**FORM 2220AL**

Alabama Department of Revenue
Underpayment of Estimated Tax for
Corporations and Electing Pass-Through Entities

**2023**

NAME: _____

FEDERAL EMPLOYER IDENTIFICATION NUMBER: _____

**Form 2220AL is not a required form unless a taxpayer chooses to utilize an alternative method (as provided for on Form 2220AL) to compute the interest and penalty due as a result of their underpayment of estimated tax. Form 2220AL, if utilized, along with a copy of the federal Form 2220, should accompany Forms 20C, 20C-C, 20S and EPT. In addition, any interest or penalty due as computed using Form 2220AL should be totaled and entered on PART II, lines 4a and 4b, as well as reported on the appropriate line of Forms 20C, 20C-C, 20S and EPT.**

**If the entity elects to be an Electing Pass-Through Entity, substitute Electing Pass-Through Entity when Form 2220AL refers to Corporation.**

☐ The corporation is using the annualized income installment method. Go to Schedule A to compute the Required Installments before computing the interest/penalty due in Part III and Part IV of this form.

☐ The corporation is using the adjusted seasonal installment method. Go to Schedule B to compute the Required Installments before computing the interest/penalty due in Part III and Part IV of this form.

**PART I** – Required Annual Payment

| | | |
|---|---|---|
| 1 | Current Tax Period Liability. . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . | **1** |
| 2 | Enter the tax shown on the 2022 corporation's tax return *(see instructions)*. **Caution: If the tax liability is zero or the taxpayer meets the definition of a large corporation or the tax period was for less than 12 months, skip this line and enter the amount from line 1 on line 3**. . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . | **2** |
| 3 | Required annual payment. Enter the **smaller** of line 1 or line 2. If the corporation is required to skip line 2, enter the amount from line 1. . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . | **3** |

**PART II** – Reasons for Filing

Check the boxes below that apply to the corporation. If any boxes are checked, the corporation **must file** Form 2220AL *(see instructions)*.

| | | |
|---|---|---|
| 4a | **PENALTY** – Enter the total amount of Late Payment Penalty – Estimate computed from Part IV, line 23 here and on Form 20C, line 21c or the comparable line for other income tax returns . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . | **4a** |
| b | **INTEREST** – Enter the total amount of Estimate Interest computed from Part V, line 42 and on Form 20C, line 21d or the comparable line for other income tax returns . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . | **4b** |

5 ☐ Large Corporation 1st quarter exception *(see instructions)*

6 ☐ K-1 Exception

**PART III** – Computation of Underpayment / Overpayment by Quarter

**Note: Large corporations are required to pay 100% of the current year tax.**

| | | (a) | (b) | (c) | (d) |
|---|---|---|---|---|---|
| 7 | **Installment due dates.** Enter in columns (a) through (d) the 15th day of the 4th, 6th, 9th, 12th months of the corporation's tax year . . **7** | | | | |
| 8 | **Required Installments** *(see instructions)* . . . . . . . . . . . . . . . . . . . . . **8** | $ | $ | $ | $ |
| 9 | Estimated tax paid or credited for each period *(see instructions)*. **For column (a) only, enter the amount from line 9 on line 13**. . . **9** | $ | $ | $ | $ |

**Complete lines 10 through 16 of one column before going to the next column.**

| | | (a) | (b) | (c) | (d) |
|---|---|---|---|---|---|
| 10 | Enter amount, if any, from line 16 of the preceding column . . . . . . . **10** | //////////////////////// | | | |
| 11 | Add lines 9 and 10. . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . **11** | //////////////////////// | | | |
| 12 | Add amounts on lines 14 and 15 of the preceding column . . . . . . . . **12** | //////////////////////// | | | |
| 13 | Subtract line 12 from line 11. If zero or less, enter -0- . . . . . . . . . . . **13** | | | | |
| 14 | If the amount on line 13 is zero, subtract line 11 from line 12. Otherwise, enter -0-. . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . **14** | //////////////////////// | | | //////////////////////// |
| 15 | **Underpayment.** If line 13 is less than or equal to line 8, subtract line 13 from line 8, then go to line 10 of the next column. Otherwise, go to line 16 . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . **15** | | | | |
| 16 | **Overpayment.** If line 8 is less than line 13, subtract line 8 from line 13, then go to line 10 of the next column . . . . . . . . . . . . . . . . . . **16** | | | | //////////////////////// |

