



# Annualization Worksheet

MONTANA  
ESA  
Rev. 8-02

## General Information on Annualizing

If your income fluctuates or is seasonal, you may be able to lower the amount of one or more required estimated tax installments by annualizing your income. To see if you can pay less for any period, **first complete** the estimated worksheet, Form ESW, then complete the annualized estimated worksheet (Form ESA). Complete one column before continuing to the next. This worksheet annualizes your tax at the end of each period based on a reasonable estimate of your income and deductions from the beginning of the tax year through the end of each period. If you use the annualized income worksheet for any payment due date, you must use it for all subsequent payment due dates.

If you use the annualized income installment method, you must file Form ESA (Estimated Annualized Worksheet). Attach Form ESA to your return when you file your 2003 income tax return.

		Jan. 1 - March 31 1st Period 2003	Jan. 1 - May 31 2nd Period 2003	Jan. 1 - Aug. 31 3rd Period 2003	Jan. 1 - Dec. 31 4th Period 2003
1. Montana AGI for the period as shown.	1.				
2. Annualization amounts.	2.	4	2.4	1.5	1
3. Multiply line 1 by line 2 (annualized income).	3.				
4. Itemized deductions for each period. (see below)*	4.				
5. Annualization amounts.	5.	4	2.4	1.5	1
6. Multiply line 4 by line 5.	6.				
7. Standard deduction. (see worksheet on back)**	7.				
8. Enter larger of line 6 or line 7.	8.				
9. Subtract line 8 from line 3.	9.				
10. Multiply \$1,740 x number of exemptions.	10.				
11. Subtract line 10 from line 9.	11.				
12. Tax on amount on line 11, use tax table on Form ESW.	12.				
13. Tax on lump sum distribution.	13.				
14. Add lines 12 and 13.	14.				
15. Tax credits for each period.	15.				
16. Line 14 less line 15. This is your total tax.	16.				
17. Applicable percentage.	17.	22.5% (.225)	45% (.45)	67.5% (.675)	90% (.90)
18. Multiply line 16 by line 17.	18.				
19. Add amounts in all preceding columns of line 25a.	19.				
20. Annualized income installment. Subtract line 19 from line 18. If less than zero, enter 0.	20.				
21. Divide line 7 of Form ESW (Estimate Worksheet) by four (4) and enter result in each column.	21.				
22. Enter amount from line 24 of preceding column.	22.				
23. Add lines 21 and 22.	23.				
24. If line 23 is more than line 20, subtract line 20 from line 23, otherwise enter zero.	24.				
25a. Enter the smaller of line 20 or line 23.	25a.				
25b. Actual 2003 withholding for each period.	25b.				
25c. Subtract line 25b from 25a. This is your required estimated tax payment for each quarter.	25c.				

\* 4. Enter your estimated 2003 itemized deductions for each period which include items such as contributions, medical, and dental expenses.

\*\*7. The standard deduction is 20% of line 3, subject to the following limitations:  
 Single: No less than \$1,450; no more than \$3,260  
 Married or head of household: No less than \$2,900; no more than \$6,520