

**Estimated Tax on Unrelated Business Taxable
 Income for Tax-Exempt Organizations**

1994

(Keep for your records. Do not send to the Internal Revenue Service.)

1	Unrelated business taxable income expected in the tax year	1		
2	Tax on the amount on line 1. (see instructions for tax computation)	2		
3	Estimated tax credits	3		
4	Balance (subtract line 3 from line 2)	4		
5	Recapture of: a investment credit; and b low-income housing credit	5		
6	Alternative minimum tax (see instructions)	6		
7	Environmental tax. Note: <i>This tax applies only to tax-exempt corporations. Tax-exempt trusts should skip this line.</i>	7		
8	Total (add lines 4 through 7)	8		
9	Credit for Federal tax paid on fuels (see instructions)	9		
10a	1994 Estimated Tax. Subtract line 9 from line 8. Note: <i>If less than \$500, the organization is not required to make estimated tax payments</i>	10a		
b	Enter the tax shown on the 1993 return (Caution: <i>See Instructions before completing this line.</i>)	10b		
c	Enter the smaller of line 10a or line 10b	10c		

		(a)	(b)	(c)	(d)
11	Installment due dates (see instructions)	11			
12	Required installments. Enter 25% of line 10c in columns (a) through (d) unless a or b below applies to the organization (<i>Subtract any 1993 overpayment that you are applying to an installment; see instructions</i>):				
	a If you use the annualized income installment method and/or the adjusted seasonal installment method, complete Schedule A and enter the amounts from line 41 in each column of line 12.				
	b "Large organizations." See the instructions for the amount to enter in each column of line 12	12			

Schedule A **Required Installments Using the Annualized Income Installment Method and/or the Adjusted Seasonal Installment Method Under Section 6655(e).**

Note: See the Schedule A Instructions. An organization having income that is expected to vary during the year may want to complete Schedule A to determine whether it may be able to lower the amount of one or more required installments.

Complete each column of this schedule in its entirety before going to the next column.

Part I—Annualized Income Installment Method		(a)	(b)	(c)	(d)
		First ____ months	First ____ months	First ____ months	First ____ months
1	Annualization period (see instructions)	1			
2	Enter taxable income for each period.	2			
3	Annualization amounts (see instructions).	3			
4	Annualized taxable income. Multiply line 2 by line 3.	4			
5	Figure tax on the amount in each column on line 4 in the same manner as you figured line 2, Form 990-W.	5			
6	Enter other taxes for each payment period (see instructions).	6			
7	Total tax. Add lines 5 and 6.	7			
8	For each period, enter the same type of credits as allowed on Form 990-W, lines 3 and 9 (see instructions).	8			
9	Total tax after credits. Subtract line 8 from line 7. If less than zero, enter -0-.	9			
10	Applicable percentage.	10	25%	50%	75%
11	Multiply line 9 by line 10.	11			
12	Total of all preceding columns of line 41 (see instructions).	12			
13	Subtract line 12 from line 11. If less than zero, enter -0-.	13			

Part II—Adjusted Seasonal Installment Method (Caution: Use this method only if the base period percentage for any 6 consecutive months is at least 70%. See the Schedule A instructions for more information.)

		(a)	(b)	(c)	(d)
		First 3 months	First 5 months	First 8 months	First 11 months
14	Enter taxable income for the following periods:				
	a Tax year beginning in 1991	14a			
	b Tax year beginning in 1992	14b			
	c Tax year beginning in 1993	14c			
15	Enter taxable income for each period for the tax year beginning in 1994.	15			
			First 4 months	First 6 months	First 9 months
16	Enter taxable income for the following periods:				Entire year
	a Tax year beginning in 1991	16a			
	b Tax year beginning in 1992	16b			
	c Tax year beginning in 1993	16c			
17	Divide the amount in each column on line 14a by the amount in column (d) on line 16a.	17			
18	Divide the amount in each column on line 14b by the amount in column (d) on line 16b.	18			
19	Divide the amount in each column on line 14c by the amount in column (d) on line 16c.	19			