**Go to Part IV on page 2 to calculate the penalty. Go to Part V on page 2 to calculate the interest.**
**Do not go to Part IV or V if there is not an underpayment on line 15 – no penalty or interest is owed.**

*Alabama interest rates are tied to the interest rates used by the Internal Revenue Service.* Use the penalty interest rate for each calendar quarter, which the IRS will determine during the first month in the preceding quarter. These rates are published quarterly in an IRS News Release and in a revenue ruling in the Internal Revenue Bulletin. To obtain this information on the Internet, access the IRS website at www.irs.gov or call 1-800-829-4933.

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| **PART IV** – Late Payment Penalty-Estimate | | **(a)** | **(b)** | **(c)** | **(d)** |
|---|---|---|---|---|---|
| 17 Required Installments (from line 8, page 1) | 17 | | | | |
| 18 Estimated Tax Paid (from line 9, page 1) | 18 | | | | |
| **Complete lines 19 through 22 of one column before going to the next column.** | | | | | |
| 19 Underpayment/(Overpayment) of Estimated Tax (subtract line 18 from line 17). Enter the result. | 19 | | | | |
| 20 Enter any Overpayment (as a positive value) from the preceding column of line 19 (or line 21) in columns (b)–(d). | 20 | //////////////////////// //////////////////////// | | | |
| 21 Underpayment/(Overpayment) by period (subtract line 20 from line 19). Enter the result. | 21 | | | | |
| 22 Penalty [Multiply the underpayment on line 21 by 10% (.10)]. If line 21 reflects an overpayment, leave blank. | 22 | | | | |
| 23 PENALTY. Add columns (a) through (d) of line 22. Enter the total here and on page 1, line 4a. | | | | **23** | |

| **PART V** – Computing the Addition to Tax-Interest | | **(a)** | **(b)** | **(c)** | **(d)** |
|---|---|---|---|---|---|
| **Enter the date of payment or the 15th day of the 4th month after the close of the tax year, whichever is earlier (S corporations and Electing Pass-Through Entities: Use 3rd month instead of 4th month)** *(see instructions)* | | | | | |
| 24 Number of days from due date of installment on line 7 to the date shown above | 24 | | | | |
| 25 Number of days on line 24 after 4/15/2023 and before 7/1/2023 | 25 | | | | |
| 26 Underpayment on line 15 x number of days on line 25 x 4% / 365 | 26 | $ | $ | $ | $ |
| 27 Number of days on line 24 after 6/30/2023 and before 10/1/2023 | 27 | | | | |
| 28 Underpayment on line 15 x number of days on line 27 x *% / 365 | 28 | $ | $ | $ | $ |
| 29 Number of days on line 24 after 9/30/2023 and before 1/1/2024 | 29 | | | | |
| 30 Underpayment on line 15 x number of days on line 29 x *% / 365 | 30 | $ | $ | $ | $ |
| 31 Number of days on line 24 after 12/31/2023 and before 4/1/2024 | 31 | | | | |
| 32 Underpayment on line 15 x number of days on line 31 x *% / 366 | 32 | $ | $ | $ | $ |
| 33 Number of days on line 24 after 3/31/2024 and before 7/1/2024 | 33 | | | | |
| 34 Underpayment on line 15 x number of days on line 33 x *% / 366 | 34 | $ | $ | $ | $ |
| 35 Number of days on line 24 after 6/30/2024 and before 10/1/2024 | 35 | | | | |
| 36 Underpayment on line 15 x number of days on line 35 x *% / 366 | 36 | $ | $ | $ | $ |
| 37 Number of days on line 24 after 9/30/2024 and before 1/1/2025 | 37 | | | | |
| 38 Underpayment on line 15 x number of days on line 37 x *% / 366 | 38 | $ | $ | $ | $ |
| 39 Number of days on line 24 after 12/31/2024 and before 2/16/2025 | 39 | | | | |
| 40 Underpayment on line 15 x number of days on line 39 x *% / 365 | 40 | $ | $ | $ | $ |
| 41 Add lines 26, 28, 30, 32, 34, 36, 38 and 40 | 41 | $ | $ | $ | $ |
| 42 **Addition to tax (interest).** Add columns (a) through (d) of line 41. Enter the total here and page 1, line 4b. | | | | **42** | $ |

