

GENERAL INSTRUCTIONS FOR FORM AR2220A

If a corporation's income varied during the tax year it may be able to lower the 10% underestimated penalty by computing the penalty on an annualized basis.

To compute the underestimated penalty on an annualized basis, you must first complete Form AR2220A and transfer the annualized estimated tax due per quarter to Form AR2220 and complete Form AR2220. The completed Forms AR2220 and AR2220A must be attached to the corporation's return, Form AR1100CT.

Part 1 **Annualized Income Method**

- Line 1 Enter the corporation's current tax year taxable income for the first 3 months in Column (B), the first 6 months in Column (C) and the first 9 months in Column (D).
- Line 4 Enter the corporation's current tax year taxable income for the first 3 months in Column (A), the first 5 months in Column (B), the first 8 months in Column (C), and the first 11 months for the tax year in Column (D).
- Line 7 Enter on Line 7, Column (A), the annualized taxable income from Line 6, Column (A); on Line 7, Column (B), enter the annualized taxable income for Line 3, Column (B) or from Line 6, Column (B), whichever amount is smaller; on Line 7, Column (C), enter the annualized taxable income from Line 3, Column (C), or from Line 6, Column (C), whichever amount is smaller; on Line 7, Column (D), enter the annualized taxable income from Line 3, Column (D) or From Line 6, Column (D), whichever is smaller.
- Line 8 Enter on Line 8, Column (A), tax from tax table based on annualized taxable income listed on Line 7, Column (A); on Line 8, Column (B), tax based on income listed on Line 7, Column (B); on Line 8, Column (C), tax based on income listed on line 7, Column (C); on Line 8, Column (D), tax based on income listed on Line 7, Column (D).
- Line 9 Enter one-fourth (1/4) of the Business Incentive credits allowed on Line 32, Form AR1100CT, in Column (A), (B), (C) and (D).
- Line 13 Enter on Line 13, Column (B), the amount listed on Line 20, Column (A); on Line 13, Column (C), the accumulated total of the amounts listed on Line 20, Column (A) and (B); on Line 13, Column (D), the accumulated total of the amounts listed on line 20, Column (A), (B), and (C).

Note: *Column (A) Lines 14 through 20 must be completed before Column (B). Column (B) Lines 13 through 20 must be completed before Column (C). Column (C) Line 13 through 20 must be completed before Column (D).*

Part 2 **Required Estimates**

Column (A) must be completed before (B), Column (B) before (C) and Column (C) before (D). Refer to Note above.

- Line 17 Enter on Line 17, Column (B), the amount listed on Line 19, Column (A); on Line 17, Column (C), the amount listed on Line 19, Column (B); on Line 17, Column (D), the amount on Line 19, Column (C).
- Line 20 The amount listed on Line 20, Columns (A), (B), (C) and (D) will be entered in Column (B) on Form AR2220 in Part 2, Lines 2, 5, 8, and 11.