		First 4 months	First 6 months	First 9 months	Entire year
		(a)	(b)	(c)	(d)
20	Add lines 17 through 19.	20			
21	Divide line 20 by 3.	21			
22	Divide line 15 by line 21.	22			
23	Figure tax on the amount on line 22 in the same manner as figured on line 2, Form 990-W.	23			
24	Divide the amount in columns (a) through (c) on line 16a by the amount in column (d) on line 16a.	24			
25	Divide the amount in columns (a) through (c) on line 16b by the amount in column (d) on line 16b.	25			
26	Divide the amount in columns (a) through (c) on line 16c by the amount in column (d) on line 16c.	26			
27	Add lines 24 through 26.	27			
28	Divide line 27 by 3.	28			
29	Multiply the amount in columns (a) through (c) of line 23 by the percentage in the corresponding column of line 28. In column (d), enter the amount from line 23, column (d).	29			
30	Enter other taxes for each payment period (see instructions).	30			
31	Total tax. Add lines 29 and 30.	31			
32	For each period, enter the same type of credits as allowed on Form 990-W, lines 3 and 9 (see instructions).	32			
33	Total tax after credits. Subtract line 32 from line 31. If less than zero, enter -0-.	33			
34	Total of all preceding columns of line 41 (see instructions).	34			
35	Subtract line 34 from line 33. If less than zero, enter -0-.	35			

Part III—Required Installments

		1st installment	2nd installment	3rd installment	4th installment
		36	If only one of the above parts was completed, enter the amounts in each column from line 13 or line 35. (If both parts were completed, enter the smaller of the amounts in each column from line 13 or line 35.)	36	
37	Divide line 10c, Form 990-W, by 4 and enter the result in each column. (Note: "Large organizations," see line 12b instructions on page 5 for the amount to enter.)	37			
38	Enter the amount from line 40 for the preceding column.	38			
39	Add lines 37 and 38.	39			
40	If line 39 is more than line 36, subtract line 36 from line 39. Otherwise, enter -0-.	40			
41	Required installments. —Enter the smaller of line 36 or line 39 here and on Form 990-W, line 12, page 1.	41			

Paperwork Reduction Act Notice

Your use of this form is optional. It is provided only to aid you in determining your tax liability.

The time needed to complete this form will vary depending on individual circumstances. The estimated average time is:

Form	Recordkeeping	Learning about the law or the form	Preparing the form
Form 990-W	8 hr., 8 min.	1 hr.	1 hr., 10 min.
Form 990-W, Sch. A (Pt. I)	11 hr., 14 min.	18 min.	29 min.
Form 990-W, Sch. A (Pt. II)	23 hr., 26 min.	12 min.	40 min.
Form 990-W, Sch. A (Pt. III)	5 hr., 16 min.	-0-	5 min.
Tax computation for trusts	2 hr., 52 min.	-0-	3 min.

If you have comments concerning the accuracy of these time estimates or suggestions for making this form more simple, we would be happy to hear from you. You can write to both the **Internal Revenue Service**, Attention: Reports Clearance Officer, PC:FP, Washington, DC 20224; and the **Office of Management and Budget**, Paperwork Reduction Project (1545-0976), Washington, DC 20503. **DO NOT** send the tax form to either of these offices. Instead, keep the form for your records.

General Instructions

Section references are to the Internal Revenue Code.

Changes To Note

Form 990-W has been revised to reflect changes made by the Revenue Reconciliation Act of 1993 (the Act). Effective for tax years beginning on or after January 1, 1993, the Act increased the tax rates for corporations and trusts. See the instructions for line 2.

In addition, the Act increases the amount of estimated tax payments that an organization must make. For tax years beginning after 1993, the estimated tax payments are increased from 97% to 100% of the organization's current tax year liability. This change applies regardless of whether the organization uses the regular installment method, the annualized income installment method, or the adjusted seasonal installment method. The Act does not change the rule that allows a small organization to pay 100% of last year's liability. A "large organization" may continue to base its first required installment on 100% of the prior year's liability.

The Act also modifies the rules for income annualization. Schedule A of Form 990-W has been revised to reflect these changes. An organization now has 3 sets of periods over which it may annualize income, one of which requires the organization to make an election by filing **Form 8842**, Election To Use Different Annualization Periods for Corporate Estimated Tax, on or before the due date of the corporation's first required installment payment. The three options are explained in these instructions.

