



Important Notice

March 2002

Computation of Underpayment of Estimated Tax for Calendar 2001/Fiscal 2002 Tax Years for Corporate Taxpayers Afflicted by the Terrorist Attacks of September 11, 2001

This notice provides additional instructions for corporations that qualified for estimated tax payment relief under Important Notice N-01-14, *Announcement Regarding the Terrorist Attacks of September 11, 2001* and Important Notice N-01-16, *Supplemental Announcement Regarding the Terrorist Attacks of September 11, 2001*.

Form CT-222, *Underpayment of Estimated Tax By a Corporation* is used to compute the underpayment of estimated tax penalty. However, the 2001 Form CT-222 does not reflect the penalty relief provided to taxpayers afflicted by the terrorist attacks of September 11, 2001. To determine if a corporation qualifies as an afflicted taxpayer, please refer to Important Notices N-01-14 and N-01-16.

For qualifying afflicted taxpayers, estimated tax payments due between September 11, 2001 and December 10, 2001 that were received on or before December 10, 2001, were deemed timely. Estimated tax payments due between September 11, 2001 and December 10, 2001 that were received after December 10, 2001 are subject to the penalty for underpayment of estimated tax computed from December 10, 2001 to the date the payment is received or the due date of the return (determined without regard to extension), whichever is earlier.

Underpayments of estimated tax that accrued prior to September 11, 2001 will not be subject to the underpayment of estimated tax penalty for the period beginning September 11, 2001 until the earlier of December 10, 2001 or the due date of the corporation's tax return.

Corporations that meet the definition of an afflicted taxpayer should use the following instructions in combination with the instructions for Form CT-222 to determine the amount of their underpayment penalty.

Additional line instructions for 2001 Form CT-222:

Line 8: Amount paid on time or credited for each period. For estimated tax payments due between September 11, 2001 and December 10, 2001, payments received by December 10, 2001 are deemed to be timely.

Line 13: Total cumulative amount paid or credited from the beginning of the tax year through the installment dates that correspond to the 15th day of the 3rd, 6th, 9th and 12th months, or would have corresponded to those dates if not for the penalty relief provided under Important Notice N-01-14.

Line 19: Number of days from due date of the installment to the date shown on line 18. Calculate the number of days from the original due date of the installment, without regard to the penalty relief provided in Important Notice N-01-14, *Announcement Regarding the Terrorist Attacks of September 11, 2001*

Line 22: Number of days on line 19 after 6/30/01 and before 10/01/01. If the resulting number of days is equal to 92, subtract 20 days from that result to eliminate the period from September 11, 2001, through September 30, 2001, from the penalty calculation, and enter "72" on line 22. If the result is less than 92 days, subtract the number of days that represent days from September 11, 2001, to the earlier of September 30 or the due date of the corporation's tax return (determined without regard to extension), and enter that result on line 22.

Line 23: Number of days on line 19 after 9/30/01 and before 1/1/02. If the resulting number of days is equal to 92, subtract 70 days from that result to eliminate the period from October 1, 2001, through December 10, 2001, from the penalty calculation, and enter "22" on line 23. If the result is less than 92 days, subtract the number of days that represent days from October 1, 2001, to the earlier of December 10, 2001, or the due date of the corporation's tax return (determined without regard to extension), and enter that result on line 23.

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