

**DESCRIPTION OF TITLE IV, SECTION 402, OF H.R. 1891, THE
“AGOA EXTENSION AND ENHANCEMENT ACT OF 2015”**

Scheduled for Markup
by the
HOUSE COMMITTEE ON WAYS AND MEANS
on April 23, 2015

Prepared by the Staff
of the
JOINT COMMITTEE ON TAXATION



April 22, 2015
JCX-79-15

CONTENTS

	<u>Page</u>
INTRODUCTION	1
A. Time for Payment of Corporate Estimated Taxes	2
B. Estimated Revenue Effects.....	3

INTRODUCTION

The House Committee on Ways and Means has scheduled a committee markup of H.R. 1891, the “AGOA Extension and Enhancement Act of 2015,” a bill to extend the African Growth and Opportunity Act, the Generalized System of Preferences, the preferential duty treatment program for Haiti, and for other purposes, on April 23, 2015. This document,¹ prepared by the staff of the Joint Committee on Taxation, provides a description of the revenue provision of the bill.

¹ This document may be cited as follows: Joint Committee on Taxation, *Description of Title IV, Section 402, of H.R. 1891, the “AGOA Extension and Enhancement Act of 2015,”* (JCX-79-15), April 22, 2015. This document can also be found on the Joint Committee on Taxation website at www.jct.gov.

A. Time for Payment of Corporate Estimated Taxes

Present Law

In general, corporations are required to make quarterly estimated tax payments of their income tax liability.² For a corporation whose taxable year is a calendar year, these estimated tax payments must be made by April 15, June 15, September 15, and December 15. The amount of any required estimated payment is 25 percent of the required annual payment.³ The required annual payment is 100 percent of the tax liability for the taxable year or the preceding taxable year. The option to use the preceding taxable year is not available if the preceding taxable year was not a 12-month taxable year or the corporation did not file a return in the preceding taxable year showing a liability for tax. Further, in the case of a corporation with taxable income of at least \$1 million in any of the three immediately preceding taxable years, the option to use the preceding taxable year is only available for the first installment of such corporation's taxable year.⁴ In addition, in the case of a corporation with assets of at least \$1 billion (determined as of the end of the preceding taxable year), payments due in July, August or September of 2017, are increased to 100.25 percent of the payment otherwise due.⁵ For each of the periods affected, the next required payment is reduced accordingly (*i.e.*, payments due in October, November, or December of 2017 are reduced to 99.75 percent of the payment otherwise due).

Description of Proposal

In the case of a corporation with assets of at least \$1 billion (determined as of the end of the preceding taxable year), the proposal increases the amount of the required installment of estimated tax otherwise due in July, August, or September of 2020 by 5.25 percent of such amount (determined without regard to any increase in such amount not contained in the Internal Revenue Code) (*i.e.*, payments due in July, August or September of 2020, are increased to 105.25 percent of the payment otherwise due). The next required installment is reduced accordingly (*i.e.*, payments due in October, November, or December of 2020 are reduced to 94.75 percent of the payment otherwise due).

Effective Date

The proposal is effective on the date of enactment of the Act.

² Sec. 6655.

³ Sec. 6655(d)(1).

⁴ Sec. 6655(d)(2) and (g)(2).

⁵ See also Joint Committee on Taxation, *General Explanation of Tax Legislation Enacted in the 112th Congress (JCS-2-13)*, February 2013, pp. 230 - 232.

B. Estimated Revenue Effects

Fiscal Years [Millions of Dollars]												
<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2015-20</u>	<u>2015-25</u>
---	---	---	---	---	3,781	-3,781	---	---	---	---	3,781	---
