

**BFC-160-A**

N.J. Division of Taxation  
(4-21)

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

For Taxpayers with Gross Receipts Less Than \$50 million  
Attach to your tax return (Form BFC-1)

Name as Shown on Return	Federal ID Number	N.J. Corporation Number
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**Part I How to Calculate Your Underpayment**

**Note:** If you meet any of the exceptions that eliminate the underpayment charge for **any** quarter, complete Part II

1. Amount of 2020 tax – See instructions for line 1 on reverse side .....	
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 amount from line 6 from page 1 of the 2019 BFC-1.....	
4. Enter the lesser of lines 2 or 3.....	

	(a)	(b)	(c)	(d)
5. Enter in columns (a) through (d) the installment dates that correspond to the 15th day of the fourth, sixth, ninth, and 12th months of your tax year.....				
6. Enter 25% of line 4 in columns (a) through (d).....				
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 7a and 7b .....				
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 fourth, sixth, ninth, 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. See instructions on reverse side regarding taxable periods of less than one year .....	25% of tax	50% of tax	75% of tax	100% of tax
	22.5% of tax	45% of tax	67.5% of tax	90% of tax
12. Exception 2 – Tax based on annualized 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 fourth 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), (c), and (d) of line 17. Enter the total here and on page 1, line 12 of Form BFC-1.....				

# Instructions for Form BFC-160-A

## Purpose of Form

Form BFC-160-A 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. Taxpayers with total gross receipts of less than \$50 million should use this form.

## How to Use This Form

Complete Part I of Form BFC-160-A to find out if you have an underpayment for any of the four payment periods. If you have an underpayment on line 9 (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 BFC-160-A either to calculate the interest on underpayment of estimated tax or to show that you qualify for any exception, attach Form BFC-160-A to Form BFC-1.

## Part I – How to Calculate 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 the lines indicated.

Line 1 – Enter the total of line 6, page 1 of Form BFC-1.

Line 5 – Under the COVID-19 Fiscal Mitigation Act, the deadline for payments due April 15, 2020, was extended to July 15, 2020. If any of the installments were originally due April 15, enter July 15, 2020, at line 5 for that installment. The dates must be entered in chronological order. If the first and second installments were originally due April 15 and June 15, you must enter June 15 in column (a) and July 15 in column (b).

Line 7b – 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 (line 10) were made on time and are equal to or more than either of the amounts calculated as explained by the exceptions (lines 11 and 12) for the same payment period (column a, b, c, or d).

**Note:** If at line 5, column (a) is June 15 and column (b) is July 15, make the following adjustments at lines 11 and 12:

Line 11 – Enter 50% of the tax in column (a) and 25% of the tax in column (b).

Line 12 – Enter 45% of the tax in column (a) and 22.5% of the tax in column (b).

### 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 calculated 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 calculated from annualizing tax for the months preceding an installment date.

A corporation may annualize its tax as follows:

- For the first three months if the installment was required to be paid in the fourth month.
- For the first three months or for the first five months if the installment was required to be paid in the sixth month.
- For the first six months or for the first eight months if the installment was required to be paid in the ninth month.
- For the first nine 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 BFC-1 income and the applicable CBT-100S rate.

- There is no rate of tax on entire net income that is **not** subject to federal corporate income taxation. All returns are subject to at least the minimum tax.
- The rate on taxable income that is subject to federal corporate income taxation is 6.5% (0.065) for taxpayers with entire net income of \$50,000 or less. The rate is 7.5% (0.075) for those with entire net income greater than \$50,000 but not greater than \$100,000. For all others the rate is 9% (0.09).

## 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 calculated on the amount of the underpayment from the installment due date to the date of payment or the 15th day of the 4th month after the close of the tax year, whichever is earlier. The annual interest rate is 3% above the average predominant prime rate and is imposed each month or part of a month 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 on the Division's [website](#).

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](#).