



Annualization Worksheet

MONTANA
ESA
Rev. 8-01

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 2002 income tax return.

		Jan. 1 - March 31 1st Period 2002	Jan. 1 - May 31 2nd Period 2002	Jan. 1 - Aug. 31 3rd Period 2002	Jan. 1 - Dec. 31 4th Period 2002
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 \$1,720 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 2002 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 2002 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:
 Married or head of household: No less than \$2,860; no more than \$6,460
 Single: No less than \$1,430; no more than \$3,230

Standard Deduction Worksheet



*Note: (see below)

1. Enter amount from line 3 of Form ESA for applicable period. _____
1. _____
2. Enter 20% of line 1. 2. _____
3. Enter the amount from below that corresponds to your filing status:
Joint or head of household
(filing status 2 or 6): \$6,460

Single or separate (filing
status 1,3,4, or 5): \$3,230 _____
3. _____
4. Enter the amount from line 2 or line 3, whichever is smaller. 4. _____
5. Enter the amount from below that corresponds to your filing status:
Joint or head of household
(filing status 2 or 6): \$2,860

Single or separate (filing
status 1,3,4 or 5): \$1,430 _____
5. _____
6. Enter the amount from line 4 or line 5, whichever is larger. This is
your standard deduction. Transfer this amount to line 7, Form ESA
for applicable period. _____
6. _____

Questions? Please call (406) 444-6900 or TDD (406) 444-2830 for hearing impaired.



*Note: A standard deduction worksheet must be completed for each period.