CBT-160

N.J. Division of Taxation
(5-98)

Underpayment of Estimated N.J. Corporation Business Tax

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

For taxable years ending July 31, 1998 through June 30, 1999

CORPORATE NAME	FEDERAL EMPLOYER I.D. NUMBER	N.J. CORPORATION NUMBER

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 Tax (Form CBT-100, Line 13, page 1 or Form CBT-100S, Line 11, page 1)	
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)	

	(a)	(b)	(c)	(d)
3. 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				
4. Enter 25% of Line 2 in Columns (a) through (d)				
5. (a) Amount paid or credited for each period				
(b) Overpayment of previous installment (enter any overpayment shown on line 7 that is more than the total of all prior underpayments as a credit against the next installment)				
6. Add lines 5(a) and 5(b)				
7. Underpayment (subtract line 6 from line 4) or overpayment (subtract line 4 from line 6)				

PART II Exceptions (See Instructions)

8. 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, 9th, and 12th months of your tax year				
9. 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)	25% of tax	50% of tax	75% of tax	100% of tax
10. Exception 2, tax based on annualized tax	22.5% of tax	45% of tax	67.5% of tax`	90% of tax

PART III Installment Interest Due (See Instructions)

11. Amount of underpayment from line 7				
12. Enter same installment dates used above at line 3				
13. Enter the date of payment or the 15th day of the 4th month after the close of the tax year, whichever is earlier				
14. Number of months from the date on line 12 to the date on line 13. (A part of a month is deemed to be a full month.)				
15. Interest				
16. Installment interest due - Add columns (a), (b), (c), and (d) of line 15. Enter the total here and on page 1, line 19, of Form CBT-100 or CBT-100S				

THIS FORM MAY BE REPRODUCED

Purpose of Form

This Form CBT-160 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 to find out if you have an underpayment for any of the four payment periods. If you have an underpayment on Line 7 (Column a, b, c or d), go to Part II, Exceptions. If you cannot meet either of the exceptions for a payment period, go to Part III, Installment Interest Due. If you are using Form CBT-160 either to compute the interest on underpayment of estimated tax or to show that you qualify for any exception, attach Form CBT-160 to your tax return, Form CBT-100 or CBT-100S.

Part I - How to Compute Your Underpayment

Complete Lines 1 through 7 in Part I. The instructions for most of these lines are on the form itself. Follow the instructions below for Line 5(b) and Line 7.

Line 5(b) - Enter any overpayment shown on Line 7 that is more than the total of all earlier underpayments.

Line 7 - If Line 7 shows an underpayment, complete Part II to see if either of the exceptions apply.

Part II - Exceptions

You will not have to pay interest if all of your tax payments (Part II, Line 8) were made on time and are equal to or more than either of the amounts computed as explained by the exceptions (Lines 9 and 10) for the same payment period (Column a, b, c or d).

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.
d. For the first 9 months or for the first 11 months if the installment was required to be paid in the 12th month.

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

a. The rates applicable to **entire net income that is not subject to Federal income taxation** are as follows:
   1. For accounting periods ending before July 1, 1998, the tax rate is 2.63% (.0263). For taxpayers with total entire net income of $100,000 or less, the applicable tax rate is 1.13% (.0113).
   2. For accounting periods ending on and after July 1, 1998, the tax rate is 2.0% (.02). For taxpayers with total entire net income of $100,000 or less, the applicable tax rate is 0.5% (.005).
b. The rate on **taxable income that is subject to Federal income taxation** is 9%, except for taxpayers with total entire net income of $100,000 or less, the applicable tax rate is 7.50% (.075).

Part III - Installment Interest Due

If no exception applies, complete Lines 11 through 16.

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 figured on Line 4. 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.