

Part III – Administrative, Procedural, and Miscellaneous

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

Notice 2024-66

SECTION 1. OVERVIEW

This notice provides relief from 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). This notice also incorporates the relief provided in Notice 2024-33, 2024-18 I.R.B. 959, and Notice 2024-47, 2024-27 I.R.B. 1, and obsoletes those notices.

SECTION 2. SCOPE

The relief provided in this notice applies for the purpose of calculating any installment of estimated income tax of a corporate taxpayer with respect to a taxable year that begins after December 31, 2023, and before January 1, 2025 (Covered CAMT Year). This notice waives any addition to tax under § 6655 with respect to a corporation's CAMT liability under § 55 for any Covered CAMT Year.

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

SECTION 3. BACKGROUND

.01 CAMT under the IRA. Section 10101 of the IRA amended § 55 to impose the 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.

On June 13, 2024, the Treasury Department and the IRS issued Notice 2024-47, 2024-27 I.R.B. 1, which extended the relief provided in Notice 2024-33. Under Notice 2024-47, the limited waiver of the addition to tax under § 6655 provided by Notice 2024-33 was extended to apply for the purpose of calculating any installment of estimated tax by a corporate taxpayer that was due on or before August 15, 2024, with respect to a taxable year that began in 2024.

SECTION 4. LIMITED WAIVER OF ADDITION TO 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 for a Covered CAMT Year, and in the interest of sound tax administration, the IRS will waive the addition to tax under § 6655 with respect to a

corporation's CAMT liability under § 55 for any Covered CAMT Year. Accordingly, for a Covered CAMT Year, a corporation's required installments of estimated tax 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. The instructions to Form 2220, *Underpayment of Estimated Tax by Corporations*, will be modified, as necessary, to 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 any Covered CAMT Year, and that a taxpayer may exclude such amounts when calculating the amount of its required annual payment on Form 2220. If necessary, the modified instructions will be posted on <https://www.irs.gov>.

.03 Instructions to avoid penalty notice. Affected taxpayers must file Form 2220 with their Federal income tax return, even if they owe no estimated tax penalty. The Form 2220 must be completed without including the CAMT liability from Schedule J of Form 1120, *U.S. Corporation Income Tax Return* (or other appropriate line of the corporation's income tax return in the Form 1120 series). Affected taxpayers must also include an amount of estimated tax penalty on Line 34 of their Form 1120 (or other appropriate line of the corporation's income tax return in the Form 1120 series), even if that amount is zero. Failure to follow these instructions could result in affected taxpayers receiving a penalty notice that will require an abatement request to apply the

relief provided by this notice.

SECTION 5. APPLICABILITY DATE

The waiver of the addition to tax imposed by § 6655 described in section 4.01 of this notice applies for any Covered CAMT Year.

SECTION 6. EFFECT ON OTHER DOCUMENTS

Notice 2024-33 and Notice 2024-47 are obsolete.

SECTION 7. 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).