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Rev. Rul. 83-36

ISSUE

In the following situations, what is the "return for the taxable year" for purposes of section 6654(b) of the Internal Revenue Code?

FACTS

Situation 1: A is a single taxpayer who files federal income tax returns on a calendar year basis. A filed a return for 1981 on February 15, 1982, showing a tax liability of \$1,000. On April 10, 1982, A filed an amended tax return for 1981 showing a tax liability of \$650.

Situation 2: Same facts as above except that A filed the amended return on May 20, 1982.

LAW AND ANALYSIS

Section 6654(a) of the Code imposes an addition to the tax in the case of any underpayment of estimated tax by an individual, computed at an annual rate, upon the amount of the underpayment, for the period of the underpayment.

Section 6654(b) of the Code provides generally that the amount of underpayment is the excess of:

- (1) the amount that would be required to be paid if the estimated tax were 80 percent of the tax shown on the return for the taxable year, or if no return was filed, 80 percent of the tax for the year, over
- (2) the amount, if any, of the installment paid on or before the last day prescribed for payment.

Rev. Rul. 78-256, 1978-1 C.B. 438, holds that the tax shown on an amended return filed by a corporation on or before the due date of the return (including extensions) is the tax shown on the return for the taxable year for purposes of section 6655(b) of the Code, relating to the failure by a corporation to pay estimated tax.

Similarly, if an individual taxpayer files an amended return after filing the original return and before the due date for filing the original return (including extensions), the amended return constitutes "the return for the taxable year" under section 6654(b) of the Code. The amount shown on the amended return is used to determine the amount of underpayment. If the amended return is filed after the due date it is not the return for the taxable year for purposes of section 6654(b). In that case, the tax shown on the amended return cannot be used to compute the amount of underpayment.

HOLDING

Situation 1: The return for the taxable <Page 359> year for purposes of section 6654(b) of the Code is the amended return filed on April 10, 1982.

Situation 2: The original return filed February 15 is the return for the taxable year for purposes of section 6654(b).