**PART VI** – Required Installments – Annualized Income and/or Seasonal Installment Method

**Complete lines 44 through 49 of one column before going to the next column.**

| | | (a) | (b) | (c) | (d) |
|---|---|---|---|---|---|
| 43 | If only Schedule A or Schedule B is completed, enter the amount in each column from line 19 of Schedule A or line 23 of Schedule B. If both parts are completed, enter the smaller of the amounts in each column from line 19 of Schedule A or line 23 of Schedule B and check here . . . . . . ☐ | | | | |
| 44 | Add the amounts in all preceding columns of line 49 (b), (c), and (d) . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . | //////////////////////// //////////////////////// | | | |
| 45 | Adjusted seasonal or annualized income installments. Subtract line 44 from line 43.  If zero or less, enter -0- . . . . . . . . . . . | | | | |
| 46 | Enter 25% of line 3 from page 1 of this form in each column . . . . . . . | | | | |
| 47 | Subtract line 49 of the preceding column from line 48 of the preceding column (b), (c), and (d) . . . . . . . . . . . . . . . . . . . . . . . . . . . | //////////////////////// //////////////////////// | | | |
| 48 | Add line 46 and line 47 . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . | | | | |
| 49 | **Required Installments.**  Enter the smaller of line 45 or line 48 here and on line 8, page 1 of this form . . . . . . . . . . . . . . . . . . . . . . . | | | | |

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## SCHEDULE A – Annualized Income Installment Method

| | | (a) First ___ Months | (b) First ___ Months | (c) First ___ Months | (d) First ___ Months |
|---|---|---|---|---|---|
| 1 | Annualization periods *(see instructions)* . . . . . . . . . . . . . . . . . . . . . . | 1 | | | | |
| 2 | Enter Annualized Taxable Income (loss) by period from line 23c of Federal Form 2220 . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . | 2 | | | | |
| 3 | Federal Net Operating Loss . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . | 3 | | | | |
| 4 | Reconciliation adjustments (from line 26, Schedule A) . . . . . . . . . . | 4 | | | | |
| 5 | Net Nonbusiness (income)/loss (Everywhere) from Schedule C, line 2, col. E . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . | 5 | | | | |
| 6 | Annualized Taxable Income by period, adjusted to Alabama basis. (Enter total of lines 2, 3, 4 and 5). . . . . . . . . . . . . . . | 6 | | | | |
| 7 | Corporation's Alabama apportionment factor. . . . . . . . . . . . . . . . . . | 7 | % | % | % | % |
| 8 | Multiply line 6 by line 7.  Enter the result. . . . . . . . . . . . . . . . . . . . | 8 | | | | |
| 9 | Net nonbusiness income/(loss) – Alabama (from Schedule C, line 2, col. F) . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . | 9 | | | | |
| 10 | Corporation's Federal Income Tax Deduction . . . . . . . . . . . . . . . . . | 10 | | | | |
| 11 | Corporation's Alabama Net Operating Loss Deduction . . . . . . . . . . | 11 | | | | |
| 12 | Other Tax Preference Items . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . | 12 | | | | |
| 13 | Enter the total of lines 9, 10, 11 and 12. . . . . . . . . . . . . . . . . . . . . . | 13 | | | | |
| 14 | Subtract line 13 from line 8.  Enter the result. . . . . . . . . . . . . . . . . . | 14 | | | | |
| 15 | Calculate the tax on the amount on line 14 using the instructions for Form 20C. . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . | 15 | | | | |
| 16 | Credits. . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . | 16 | | | | |
| 17 | Subtract line 16 from line 15.  Enter the result. . . . . . . . . . . . . . . . . | 17 | | | | |
| 18 | Applicable percentage. . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . | 18 | 25% | 50% | 75% | 100% |
| 19 | Multiply line 17 by line 18.  Enter the result here and on line 43, Part VI of this form. . . . . . . . . . . . . . . . . . . . . . . . . . . . . . | 19 | | | | |

