



2005 Montana Individual Estimated Income Tax Worksheet

Keep for Your Records

Note: You may use your 2004 tax liability from line 54 of Form 2 or line 31 of Form 2S to estimate your 2005 tax. If you choose this method, skip lines 1 through 6 and enter your 2004 tax liability on line 7 below.

See instructions on back of coupons

1. Enter total amount of Montana adjusted gross income expected in 2005 1. _____
2. Enter estimated amount of
 - a. 2005 itemized deductions or standard deduction.* 2a. _____
 - b. Enter 2004 exemption amount, \$1,840 for each allowable exemption. 2b. _____
 Total of 2a and 2b 2. _____
3. Subtract line 2 from line 1. If zero or less, stop here. You are not subject to estimated tax. Do not send in coupons. 3. _____
4. Tax
 - a. Figure tax on the amount on line 3 by using the tax table on back 4a. _____
 - b. Lump Sum Distribution Tax (10% of Federal Lump Sum Distribution Tax) 4b. _____
 Total of 4a. and 4b 4. _____
5. Credits against tax. Do not include income tax withholding on this line 5. _____
6. Subtract line 5 from line 4 6. _____
7. a. Multiply line 6 by 90% 7a. _____
 b. Enter 100% of the tax shown on your 2004 tax return (line 54 of your 2004 Form 2 or line 31 of your 2004 Form 2S) 7b. _____
 Enter the smaller of line 7a or 7b. (If unable to compute through 7a enter the amount from line 7b.) 7. _____
8. a. Calculate the amount of Montana individual income tax to be withheld in 2005. Examples include withholding on wages, pensions, annuities, withholding from pass through entities, etc. 8a. _____
 b. Amount of your 2004 overpayment applied to 2005 tax 8b. _____
 c. Enter your calculated Elderly Homeowner/Renter Credit for 2005 8c. _____
 Total of 8a, 8b, and 8c 8. _____
9. Subtract line 8 from line 6. If less than \$500, stop here. You are not subject to estimated tax. If \$500 or more subtract line 8 from line 7, then enter that amount on line 9 and continue to line 10 9. _____

Payment Due Dates ⇨

| | a | b | c | d |
|---|----------------|---------------|----------------|---------------|
| | April 15, 2005 | June 15, 2005 | Sept. 15, 2005 | Jan. 15, 2006 |
| 10. Divide the amount on line 9 by four (4). Enter the result in columns a, b, c and d on line 10. 10. | | | | |
| 11. Annualized income installment (Please request Form ESA from the department) Enter amount from line 25c of Form ESA on this line. 11. | | | | |
| 12. Enter the amount from line 10 or line 11, whichever applies. This is the payment due for each installment period. 12. | | | | |

*20% of line 1, but not more than \$3,440 if single or separate, \$6,880 if filing joint or head of household.

General Information

Purpose

Use this package to calculate and pay your estimated individual income 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 2005 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 coupons and pay at least the smaller of:

- 100% of your 2004 Montana tax liability (line 54 of Form 2 or line 31 of Form 2S), or
- 90% of your 2005 Montana income tax liability.

Who does not have to pay estimated tax?

Payment of estimated tax is not required if:

- your 2004 tax period covered 12 months and your Montana tax liability was zero, or
- you were not required to file a 2004 Montana tax return, or
- in 2005 you retired and were at least 62 years old (this exception pertains only in the year you retire and the year after), or
- in 2005 you became disabled, or
- at least 2/3 of your gross income is derived from farming or ranching operations or both. Montana has no "lookback" provision) or (continued on back...)

- the taxpayer died in 2005 (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 required to file estimated tax.
- Nonresidents and part-year residents are required to make estimated tax payments if they expect to owe at least \$500 after subtracting withholding and allowable credits.

Complete the Estimated Tax Payment form if you are remitting a payment. Submit one payment form for each quarter you are estimating.

Penalty for underpayment

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 2005 by April 15, 2005, or in four equal amounts by the dates below.
2005 Estimated Payment Schedule:

| | | |
|----------------|---|--------------------|
| First payment | — | due April 15, 2005 |
| Second payment | — | due June 15, 2005 |
| Third payment | — | due Sept. 15, 2005 |
| Fourth payment | — | due Jan. 15, 2006 |

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.

For Tax Help: (406) 444-6900 or TDD (406) 444-2830. ☎

Instructions for Form ESW

Complete Form ESW to ensure your 2005 estimated tax is as accurate as possible to avoid penalties.

You may use your 2004 Montana tax liability to estimate your 2005 tax. If you choose this method, skip lines 1 through 6 and enter your 2004 tax liability (line 54 of Form 2 or line 31 of Form 2S) on line 7 on Form ESW.

Line 1. Enter your calculated 2005 Montana adjusted gross income. Montana adjusted gross income is your 2005 Federal adjusted gross income plus or minus any Montana adjustments to income.

Line 2-4. Enter information and calculate, as stated.

Line 5. Enter your calculated 2005 credits against tax. Examples are credit for elderly care, college contribution credit and tax paid to other states.

Line 8.

a. Use your 2005 paycheck or pension check stubs received to date to estimate your total 2004 withholding. You may also include Montana state tax paid on your behalf by a pass-through entity.

b. Enter any 2004 overpayment carried to 2003 that was not refunded to you.

c. If you qualify for the Elderly Homeowner/Renter Credit (Form 2EC), enter the anticipated amount of credit. If this credit was claimed in 2004, you may want to use the same figures if no major changes in 2005 income are expected.

Line 9. Subtract 2005 withholding and credits on line 8 from your estimated 2005 tax liability on line 7. If less than \$500, you are not required to make estimated tax payments. If \$500 or more, subtract line 8 from line 7 to determine the total amount you must pay. Enter this amount on line 9 and complete the remainder of the worksheet.

Lines 10, 11 and 12. 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.

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

| Tax Table | | | |
|------------------------------|-----------------|-----------------------------------|-------------|
| If Taxable Income is Over | But not Over | Multiply by and Subtract = Tax | |
| \$ 0 | \$ 2,300 | X 2% | \$ 0 |
| \$ 2,300 | \$ 4,600 | X 3% | \$ 23 |
| \$ 4,600 | \$ 9,200 | X 4% | \$ 69 |
| \$ 9,200 | \$13,800 | X 5% | \$161 |
| \$13,800 | \$18,400 | X 6% | \$299 |

| | | | |
|----------------|----------------|-------|---------------|
| \$18,400 | \$22,900 | X 7% | \$ 483 |
| \$22,900 | \$32,100 | X 8% | \$ 712 |
| \$32,100 | \$45,900 | X 9% | \$1,033 |
| \$45,900 | \$80,300 | X 10% | \$1,492 |
| \$80,300 | | X 11% | \$2,295 |

Example = taxable income \$2,400 x 3% (.03) = \$72 subtract \$23 = \$49 tax

Attention
Montana Department of Revenue Cashier

Individual Estimated Tax Payment Form
Use one payment form for each quarter you are estimating

Complete the payment form below to ensure proper credit of your payment.

Box 1, year ending date
Box 2, social security number
Box 3, amount paid

Name _____

Address _____

Phone _____

Mail this entire form with your check and return to:
Department of Revenue
PO Box 5805
Helena, MT 59604-5805
Questions? Call (406) 444-6900

Make checks payable to the Department of Revenue



Estimated Tax Payment only

1. Year Ending Date

/ /

2. Social Security Number

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3. Amount Paid

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