



2008 Annualization Worksheet

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 have to use it for all subsequent payment due dates.

If you use the annualized income installment method, you will have to file Form ESA. Attach Form ESA when you file your 2008 income tax return.

	Jan. 1 - Mar. 31 1st Period 2008	Jan. 1 - May 31 2nd Period 2008	Jan. 1 - Aug. 31 3rd Period 2008	Jan. 1 - Dec. 31 4th Period 2008
1. Montana Adjusted Gross Income for the period as shown. 1.				
2. Annualization amounts. 2.	4	2.4	1.5	1
3. Multiply line 1 by line 2 and enter results (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 and enter results. 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 and enter results. 9.				
10. Multiply \$2,040 x number of exemptions and enter results. 10.				
11. Subtract line 10 from line 9 and enter results. 11.				
12. Tax on amount on line 11, use tax table on Form ESW. 12.				
13. If you have net capital gains included in your Montana adjusted gross income on line 1, multiply the net capital gains amount by 2% (0.020) and enter the result of your capital gains credit here. . 13.				
14. Subtract line 13 from line 12 and enter the result here. 14.				
15. Enter nonrefundable tax credits for each period. 15.				
16. Subtract line 15 from line 14 and enter results. This is your total tax. 16.				
17. Applicable percentage. 17.	22.5% (0.225)	45% (0.450)	67.5% (0.675)	90% (0.900)
18. Multiply line 16 by line 17 and enter results. 18.				
19. Add amounts in all preceding columns of line 25a. 19.				
20. Annualized income installment. Subtract line 19 from line 18 and enter results. If less than zero, enter zero. 20.				
21. Divide line 9 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 and enter results. 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 either line 20 or line 23. 25a.				
25b. Enter actual 2007 withholding for each period. 25b.				
25c. Subtract line 25b from 25a and enter results. This is your required estimated tax payment for each quarter. 25c.				

* Enter your estimated 2008 itemized deductions for each period that include items such as contributions, medical, and dental expenses.

** The standard deduction is 20% of line 3, subject to the following limitations:

- Single or married filing separately: No less than \$1,690; no more than \$3,810
- Married filing jointly or head of household: No less than \$3,380; no more than \$7,620

When you file your Montana income tax return electronically, you represent that you have retained all documents required as a tax record and that you will provide a copy to the department upon request.

Standard Deduction Worksheet

A standard deduction worksheet must be completed for each period.

1. Enter the 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:
Single or married filing separately \$3,810
Married filing jointly or head of household \$7,620 3. _____
4. Enter the amount from either line 2 or line 3, whichever is the smaller..... 4. _____
5. Enter the amount from below that corresponds to your filing status:
Single or married filing separately \$1,690
Married filing jointly or head of household \$3,380 5. _____
6. Enter the amount from either line 4 or line 5, whichever is the larger. **This is your standard deduction.** Transfer this amount to line 7, Form ESA for the applicable period. 6. _____

Questions? Please call us at (406) 444-6900 or TDD (406) 444-2830. 📞