectively connected for the taxable year with the conduct of a trade or business in the United States includes all income which is treated under section 871 (c) or (d) and §1.871-9 (relating to students and trainees) or §1.871-10 (relating to real property income) as income which is effectively connected for such year with the conduct of a trade or business in the United States.

(c) *Effective date.* This section shall apply for taxable years beginning after December 31, 1966. For corresponding rules applicable to taxable years beginning before January 1, 1967, see 26 CFR 1.6015(a)-1(d) (Rev. as of Jan. 1, 1971).

[T.D. 7332, 39 FR 44232, Dec. 23, 1974]

§ 1.6015(j)-1 Applicability.

Section 6015 is applicable only with respect to taxable years beginning after December 31, 1954. Sections 58, 59, and 60 of the Internal Revenue Code of 1939 and the regulations thereunder, shall continue in force with respect to taxable years beginning before January 1, 1955.

[T.D. 6500, 25 FR 12108, Nov. 26, 1960. Redesignated by T.D. 7332, 39 FR 44232, Dec. 23, 1974]

§ 1.6016-1 Declarations of estimated income tax by corporations.

(a) *Requirement.* For taxable years ending on or after December 31, 1955, a declaration of estimated tax shall be made by every corporation (including unincorporated business enterprises electing to be taxed as domestic corporations under section 1361), which is subject to taxation under section 11 or 1201(a), or subchapter L, chapter 1 of the Code (relating to insurance companies), if its income tax under such sections or such subchapter L for the taxable year can reasonably be expected to exceed the sum of \$100,000 plus the amount of any estimated credits allowable under section 32 (relating to tax withheld at source on nonresident aliens and foreign corporations and on tax-free covenant bonds), section 33 (relating to taxes of foreign countries and possessions of the United States), and

section 38 (relating to investment in certain depreciable property).

(b) *Definition of estimated tax.* The term "estimated tax", in the case of a corporation, means the excess of the amount which such corporation estimates as its income tax liability for the taxable year under section 11 or 1201(a), or subchapter L, chapter 1 of the Code, over the sum of \$100,000 and any estimated credits under sections 32, 33, and 38. However, for the rule with respect to the limitation upon the \$100,000 exemption for members of certain electing affiliated groups, see section 243(b)(3)(C)(v) and the regulations thereunder.

(c) *Examples.* The application of this section may be illustrated by the following examples:

Example (1). M, a corporation subject to tax under section 11, reasonably anticipates that it will have taxable income of \$224,000 for the calendar year 1964. The normal tax and surtax result in an expected liability of \$105,000. M determines that it will not have any allowable credits under sections 32, 33, and 38 for 1964. Since M's expected tax (\$105,000) exceeds the exemption (\$100,000), a declaration of estimated tax is required to be filed, reporting an estimated tax of \$5,000 (\$105,000 - \$100,000) for the calendar year 1964.

Example (2). Under the facts stated in example (1), except that M estimates it will have an allowable foreign tax credit under section 33 in the amount of \$4,000 and an allowable investment credit under section 38 in the amount of \$3,000, no declaration is required, since M's expected tax (\$105,000) does not exceed the \$100,000 plus the allowable credits totaling \$7,000.

[T.D. 6768, 29 FR 14921, Nov. 4, 1964]

§ 1.6016-2 Contents of declaration of estimated tax.

(a) *In general.* The declaration of estimated tax by a corporation shall be made on Form 1120-ES. For the purpose of making the declaration, the estimated tax should be based upon the amount of gross income which the taxpayer can reasonably be expected to receive or accrue as the case may be, depending upon the method of accounting upon the basis of which the taxable income is computed, and the amount of the estimated allowable deductions and credits to be taken into account. Such amounts of gross income, deductions, and credits should be determined upon

the basis of facts and circumstances existing as at the time prescribed for the filing of the declaration as well as those reasonably to be anticipated for the taxable year.

(b) *Use of prescribed form.* Copies of Form 1120-ES will so far as possible be furnished taxpayers by district directors. A taxpayer will not be excused from making a declaration, however, by the fact that no form has been furnished. Taxpayers not supplied with the proper form should make application therefor to the district director in ample time to have their declarations prepared, verified, and filed with the district director on or before the date prescribed for filing the declaration. If the prescribed form is not available a statement disclosing the estimated income tax after the exemption and the credits, if any, should be filed as a tentative declaration within the prescribed time, accompanied by the payment of the required installment. Such tentative declaration should be supplemented, without unnecessary delay, by a declaration made on the proper form.

§ 1.6016-3 Amendment of declaration.

In the making of a declaration of estimated tax the corporation is required to take into account the then existing facts and circumstances as well as those reasonably to be anticipated relating to prospective gross income, allowable deductions, and estimated credits for the taxable year. Amended or revised declarations may be made in any case in which the corporation estimates that its gross income, deductions, or credits will materially change the estimated tax reported in the previous declaration. However, for the rule with respect to the number of amended declarations which may be filed for taxable years beginning after December 31, 1963, see paragraph (d)(2) of § 1.6074-1. Such amended declaration may be made on either Form 1120-ES (marked "Amended") or on the reverse side of the installment notice furnished the corporation by the district director. See, however, paragraph (b) of § 1.6016-2 for procedure to be followed if the prescribed form is not available.

[T.D. 6768, 29 FR 14922, Nov. 4, 1964]

§ 1.6016-4 Short taxable year.

(a) *Requirement of declaration.* No declaration may be made for a period of more than 12 months. For purposes of this section a taxable year of 52 or 53 weeks, in the case of a corporation which computes its taxable income in accordance with the election permitted by section 441(f), shall be deemed a period of 12 months. For special rules affecting the time for filing declarations and paying estimated tax by such corporation, see paragraph (b) of § 1.441-2. A separate declaration is required where a corporation is required to submit an income tax return for a period of less than 12 months, but only if such short period ends on or after December 31, 1955. However, no declaration is required if the short taxable year:

(1) Begins on or before December 31, 1963, and is:

- (i) A period of less than 9 months, or
- (ii) A period of 9 or more months but less than 12 months and the requirements of section 6016(a) are not met before the 1st day of the last month in the short taxable year, or

(2) Begins after December 31, 1963, and is:

- (i) A period of less than 4 months, or
- (ii) A period of 4 or more months but less than 12 months and the requirements of section 6016(a) are not met before the 1st day of the last month in the short taxable year.

(b) *Income placed on an annual basis.* In cases where the short taxable year results from a change of annual accounting period, for the purpose of determining whether the anticipated income for a short taxable year will result in an estimated tax liability requiring the filing of a declaration, such income shall be placed on an annual basis in the manner prescribed in section 443(b)(1). If a tax computed on such annualized income exceeds the sum of \$100,000 and any credits under part IV, of subchapter A, chapter 1 of the Code, the estimated tax shall be the same part of the excess so computed as the number of months in the short period is of 12 months. Thus, for example, a corporation which changes from a calendar year basis to a fiscal year basis beginning October 1, 1956,