Who Must Make Estimated Tax Payments

A tax-exempt trust or tax-exempt corporation must make estimated tax payments if the total tax it expects to owe for its tax year (line 10a) is \$500 or more. Both tax-exempt trusts and tax-exempt corporations use Form 990-W to figure their estimated tax liability for 1994.

When To Make Estimated Tax Payments

For a calendar or fiscal year organization, the payments are due by the 15th day of the 4th, 6th, 9th, and 12th months of the tax year. If any date falls on a Saturday, Sunday, or legal holiday, the payment is due on the next business day.

Underpayment of Estimated Tax

An organization that does not pay the estimated tax when due may be charged an underpayment penalty for the period of underpayment (section 6655), at a rate determined under section 6621.

Overpayment of Estimated Tax

A corporation that has overpaid its estimated tax may apply for a "quick refund" if the overpayment is **(a)** at least 10% of its expected income tax liability for the year, and **(b)** at least \$500.

To apply for a quick refund, file **Form 4466**, Corporation Application for Quick Refund of Overpayment of Estimated Tax, before the 16th day of the 3rd month after the end of the tax year, but before the corporation files its income tax return. Do not file Form 4466 before the end of the corporation's tax year.

Depository Method of Tax Payment

Deposit unrelated business income tax payments and estimated tax payments with a Federal Tax Deposit (FTD) Coupon. Be sure to darken the "990-T" box on Form 8109. Make these tax deposits with either a financial institution qualified as a depository for Federal taxes or the Federal Reserve bank or branch servicing the geographic area where the organization is located. **DO NOT** submit deposits directly to an IRS office; otherwise, the organization may be subject to a failure to deposit penalty. Records of deposits will be sent to the IRS for crediting to the organization's account. See the instructions contained in the FTD Coupon Book (**Form 8109**) and **Pub. 583**, Taxpayers Starting a Business, for more information.

To help ensure proper crediting to your account, write your employer identification number, "Form 990-T" (or other applicable form), and the tax period to which the deposit applies on your check or money order.

Amended Estimated Tax

If after the organization figures and deposits estimated tax, it finds that its tax liability for the year will be much more or less than originally estimated, it may have to refigure its required installments. If earlier installments were underpaid, the organization may owe a penalty for underpayment of estimated tax.

An immediate "catch-up" payment should be made to reduce the amount of any penalty resulting from the underpayment of any earlier installments, whether caused by a change in estimate, failure to make a deposit, or a mistake.

Specific Instructions

Note: Refer to **Form 990-T**, Exempt Organization Business Income Tax Return, and its instructions for an explanation and special rules regarding the computation of unrelated business income, deductions, and credits for purposes of completing this worksheet.

Line 2—Corporations

A corporation figures its tax on the amount on line 1 using the 1994 Tax Computation for Corporations on page 5 (members of a controlled group should see the instructions below).

Members of a controlled group enter on line 2 of the 1994 Tax Computation for Corporations the smaller of the amount on line 1 or their share of the \$50,000 amount. Enter on line 4 the smaller of the amount on line 3 or their share of the \$25,000 amount. Enter on line 6 the smaller of the amount on line 5 or their share of the \$9,925,000 amount.

If no apportionment plan is adopted, the members of the controlled group must divide the amount in each taxable income bracket equally among themselves. For example, controlled group AB consists of corporation A and corporation B. They do not elect an apportionment plan. Therefore, both corporation A and corporation B are entitled to \$25,000 (one-half of \$50,000) in the \$50,000 taxable income bracket, \$12,500 (one-half of \$25,000) in the \$25,000 taxable income bracket, and \$4,962,500 (one-half of \$9,925,000) in the \$9,925,000 taxable income bracket.

Members of a controlled group may elect an unequal apportionment plan and divide the amounts in each taxable income bracket in any way they want. They need not divide each taxable income bracket in the same way. For example, if controlled group AB above elects an unequal apportionment plan, any member of the controlled group may be entitled to all, some, or none of the \$50,000 amount in the first taxable income bracket, as long as the total for all members of the controlled group is not more than \$50,000. Similarly, any member may be entitled to all, some, or none of the \$25,000 amount in the second taxable income bracket, and the \$9,925,000 amount in the third taxable income bracket, as long as the total for all members of the controlled group is not more than the bracket amount.

