

**BFC-160-C**

N.J. Division of Taxation  
(10-03)

**Underpayment of Estimated N.J. Corporation Business Tax**

For taxable years beginning on or after January 1, 2003 and for  
Taxpayers with Gross Receipts of \$50,000,000 or more

Attach to your tax return (Form BFC-1)

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 installment due, complete PART II

1. Amount of 2003 Tax - Enter the total of lines 15, 17 and 18 from page 1, Form BFC-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) .....	
3. Prior year's tax - Enter the total of lines 15, 17 and 18 from page 1 of the 2002 BFC-1-R. ....	
4. Enter the lesser of Lines 2 or 3 .....	

	(a)	(b)	(c)
5. Enter in columns (a) through (c) the installment dates that correspond to the 15th day of the 4th, 6th and 12th months of your tax year .....			
6. Enter 25% of Line 4 in Columns (a) and (c) and 50% of line 4 in Column (b)			
7. (a) Amount paid or credited for each period .....			
(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 next installment) .....			
8. Add lines 7(a) and 7(b) .....			
9. Underpayment (subtract line 8 from line 6) or overpayment (subtract line 6 from line 8) .....			

**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 12th months of your tax year .....			
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) .....	25% of tax	75% of tax	100% of tax
12. Exception 2, tax based on annualized tax .....	22.5% of tax	67.5% of tax	90% of tax

**PART III Installment Interest Due (See Instructions)**

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

## INSTRUCTIONS

### Purpose of Form

This Form BFC-160-C 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 BFC-160-C to find out if you have an underpayment for any of the three payment periods. If you have an underpayment on Line 9 (Column a, b, or c), 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 BFC-160-C either to compute the interest on underpayment of estimated tax or to show that you qualify for any exception, attach Form BFC-160-C to your tax return, Form BFC-1.

### 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 Line 7(b) and Line 9.

- Line 7(b) - Enter any overpayment shown on Line 9 that is more than the total of all earlier underpayments.
- Line 9 - If Line 9 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 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 (Column 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 6 months or for the first 8 months if the installment was required to be paid in the 6th month.
- c. For the first 9 months or for the first 11 months if the installment was required to be paid in the 12th month.

### Part III - Installment Interest Due

If no exception applies, complete Lines 13 through 18.

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 6. 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.