

IRS announces penalty relief for failure to make estimated payments on 2023 corporate AMT liability

The Internal Revenue Service this week announced in Notice 2023-42 that it will waive the penalty for a corporation's failure to pay estimated income tax with respect to its corporate alternative minimum tax liability for a taxable year that begins after December 31, 2022, and before January 1, 2024.

URL: <https://www.irs.gov/pub/irs-drop/n-23-42.pdf>

Under the corporate AMT, which was enacted in the Inflation Reduction Act of 2022 (P.L. 115-97), “applicable large corporations”—generally defined as those with average annual adjusted financial statement income exceeding \$1 billion—are subject to a 15 percent minimum tax on their adjusted financial statement income for taxable years beginning after December 31, 2022. The legislation provides that estimated income tax payments are required in four installments of 25 percent of a taxpayer's required annual payment. (A detailed discussion of the corporate AMT is available from Deloitte Tax LLP.)

URL: <https://www2.deloitte.com/content/dam/Deloitte/us/Documents/Tax/dttl-tax-alert-us-10-august-2022.pdf>

In announcing the penalty relief for failure to make estimated payments under the corporate AMT rules, the IRS cited the “challenges” a taxpayer faces in determining whether it is an applicable corporation that is subject to the tax, as well as challenges in determining the amount of its corporate AMT liability.

Find out more

A new tax alert from Deloitte Tax LLP offers details on the provisions in Notice 2023-42.

URL: https://dhub.blob.core.windows.net/dhub/Newsletters/Tax/2023/TNV/230609_3_suppA.pdf

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