

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 applica-

tion 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

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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, will have a short taxable year beginning January 1, 1956, and ending September 30, 1956. If on or before August 31, 1956, the taxpayer anticipates that it will have income of \$264,000 for the 9-month taxable year the estimated tax is computed as follows:

(1) Anticipated taxable income for 9 months	\$264,000
(2) Annualized income (\$264,000×12÷9)	352,000
(3) Tax liability on item (2)	177,540
(4) Item (3) reduced by \$100,000 (there are no credits under part IV, subchapter A, chapter 1 of the Code)	77,540
(5) Estimated tax for 9-month period (\$77,540×9÷12)	58,155

Since the tax liability on the annualized income is in excess of

\$100,000, a declaration is required to be filed, reporting an estimated tax of \$58,155 for the 9-month taxable period. This paragraph has no application where the short taxable year does not result from a change in the taxpayer's annual accounting period.

[T.D. 6500, 25 FR 12108, Nov. 26, 1960, as amended by T.D. 6768, 29 FR 14922, Nov. 4, 1964]

§ 1.6017-1 Self-employment tax returns.

(a) *In general.* (1) Every individual, other than a nonresident alien, having net earnings from self-employment, as defined in section 1402, of \$400 or more for the taxable year shall make a return of such earnings. For purposes of this section, an individual who is a resident of the Virgin Islands, Puerto Rico, or (for any taxable year beginning after 1960) Guam or American Samoa is not to be considered a nonresident alien individual. See paragraph (d) of § 1.1402(b)-1. A return is required under this section if an individual has self-employment income, as defined in section 1402(b), even though he may not be required to make a return under section 6012 for purposes of the tax imposed by section 1 or 3. Provisions applicable to returns under section 6012(a) shall be applicable to returns under this section.

(2) Except as otherwise provided in this subparagraph, the return required by this section shall be made on Form 1040. The form to be used by residents of the Virgin Islands, Guam, or American Samoa is Form 1040SS. In the case of a resident of Puerto Rico who is not required to make a return of income under section 6012(a), the form to be used is Form 1040SS, except that Form 1040PR shall be used if it is furnished by the Internal Revenue Service to such resident for use in lieu of Form 1040SS.

(b) *Joint returns.* (1) In the case of a husband and wife filing a joint return under section 6013, the tax on self-employment income is computed on the separate self-employment income of each spouse, and not on the aggregate of the two amounts. The requirement of section 6013(d)(3) that in the case of a joint return the tax is computed on the aggregate income of the spouses is