Members of a controlled group of corporations are treated as one corporation for purposes of figuring the applicability of the additional 5% tax that must be paid by corporations with taxable income in excess of \$100,000 and the additional 3% tax that must be paid by corporations with taxable income in excess of \$15 million. If the taxable income of the controlled group exceeds \$100,000, each member must enter on line 12 of the 1994 Tax Computation for Corporations, its share of the smaller of 5% of the excess over

\$100,000, or \$11,750. If the taxable income of the controlled group exceeds \$15 million, each member must enter on line 13, its share of the smaller of 3% of the excess over \$15 million, or \$100,000.

1994 Tax Computation for Corporations

1. Enter taxable income (line 1, Form 990-W)	1
2. Enter the smaller of line 1 or \$50,000 (members of a controlled group, see instructions)	2
3. Subtract line 2 from line 1	3
4. Enter the smaller of line 3 or \$25,000 (members of a controlled group, see instructions)	4
5. Subtract line 4 from line 3	5
6. Enter the smaller of line 5 or \$9,925,000 (members of a controlled group, see instructions)	6
7. Subtract line 6 from line 5	7
8. Enter 15% of line 2	8
9. Enter 25% of line 4	9
10. Enter 34% of line 6	10
11. Enter 35% of line 7	11
12. If line 1 is greater than \$100,000, enter the smaller of 5% of the excess over \$100,000 or \$11,750 (members of a controlled group, see instructions)	12
13. If line 1 is greater than \$15 million, enter the smaller of 3% of the excess over \$15 million or \$100,000 (members of a controlled group, see instructions)	13
14. Total of lines 8 through 13. Enter this amount on line 2, page 1, Form 990-W	14

Line 2—Trusts

Trusts exempt under section 501(a) and employees' trusts that qualify under section 401(a) are taxed at trust rates. A trust figures the tax on the amount on line 1 using the following 1994 Tax Rate Schedule for Trusts or the 1994 Tax Computation for Trusts Using Maximum Capital Gains Rate.

**1994 Tax Rate Schedule for Trusts
(Section 1(e) of the Internal Revenue Code)**

If the amount on line 1, page 1 is:

Over—	But not over—	Enter on line 2, page 1:	Of the amount over—
\$0	\$1,500	15%	\$0
1,500	3,600	\$225 + 28%	1,500
3,600	5,500	813 + 31%	3,600
5,500	7,500	1,402 + 36%	5,500
7,500	-----	2,122 + 39.6%	7,500

1994 Tax Computation for Trusts Using Maximum Capital Gains Rate (Use if you expect a net capital gain and taxable income in excess of \$3,600 for 1994.)

1. Unrelated business taxable income expected in the tax year (from page 1, line 1)	1
2a. Net capital gain anticipated for 1994	2a
b. Anticipated 1994 amount to be reported on Form 4952, line 4e	2b
c. Subtract line 2b from line 2a. If zero or less, enter -0-	2c
3. Subtract line 2c from line 1. If zero or less, enter -0-	3
4. Enter the greater of line 3 or \$1,500	4
5. Tax on amount on line 4 from the 1994 Tax Rate Schedule for Trusts. If \$1,500, enter \$225.00	5
6. Subtract line 4 from line 1. If zero or less, enter -0-	6
7. Multiply line 6 by 28% (.28)	7
8. Maximum capital gains tax (add lines 5 and 7)	8
9. Regular tax on amount on line 1 from the 1994 Tax Rate Schedule for Trusts	9
10. Tax (Enter the smaller of line 8 or line 9.) Enter here and on page 1, line 2	10

Line 3

The estimated tax credits include the sum of any credits allowable against tax provided by Part IV of Subchapter A of Chapter 1 (except the credits shown on line 9).

Line 6

Alternative minimum tax is generally the excess of tentative minimum tax over regular tax. Corporations, see **Form 4626**, Alternative Minimum Tax—Corporations, for details. Trusts, see **Form 1041**, **Schedule H**, Alternative Minimum Tax.