## SCHEDULE B – Adjusted Seasonal Installment Method

| | | (a) First 3 months | (b) First 5 months | (c) First 8 months | (d) First 11 months |
|---|---|---|---|---|---|
| 1 | Enter taxable income for the following periods: | | | | | |
| a | Tax year beginning in 2020 . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . | 1a | | | | |
| b | Tax year beginning in 2021 . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . | 1b | | | | |
| c | Tax year beginning in 2022 . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . | 1c | | | | |
| 2 | Enter taxable income for each period for the tax year beginning in 2023 . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . | 2 | | | | |

| | | First 4 months | First 6 months | First 9 months | Entire Year |
|---|---|---|---|---|---|
| 3 | Enter taxable income for the following periods: | | | | | |
| a | Tax year beginning in 2020 . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . | 3a | | | | |
| b | Tax year beginning in 2021 . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . | 3b | | | | |
| c | Tax year beginning in 2022 . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . | 3c | | | | |

| | | (a)<br>First 3 months | (b)<br>First 5 months | (c)<br>First 8 months | (d)<br>First 11 months |
|---|---|---|---|---|---|
| 4 Divide the amount in each column on line 1a by the amount in column (d) on line 3a. | 4 | | | | |
| 5 Divide the amount in each column on line 1b by the amount in column (d) on line 3b. | 5 | | | | |
| 6 Divide the amount in each column on line 1c by the amount in column (d) on line 3c. | 6 | | | | |
| 7 Add lines 4 through 6. | 7 | | | | |
| 8 Divide line 7 by 3 (not line 3). Enter the result. | 8 | | | | |
| 9 Divide line 2 by line 8. Enter the result. | 9 | | | | |
| 10 Corporation's Alabama apportionment factor | 10 | | | | |
| 11 Multiply line 9 by line 10. Enter the result. | 11 | | | | |
| 12 Corporation's Federal Income Tax Deduction (allocable to each period – *see instructions*) | 12 | | | | |
| 13 Corporation's Alabama Net Operating Loss Deduction (allocable to each period – *see instructions*) | 13 | | | | |
| 14 Other Tax preference items (allocable to each period – *see instructions*) | 14 | | | | |
| 15 Total (add lines 12, 13 and 14). Enter the result. | 15 | | | | |
| 16 Subtract line 15 from line 11. Enter the result. | 16 | | | | |
| 17 Calculate the tax on the amount on line 16 using the instructions for Form 20C. | 17 | | | | |
| 18 a Divide the amount in columns (a) through (c) on line 3a by the amount in column (d) on line 3a. | 18a | | | | ////////////////////////// ////////////////////////// |
| 18 b Divide the amount in columns (a) through (c) on line 3b by the amount in column (d) on line 3b. | 18b | | | | ////////////////////////// ////////////////////////// |
| 18 c Divide the amount in columns (a) through (c) on line 3c by the amount in column (d) on line 3c. | 18c | | | | ////////////////////////// ////////////////////////// |
| 19 Add lines 18a through 18c. | 19 | | | | ////////////////////////// ////////////////////////// |
| 20 Divide line 19 by 3 (not line 3). Enter the result. | 20 | | | | ////////////////////////// ////////////////////////// |
| 21 Multiply the amount in columns (a) through (c) of line 17 by columns (a) through (c) of line 20. In column (d) enter the amount from line 17, column (d). | 21 | | | | |
| 22 Enter any applicable tax credits for each period. | 22 | | | | |
| 23 Total tax after credits. Subtract line 22 from line 21. If zero or less, enter -0-. Enter the result on line 43, Part VI of this form | 23 | | | | |

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