

**Purpose of This Package**

Use this package to calculate and pay your estimated tax. Estimated tax is the method used to pay tax on income that is not subject to withholding. Examples are income from self-employment, interest, dividends, rents, alimony, royalties, etc.

Follow these steps:

- Read the instructions in this packet.
- Complete the worksheet on front.
- Complete an Estimated Tax Coupon (enclosed) if you are required to pay estimated tax.
- Keep a record of your payments.

**Who must pay Estimated Tax?**

In most cases, you must make estimated tax payments for tax year 1999 if you expect to owe at least \$500 **after** subtracting any withholding and credits you may have.

If you are required to pay estimated taxes, you must file estimated tax vouchers and pay at least the **smaller** of:

- 100% of your 1998 Montana tax liability (line 54 of Form 2 or line 31 of Form 2S). **OR**
- 90% of your 1999 Montana income tax liability.

**Who does not have to pay estimated tax?**

- Payment of estimated tax is not required if:
- your 1998 tax period covered 12 months and your Montana tax liability was zero, or
  - you were not required to file a 1998 Montana tax return, or
  - in 1999 you retired and were at least 62 years old (this exception pertains only in the year you retire and the year after), or
  - In 1999 you became disabled, or
  - at least 2/3 of your gross income is derived from farming or ranching operations or both, (**note: Montana has no "lookback" provision**) or
  - the taxpayer died in 1999 (however, estates are subject to the estimated tax requirements), or
  - the tax liability is less than \$500 after credits and/or withholding.

**Nonresidents and Part-Year Residents**

- Nonresidents and part-year residents who are **not** required to file a Montana individual income tax return are not subject to file estimated tax.
- Part-year residents and nonresidents are required to make estimated tax payments if they expect to owe at least \$500 after subtracting withholding and allowable credits.

**GENERAL INFORMATION**

Complete the Form -IT Payment Coupon below if you are remitting a payment. **Do not type your numbers or use dollar signs.** Please print your numbers in the blocked areas like this:

cents

1	2	3	4	5	6	7	8	9	0
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**Penalty for Underpayment**

**Note: An underpayment penalty will be assessed if you fail to make required estimated tax payments.**

**When to pay your estimated tax**

**Calendar Year Taxpayers**

You may prepay all of your estimated tax for tax year 1999 by April 15, 1999, or in four equal amounts by the dates below.

**1999 Estimated Payment Schedule:**

First payment	—	due <b>April 15, 1999</b>
Second payment	—	due <b>June 15, 1999</b>
Third payment	—	due <b>Sept. 15, 1999</b>
Fourth payment	—	due <b>Jan. 15, 2000</b>

**If the installment due date falls on a holiday, payment is due on the next working day**

**Fiscal Year Taxpayers**

Due dates for fiscal year filers are the 15th day of the 4th, 6th, and 9th months of the fiscal year and the 1st month of the following fiscal year.

A penalty will not be imposed on any underpayment of the fourth installment if you pay in full the amount computed on the return as payable **and** file the return on or before the last day of the first month following the close of the tax year.

**Mail to:**

**Department of Revenue  
PO Box 6308  
Helena, MT 59560-6308**

**Do not use these coupons to pay your current tax liability.**

**For Tax Help: 1-406-444-3674 or TDD (Telephone Device for the Deaf) 1-406-444-2830. ☎**

**TAX TABLE**

If Taxable Income is:			If Taxable Income is:		
Over	But not over	Multiply by and Subtract = Tax	Over	But not over	Multiply by and Subtract = Tax
\$ 0 .....	\$ 2,000 .....	X ..... 2 % ..... \$ 0	\$15,800 .....	\$19,700 .....	X ..... 7 % ..... \$ 414
\$ 2,000 .....	\$ 3,900 .....	X ..... 3 % ..... \$ 20	\$19,700 .....	\$27,600 .....	X ..... 8 % ..... \$ 611
\$ 3,900 .....	\$ 7,900 .....	X ..... 4 % ..... \$ 59	\$27,600 .....	\$39,400 .....	X ..... 9 % ..... \$ 887
\$ 7,900 .....	\$11,800 .....	X ..... 5 % ..... \$ 138	\$39,400 .....	\$69,000 .....	X ..... 10 % ..... \$1,281
\$11,800 .....	\$15,800 .....	X ..... 6 % ..... \$ 256	\$69,000 .....	X ..... 11 % ..... \$1,971	

Example = taxable income \$2,400 x 3% (.03) = \$72 subtract \$20 = \$52 tax

## INSTRUCTIONS-Form ESW

Complete Form ESW to ensure your 1999 estimated tax is as accurate as possible to avoid penalties.

**Note: You may use your 1998 Montana tax liability to estimate your 1999 tax. If you choose this method, skip lines 1 through 8 and enter your 1998 tax liability (line 54 of Form 2 or line 31 of Form 2S) on line 9 on Form ESW..**

**Line 1.** Enter your calculated 1999 Montana adjusted gross income. Montana adjusted gross income is your 1999 Federal adjusted gross income plus or minus any Montana adjustments to income.

**Line 2-4.** Self explanatory.

**Line 5.** Enter your calculated 1999 credits against tax. Examples are credit for Elderly Care, College Contribution Credit, and tax paid to other states.

**Line 7.** Old Fund Liability Tax (OFLT). Multiply qualifying income times .002. There is no longer a \$25.00 minimum.

**Line 10.**

a) Use your 1999 payroll receipts received to date to estimate your total 1999 withholding.

b) Enter any 1998 overpayment carried to 1999 that was not refunded to you.

c) If you qualify for the Elderly Homeowner/Renter Credit (2EC), enter the anticipated amount of credit. If this credit was claimed in 1998, you may want to use the same figures if no major changes in 1999 income are expected.

**Line 11.** Subtract 1999 withholding and credits on line 10 from your estimated 1999 tax liability on line 9. If less than \$500, you are not required to make estimated tax payments. If \$500 or more, subtract line 10 from line 9 to determine the total amount you must pay. Enter this amount on line 11 and complete the remainder of the worksheet.

**Lines 12, 13 & 14.** Calculate your payments for each installment. If your tax situation changes, each succeeding installment must be proportionally changed so that the balance of the estimated payment requirement is paid in equal installments over the remaining period.

**Note: If the installment due date falls on a holiday, payment is due on the next working day.**

**Mail to:**  
**Department of Revenue**  
**PO Box 6308**  
**Helena, MT 59604-6308**