Line 7

The environmental tax does not apply to tax-exempt trusts. For tax-exempt corporations, the environmental tax is 0.12% of the excess of modified alternative minimum taxable income over \$2 million. See section 59A and **Pub. 542**, Tax Information on Corporations, for more information.

Line 9

Complete **Form 4136**, Credit for Federal Tax Paid on Fuels, if the organization qualifies to take this credit. Include on line 9 any credit the organization is claiming for taxes paid on ozone-depleting chemicals used in the manufacture of rigid foam insulation under section 4682(g)(3). Also include any credit under section 4682(g)(4) for taxes paid on chemicals used for sterilizing medical instruments and as propellants in metered-dose inhalers.

Line 10b

Figure the organization's 1993 tax in the same manner as line 10a of this worksheet was determined, using the taxes and credits from your 1993 tax return. If you did not file a return showing at least some amount of tax for the 1993 tax year, or if your 1993 tax year was less than 12 months, do not complete this line. Instead, enter the amount from line 10a on line 10c.

Line 11

Calendar year taxpayers.—Enter 4-15-94, 6-15-94, 9-15-94, and 12-15-94, respectively in columns (a) through (d).

Fiscal year taxpayers.—Enter the 15th day of the 4th, 6th, 9th, and 12th months of your tax year in columns (a) through (d).

If any date falls on a Saturday, Sunday, or legal holiday, substitute the next business day.

Line 12

Any 1993 overpayment will be applied to the first installment, unless the organization notifies the IRS that the overpayment should be applied against another installment.

Line 12a

Annualized income installment method and/or adjusted seasonal installment method.—If the organization's income is expected to vary during the year because, for example, it operates its business on a seasonal basis, it may be able to lower the amount of one or more required installments by using the annualized income installment method and/or the adjusted seasonal installment method. For example, a shop operated by a museum, which because of its location in an area frequented by tourists receives most of its income during the summer months, may be able to benefit from using one or both of these methods in figuring one or more of its required installments.

To use one or both of these methods to figure one or more required installments, use Schedule A on pages 2 and 3. If you use Schedule A for any payment date, you must use it for **all** payment due dates. To arrive at the amount of each required installment, Schedule A selects the smallest of: **(a)** the annualized income installment, **(b)** the adjusted seasonal installment (if applicable), or **(c)** the regular installment under section 6655(d) (increased by any reduction recapture under section 6655(e)(1)(B)).

Line 12b

Large organizations.—A "large organization" is one that had, or its predecessor had, taxable income of \$1 million or more for any of the 3 tax years immediately preceding the 1994 tax year. For this purpose, taxable income is modified to exclude net operating loss or capital loss carrybacks or carryovers. Members of a controlled group, as defined in section 1563, must divide the \$1-million amount among themselves in accordance with rules similar to those in section 1561.

If you are not using the annualized income installment method or the adjusted seasonal installment method, follow the instructions below to figure the amounts to enter on line 12. (If you are using the annualized income installment method and/or the adjusted seasonal installment method, these instructions apply to line 37 of Schedule A.)

If line 10a is smaller than 10b: Enter 25% of line 10a in columns (a) through (d) of line 12.

If line 10b is smaller than line 10a: In column (a) of line 12, enter 25% of line 10b. In column (b), determine the amount to enter by: (i) subtracting line 10b from line 10a, (ii) adding the result to the amount on line 10a, and (iii) multiplying the total by 25%. In columns (c) and (d), enter 25% of line 10a.

Schedule A

If you are using only the annualized income installment method (Part I), complete Parts I and III of Schedule A. If you are using only the adjusted seasonal installment method (Part II), complete Parts II and III of Schedule A. If you are using both methods, complete all 3 parts of Schedule A. Enter in each column on line 12 of page 1, Form 990-W, the amounts from the corresponding column of line 41 of Schedule A.

Caution: If Schedule A is used, do not attempt to figure any required installment until after the end of the month preceding the due date for that installment.

For each part that applies to you, complete each column in its entirety before going to the next column. For example, if Parts I and III are required, complete column (a), lines 1 through 13, and column (a), lines 36 through 41, before starting column (b).

Part I—Annualized Income Installment Method

Note: Part I is modified to reflect changes made by the Revenue Reconciliation Act of 1993. See **Changes To Note** on page 4.

