

CBT-160-A

N.J. Division of Taxation
(5-03)

Underpayment of Estimated N.J. Corporation Business Tax

For taxable years beginning in calendar year 2002
and ending on or after July 31, 2003

Attach to your tax return (Form CBT-100 or CBT-100S)

CORPORATE NAME	FEDERAL EMPLOYER I.D. NUMBER	N.J. CORPORATION NUMBER
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PART I How to Compute Your Underpayment

Note: If you meet any of the exceptions that avoid the underpayment charge for ANY quarter, complete PART II.

1. Amount of 2003 Tax - Enter the total of lines 15, 17 and 18 from page 1, Form CBT-100 or the total of lines 11 and 13 from page 1, Form CBT-100S.				
2. 90% of Line 1. If you were qualified and elected to make a single payment in lieu of paying installments of estimated tax, you may enter zero. (See Instructions)				
3. Prior year's tax (see instructions)				
4. Enter the lesser of Lines 2 or 3				
	(a)	(b)	(c)	(d)
5. Enter in columns (a) through (d) the installment dates that correspond to the 15th day of the 4th, 6th, 9th, and 12th months of your tax year				
6. (a) Enter 25% of Line 4 in Columns (a) through (c)				
(b) Enter 25% of Line 1 in Column (d)				
7. (a) Amount paid or credited for periods in Columns (a) through (c)				
(b) Overpayment of previous installment (enter any overpayment shown on line 9 that is more than the total of all prior underpayments as a credit against the installments in Columns (b) and (c))				
8. (a) Add lines 7(a) and 7(b)				
(b) Enter the amount paid for the 4th quarter installment				
9. Underpayment or overpayment (subtract line 8(a) from line 6(a) for columns (a) through (c) and line 8(b) from line 6(b) for column (d)).				

PART II Exceptions (See Instructions)

10. Total amount paid or credited from the beginning of the tax year through the installment dates that correspond to the 15th day of the 4th, 6th, and 9th months of your tax year				
	25% of tax	50% of tax	75% of tax	
11. Exception 1, tax based on the facts shown on the prior year's return but using current year's rates (if prior return was for a period of less than a year, see instructions)				
	22.5% of tax	45% of tax	67.5% of tax	
12. Exception 2, tax based on annualized tax				
	25% of tax	50% of tax		
13. Special NOL Exception				

PART III Installment Interest Due (See Instructions)

14. Amount of underpayment from line 9				
15. Enter same installment dates used above at line 5				
16. Enter the date of payment or the 15th day of the 4th month after the close of the tax year, whichever is earlier				
17. Number of months from the date on line 15 to the date on line 16. (A part of a month is deemed to be a full month.)				
18. Interest				
19. Installment interest due - Add columns (a), (b), (c), and (d) of line 18. Enter the total here and on page 1, line 23 of Form CBT-100 or page 1, line 20 of Form CBT-100S				

Purpose of Form

This Form CBT-160-A is used by corporations to determine whether they paid enough estimated tax, whether they are subject to an interest charge for underpayment of estimated tax, and if so, the amount of interest.

How to Use This Form

Complete Part I of Form CBT-160-A to find out if you have an underpayment for any of the four payment periods. If you have an underpayment on Line 9 (Column a, b, or c), go to Part II, Exceptions. If you cannot meet any of the exceptions for a payment period, go to Part III, Installment Interest Due. If you are using Form CBT-160-A either to compute the interest on underpayment of estimated tax or to show that you qualify for any exception, attach Form CBT-160-A to your tax return, Form CBT-100 or CBT-100S.

Part I - How to Compute Your Underpayment

Complete Lines 1 through 9 in Part I. The instructions for most of these lines are on the form itself. Follow the instructions below for the specific lines listed.

- Line 3 - The appropriate prior year's tax is dependent on which 2002 tax form was filed. For Form CBT-100, enter the amount from page 1, line 13. For Form CBT-100-R, enter the total of lines 15, 17 and 18 on page 1. For Form CBT-100S, enter the amount from page 1, line 11. For Form CBT-100S-R, enter the total of lines 11 and 13 on page 1.
- Line 6(b) - The 4th quarter installment payment must be equal to at least 25% of the 2002 tax liability.
- Line 7(b) - Enter any overpayment shown on Line 9 that is more than the total of all earlier underpayments for Columns (b) and (c).
- Line 9 - If Line 9 shows an underpayment, complete Part II to see if any of the exceptions apply.

Part II - Exceptions

You will not have to pay interest if all of your tax payments (Part II, Line 10) were made on time and are equal to or more than either of the amounts computed as explained by the exceptions (Lines 11 and 12) for the same payment period (Columns a, b, or c).

Exception I - Tax Based on Prior Year's Return Using Current Year's Rates

This exception applies if the amount the corporation paid is equal to or more than the tax computed by using the current year's rates but based on the facts shown on the prior year's return and the law that applies to the prior year. If the prior year return covered a period of less than a year, the prior return must be annualized by dividing the taxable net income by the number of whole months covered by the short period return and multiplying by 12.

Exception II - Tax Based on Annualized Tax

This exception applies if the estimated tax paid was equal to or more than 90% of the amount the corporation would owe if its estimated tax was based on a tax computed from annualizing tax for the months preceding an installment date.

A corporation may annualize its tax as follows:

- a. For the first 3 months if the installment was required to be paid in the 4th month.
- b. For the first 3 months or for the first 5 months if the installment was required to be paid in the 6th month.
- c. For the first 6 months or for the first 8 months if the installment was required to be paid in the 9th month.

Note: Initial New Jersey S Corporations should use the previous year CBT-100 income and the applicable CBT-100S rate.

- a. For return periods beginning on and after January 1, 2002, the rate on **entire net income that is not subject to Federal income taxation** is 1.33% (.0133), except for taxpayers with total entire net income of \$100,000 or less, there shall be no rate of tax imposed.
- b. The rate on **taxable income that is subject to Federal income taxation** is 9%, for taxpayers with total entire net income greater than \$100,000, 7.50% (.075) for taxpayers with total entire net income less than or equal to \$100,000 but greater than \$50,000, and 6.5% (.065) for taxpayers with entire net income less than or equal to \$50,000.

Special NOL Exception

This exception applies if the estimated tax paid was greater than or equal to the tax computed by using the current year's facts and rates but including the NOL carryover as a deduction. This exception only applies to those payments due on or before June 17, 2002.

Part III - Installment Interest Due

If no exception applies, complete Lines 14 through 19.

A payment of estimated tax on or before any installment date is considered a payment of any previous underpayment only to the extent the payment is more than the amount of the current installment as reported on Line 6(a). If the corporation made more than one payment for an installment, attach a separate computation for that installment.

Interest is computed on the amount of the underpayment from the installment due date to the date of payment or the original due date of the final tax return, whichever is earlier. The annual interest rate is 3% above the average predominant prime rate and is imposed each month or fraction thereof the underpayment exists. Changes in the average predominant prime rate must be reflected in the interest calculation. The interest rates assessed by the Division of Taxation are published in the quarterly issues of the *New Jersey State Tax News*.

The **average predominant prime rate** is the rate as determined by the Board of Governors of the Federal Reserve System, quoted by commercial banks to large businesses on December 1st of the calendar year immediately preceding the calendar year in which payment was due or as redetermined by the Director in accordance with N.J.S.A. 54:48-2.