



## Underpayment of Estimated Tax By Corporations

For calendar year \_\_\_\_\_ or other taxable year beginning \_\_\_\_\_, and ending \_\_\_\_\_

➤ See separate instructions

➤ Attach to your tax return

Name: _____	FEIN: _____
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**Part I Figuring your underpayment**

- |   |     |  |
|---|-----|--|
| 1. Total current year tax liability   | 1.  |  |
| 2. Current year tax credits   | 2.  |  |
| 3. Subtract line 2 from line 1. If the result is less than \$5,000, do not complete the rest of this form.<br>You do not owe the penalty. | 3.  |  |
| 4. a. Enter 80% of line 3.  | 4a. |  |
| b. Enter 100% of the tax shown on your previous year's CLT-4 (see instructions).  | 4b. |  |
| c. Enter the lessor of line 4a or 4b.   | 4c. |  |

5. Enter in the columns (a) through (d) the installment due dates (the 15th day of the 4th, 6th, 9th, and 12th months of your tax year).

6. Enter 25% of line 4c in columns (a) through (d) or the appropriate % as shown in §15-31-502(2) unless "a" below applies to the corporation.

a. If you use the annualized income installment method and/or the adjusted seasonal installment method, complete the worksheet in the instructions and enter the amount from line 41 in each column of line 6. Also check this  box and attach a copy of the worksheet to this form.

	a.	b.	c.	d.
5.				
6.				

**Complete lines 7 through 14 for one column before completing the next column.**

- |   |     |  |
|---|-----|--|
| 7. Amount paid or credited for each period (see instructions).<br>For column (a) only, enter the amount from line 7 on line 11.   | 7.  |  |
| 8. Enter amount, if any, from line 14 of previous column.   | 8.  |  |
| 9. Add lines 7 and 8.   | 9.  |  |
| 10. Add amounts of lines 12 and 13 of the previous column and enter results here.   | 10. |  |
| 11. Subtract line 10 from line 9. If less than zero, enter zero.<br>For column (a) only, enter the amount from line 7.  | 11. |  |
| 12. Remaining underpayment from previous period. If the amount on line 11 is zero, subtract line 9 from line 10 and enter the results here. Otherwise, enter zero.                            | 12. |  |
| 13. <b>Underpayment.</b> If line 11 is less than or equal to line 6, subtract line 11 from line 6 and enter the results here. Then go to line 7 of the next column. Otherwise, go to line 14. | 13. |  |
| 14. <b>Overpayment.</b> If line 6 is less than line 11, subtract line 6 from line 11 and enter the results here. Then go to line 7 of the next column.  | 14. |  |

**Part II Figuring the Penalty**

- |   |     |  |
|---|-----|--|
| 15. Enter the date of payment or the 15th day of the fifth month after the close of the tax year, whichever is earlier. | 15. |  |
| 16. Number of days from due date of installment on line 5 to the date shown on line 15.                                 | 16. |  |
| 17. Number of days on line 16 times <b>12%</b> times underpayment on line 13 divided by 365.                            | 17. |  |
| 18. <b>Total penalty.</b> Add all amounts on line 17. Include this amount on line 15 of Form CLT-4.                     | 18. |  |

# Instructions for Underpayment of Estimated Tax by Corporations (Form CLT-4-UT)

## Who must pay the Underpayment Penalty:

If the corporation did not pay enough estimated tax by any due date for paying estimated tax, it may be charged a penalty. This is true even if the corporation is due a refund when its return is filed. The penalty is figured separately for each installment due date. Therefore, the corporation may owe a penalty for an earlier installment due date, even if it paid

enough tax later to make up the underpayment.

Generally, a corporation is subject to the penalty if its tax liability is \$5,000 or more and it did not pay on the lesser of 80% of its tax liability for the current year or 100% of its tax liability for the previous year (if the previous year's return showed a tax liability and the return covered a full 12 months).

## How to use this Form:

Complete Part I of Form CLT-4-UT to determine if you have an underpayment for any of the four installment due dates. If you have an

underpayment on line 13 (column A, B, C, or D), go to Part II to figure the penalty. Attach Form CLT-4-UT to your tax return.

## Part I Figuring your underpayment

Complete lines 1 through 14 in Part I. Follow the instructions below:

**Line 1** - Enter the tax from line 10, Form CLT-4.

**Line 4b** - Enter the tax credits from line 12. Form CLT-4.

**Line 4b** - Enter your previous year's tax using the taxes and credits from your previous year's return. If you did not file a return showing a tax liability for the previous year, or if your previous year was for less than 12 months, do not complete this line. Instead, enter the amount from line 4a on line 4c.