Line 1

Enter on line 1, in columns (a) through (d), respectively, the annualization period that the organization is using. **Caution:** Use Option 2 only if the organization elected to do so by filing Form 8842, on or before the due date of the first required installment payment. **Note:** Form 8842 is used by tax-exempt trusts as well as corporations.

Standard Option.—Enter first 2 months in column (a), first 3 months in column (b), first 6 months in column (c), and first 9 months in column (d).

Option 1.—Enter first 2 months in column (a), first 4 months in column (b), first 7 months in column (c), and first 10 months in column (d).

Option 2.—Enter first 3 months in column (a), first 5 months in column (b), first 8 months in column (c), and first 11 months in column (d). File Form 8842 if you use this option.

Line 3

Enter the annualization amounts for the option used on line 1 above, in columns (a) through (d), respectively.

Standard Option.—Enter 6 in column (a), 4 in column (b), 2 in column (c), and 1.33333 in column (d).

Option 1.—Enter 6 in column (a), 3 in column (b), 1.71429 in column (c), and 1.2 in column (d).

Option 2.—Enter 4 in column (a), 2.4 in column (b), 1.5 in column (c), and 1.09091 in column (d).

Line 6

Enter the taxes the organization owed because of events that occurred during the months shown in the headings used to figure annualized taxable income. Include the same taxes used to figure lines 5, 6, and 7 of Form 990-W.

Compute the alternative minimum tax and the environmental tax for tax-exempt corporations by figuring alternative minimum taxable income and modified alternative minimum taxable income based on the organization's income and deductions during the months shown in the column headings used to figure annualized taxable income. Multiply the alternative minimum taxable income by the annualization amounts used to figure annualized taxable income (line 3) before subtracting the exemption amounts (see sections 55(d) and 59A(a)(2)).

Line 8

Enter the credits to which you are entitled because of events that occurred during the months shown in the column headings used to figure annualized taxable income.

Line 12

In column (b), enter the amount from line 41, column (a), Part III, page 3. In column (c), enter the sum of the amounts in line 41, columns (a) and (b). In column (d), enter the sum of the amounts in line 41, columns (a), (b), and (c).

Part II—Adjusted Seasonal Installment Method

Do not complete this part unless the organization's base period percentage for any 6 consecutive months of the tax year equals or exceeds 70%. The base period percentage for any period of 6 consecutive months is the average of the three percentages figured by dividing the taxable income for the corresponding 6-consecutive-month period in each of the 3 preceding tax years by the taxable income for each of their respective tax years.

Example. A tax-exempt organization that has a calendar year as its tax year receives the largest part of its unrelated business taxable income during the 6-month period from May through October. To compute its base period percentage for the period May through October 1994, the organization must figure its taxable income for the period May through October in each of the years 1991, 1992, and 1993. The taxable income for each May-through-October period is then divided by the total taxable income for the tax year in which the period is included, resulting in the following: .69 for May through October 1991; .74 for May through October 1992; and .67 for May through October 1993. The average of .69, .74, and .67 is .70. Therefore, the base period percentage for May through October 1994 is 70% and the organization qualifies for the adjusted seasonal installment method.

Line 30

Enter any other taxes the organization owed because of events that occurred during the months shown in the column headings above line 14 of Part II. Include the same taxes used to figure lines 5, 6, and 7 of Form 990-W.

Compute the alternative minimum tax and environmental tax by figuring alternative minimum taxable income and modified alternative minimum taxable income based on the organization's income and deductions during the months shown in the column headings above line 14 of Part II. Divide the alternative minimum taxable income and modified alternative minimum taxable income by the amounts shown on line 21 before subtracting the exemption amounts (see sections 55(d) and 59A(a)(2)). For columns (a) through (c) only, multiply the alternative minimum tax and environmental tax so determined by the amounts shown on line 28.

Line 32

Enter the credits to which you are entitled because of events that occurred during the months shown in the column headings above line 14 of Part II.

Line 34

In column (b), enter the amount from line 41, column (a), Part III, page 3. In column (c), enter the sum of the amounts in line 41, columns (a) and (b). In column (d), enter the sum of the amounts in line 41, columns (a), (b), and (c).