**Line 6** - If the corporation's income varied during the year because, for example, it operated 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 or the adjusted seasonal installment method. For example, a ski shop, which receives most of its income during the winter months, might benefit from using one or both of these methods in figuring its required installments. The annualized income installment or adjusted seasonal installment may be less than the required installment under the regular method for one or more due dates, thereby reducing or eliminating the penalty for those due dates.

To use one or both of these methods to figure one or more required installments, use the worksheets on pages 3 and 4 of these instructions. If you use either worksheet for any payment date, you must use it for **all** the payment due dates.

If you are using both the annualized income and seasonal methods, complete the entire worksheet. To arrive at the amount of each required installment select the smallest of the A annualized income in-

stallment; B adjusted seasonal installment (if applicable); or C regular installment.

If you are using only the annualized income installment method, complete Parts I and III of the worksheet. If you are using only the adjusted seasonal installment method, complete Parts II and III of the worksheet. If you are using both methods, complete the entire worksheet. Enter in each column on line 6 the amounts from the corresponding column of line 41 of the worksheet. Also attach a copy of the worksheet to form CLT-4-UT and check the box on line 6a.

If you are not using the annualized income installment method or adjusted seasonal installment method, follow the instructions below to figure the amount to enter on line 6.

If line 4a is less than line 4b: Enter 25% of line 4a in columns A through D. If line 4b is less than line 4a: In column A through D enter 25% of line 4b.

**Line 7** - In column A, enter the estimated tax payments deposited by the 15th day of the 4th month of your tax year; in column B, enter payments you made after the 15th day of the 4th month through the 15th day of the 6th month of your tax year; in column C, enter payments you made after the 15th day of the 6th month through the 15th day of the 9th month of your tax year; and, in column D, enter payments you made after the 15th day of the 9th month through the 15th day of the 12th month of your tax year.

Generally, a prior year's overpayment will be applied against the earliest installment unless the corporation instructs differently.

**Line 13** - If line 13 shows an underpayment, complete Part II to figure the penalty.

## Part II Figuring the penalty

Complete lines 15 through 18 to determine the amount of the penalty.

**Line 15** - A payment of estimated tax is applied against underpayments of required installments in the order in which such installments are required to be paid, regardless of which installment the payment pertains to. For example, a corporation has an underpayment for the April 15th installment of \$1,000. The June 15th installment requires a payment of \$2,000. On June 10, the corporation deposits \$2,000 to cover the June 15 installment. However, \$1,000 of this payment is considered to be for the April 15 installment. The penalty for the April 15 installment is figured to June 10 (56

days). The underpayment for the June 15 installment will then be \$1,000.

If the corporation has made more than one payment for a required installment, attach a separate computation for each payment.

Please note that, for taxable years beginning after December 31, 1999, there is assessed a 12% a year underpayment interest penalty (MCA, § 15-31-510). The interest penalty rate remains at 20% a year for taxable years beginning before December 31, 1999.

## Instructions for Worksheets

### Annualized Income Installment Method

**Note Annualization Periods.** Taxpayers have three annualization period options to choose from. Taxpayers can use option (1) lines 1 through 3; option (2) lines 4 through 6; or option (3) a combination of options (1) and (2). If the taxpayer chooses option (3) complete lines 1 through 6 and use the lesser of lines 3 or 6 on line 7.

**Line 9** - 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 13** - Before completing line 13 in columns (b) through (d), you must complete line 14; part II (if applicable); and lines 36 through 41, in each of preceding columns. For example, you must complete line 14, lines 15 through 35 (if you use the adjusted seasonal installment method), and lines 36 through 41, in column (a) before you can complete line 13 in column (b).

### Adjusted Seasonal Installment Method

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

Example: An amusement park that has a calendar year as its tax year receives the largest part of its taxable income during the six-month period from May to October. To compute its base period percentage for the period May through October, it must figure its taxable income for each May through October for each of the three preceding tax years. 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 quotients: .69 for the third preceding year; .74 for the second preceding year, and .67 for the first preceding year. Since the average of .69; .74; and .67 is .70, the base period for May through October of the current year is 70%. Therefore, the amusement park qualifies for the adjusted seasonal installment method.

**Line 31** - Enter the credits to which you are entitled because of events that occurred during the months shown in column headings above line 15.

**Line 34** - Before completing line 34 in columns (b) through (d), you must complete lines 36 through 41 in each of the preceding columns. For example, you must complete lines 36 through 41 in column (a) before you can complete line 34 in column (b).

**Annualized Income Installment Method Worksheet (MCA, §15-31-502)**

**Part I**

		a.	b.	c.	d.	
		Period				
		First 3 months	First 3 months	First 6 months	First 9 months	
1.	Enter your taxable income for each period	1.				
2.	Annualization amounts	2.	4	4	2	1.33333
3.	Multiply line 1 by line 2	3.				
		Period				
		First 3 months	First 5 months	First 8 months	First 11 months	
4.	Enter your taxable income for each period	4.				
5.	Annualization amounts	5.	4	2.4	1.5	1.09091
6.	Multiply line 4 by line 5	6.				
7.	Annualized taxable income. In columns (a) through (d) enter the following three options (see instructions): option (1) the amounts in each column on line 3; option (2) the amounts in each column on line 6; option (3) the lesser of the amounts in each column, line 3 or 6	7.				
8.	Figure your tax on the amount in each column on line 7 based upon current tax rates	8.				
9.	For each period, enter the amount of any credits per line 12 of Form CLT-4	9.				
10.	Total tax after credits. Subtract line 9 from line 8. If less than zero, enter zero	10.				
11.	Applicable percentage	11.	20%	40%	60%	80%
12.	Multiply line 10 times line 11	12.				

**Complete lines 13 through 41 for one column before completing the next column.**

13.	Enter the combined amounts of all previous columns on line 41 (i.e. - add column A & B, line 41, enter in column C)	13.				
14.	Subtract line 13 from line 12. If less than zero, enter zero	14.				

**Adjusted Seasonal Installment Method Worksheet (MCA, §15-31-502)**

**Part II Caution:** You may use this method only if the base period percentage for any 6 consecutive months is at least 70%

(See instructions for more information.)

		a.	b.	c.	d.
		Period			
		First 3 months	First 5 months	First 8 months	First 11 months
15.	Enter your taxable income for the following periods:				
a.	Third preceding taxable year	15a.			
b.	Second preceding taxable year	15b.			
c.	First preceding taxable year	15c.			
16.	Enter your taxable income for each period for your current taxable year	16.			
		Period			
		First 4 months	First 6 months	First 9 months	Entire year
17.	Enter your taxable income for the following periods:				
a.	Third preceding taxable year	17a.			
b.	Second preceding taxable year	17b.			
c.	First preceding taxable year	17c.			
18.	Divide the amount in each column on line 15a by the amount in column D on line 17a	18.			
19.	Divide the amount in each column on line 15b by the amount in column D on line 17b	19.			

		Period			
		First 4 months	First 6 months	First 9 months	Entire year
20. Divide the amount in each column on line 15c by the amount in column D on line 17c.	20.				
21. Add lines 18 through 20.	21.				
22. Base period percentage for months before filing month. Divide line 21 by three (3).	22.				
23. Divide line 16 by line 22.	23.				
24. Figure your tax on the amount on line 23.	24.				
25. Divide the amount in columns A through C on line 17a by the amount in column D on line 17a.	25.				
26. Divide the amount in columns A through C on line 17b by the amount in column D on line 17b.	26.				
27. Divide the amount in columns A through C on line 17c by the amount in column D on line 17c.	27.				
28. Add lines 25 through 27.	28.				
29. Base period percentage for months through and including filing month. Divide line 28 by three (3).	29.				
30. Multiply the amount in column A through C of line 24 by the amount in the corresponding column of line 29. In column D, enter the amount from line 24, column D.	30.				
31. For each period, enter the same type of credits as on Form CLT-4-UT, line 2 (see instructions).	31.				
32. Total tax after credits. Subtract line 31 from line 30. If less than zero, enter zero.	32.				
33. Multiply line 32 by 80%.	33.				
<b>Complete lines 22 through 27 for one column before completing the next column.</b>					
34. Enter the combined amounts of all previous columns on line 41 (i.e. - add column A & B line 41, enter in column C).	34.				
35. Subtract line 34 from line 33. If less than zero, enter zero.	35.				
<b>Part III</b> Computation of required installments		1st Installment	2st Installment	3rd Installment	4th Installment
36. If you completed one of the above parts, enter the amounts from line 14 or line 35. (If you completed both parts, enter the lesser of the amounts in each column from line 14 or line 35).	36.				
37. Divide line 4c, Form CLT-4-UT, by four (4) and enter the result in each column.	37.				
38. Enter the amount from line 40 of this worksheet for the preceding column.	38.				
39. Add lines 37 and 38 and enter total.	39.				
40. If line 39 is more than line 36, subtract line 36 from line 39. Otherwise enter zero.	40.				
41. Enter the lesser of line 36 or line 39 here and on Form CLT-4-UT, line 6.	41.				