

SENATE BILL 461

Introduced by Waterman

3/08	Fiscal Note Requested
3/08	Introduced
3/08	First Reading
3/08	Referred to Taxation
3/16	Fiscal Note Received
3/19	Fiscal Note Printed
3/26	Hearing
3/28	Committee Report--Bill Passed as Amended
4/03	2nd Reading Passed as Amended
4/04	3rd Reading Passed
	Transmitted to House
4/04	First Reading
4/04	Referred to Taxation
4/10	Hearing
4/13	Committee Report--Bill Concurred as Amended
4/15	2nd Reading Concurred
4/16	3rd Reading Concurred
	Returned to Senate with Amendments
4/17	2nd Reading Amendments Not Concurred
4/19	Conference Committee Appointed
4/20	Conference Committee Appointed
4/22	Hearing
4/22	Conference Committee Dissolved
4/22	Free Conference Committee Appointed
4/22	Conference Committee Dissolved
4/22	Free Conference Committee Appointed
4/24	Hearing
4/30	Died in Process

Senate BILL NO. *461*

INTRODUCED BY *Mignon Waterman*

A BILL FOR AN ACT ENTITLED: "AN ACT TO PROVIDE FOR QUARTERLY PAYMENT OF ESTIMATED INDIVIDUAL INCOME TAXES; TO ESTABLISH THAT AN AMOUNT EQUAL TO AT LEAST 90 PERCENT OF THE TAX DUE IN THE CURRENT TAXABLE YEAR OR 100 PERCENT PAID IN THE PRIOR TAXABLE YEAR MUST BE PAID EITHER THROUGH PAYMENT OF ESTIMATED TAXES OR THROUGH WITHHOLDING; TO REQUIRE PAYMENT OF AN ADDITIONAL AMOUNT FOR FAILURE TO PAY THE ESTIMATED AMOUNT FOR EACH QUARTER; AMENDING SECTION 15-30-241, MCA; REPEALING SECTION 15-30-242, MCA; AND PROVIDING A DELAYED EFFECTIVE DATE AND AN APPLICABILITY DATE."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

Section 1. Section 15-30-241, MCA, is amended to read:

"15-30-241. ~~Declaration-of-estimated~~ Estimated tax -- payment -- exceptions -- additional amount. (1) (a) Every Each individual except farmers, ranchers, or stockmen shall ~~at-the-time-prescribed-in-subsection-(3)-of--this--section;~~ make-a-declaration-of-his-estimated-tax pay, for the taxable year, through employer withholding, as provided in 15-30-202, or through payment of estimated tax in quarterly installments, as provided in subsection (2) of this section,

at least:

(i) 90% of the tax for the current tax year, less credits allowed the taxpayer; or
 (ii) an amount equal to 100% of the tax paid the preceding taxable year, less credits allowed the taxpayer, if the preceding taxable year was a taxable year of 12 months and the individual filed a return for the taxable year. ~~if-his-net--income--from--sources--other--than--wages, salaries,--bonuses,--or--other--emoluments-can-reasonably-be expected-to-equal-or--exceed--his--net--income--from--wages, salaries,--bonuses-or-other-emoluments,--which-are-subject-to withholding.~~

(b) Payment of estimated taxes under this section is not required if:

(i) the amount of estimated taxes is less than \$500;
 (ii) the individual did not have any tax liability for the preceding taxable year, which was a taxable year of 12 months, and the individual was a citizen or resident of the United States throughout that taxable year;
 (iii) the underpayment was caused by reason of casualty, disaster, or other unusual circumstances that the department determines to constitute good cause; or
 (iv) the individual retired in the taxable year after having attained 62 years of age or the individual became disabled in the taxable year.

1 (2) In the declaration required under subsection (1) of
 2 this section, the individual shall state:
 3 (a) the amount which he estimates as the amount of tax
 4 under 15-30-103 for the taxable year;
 5 (b) the amount which he estimates will be withheld from
 6 wages paid by his employer if said individual is an
 7 employee;
 8 (c) the excess of the amount estimated under subsection
 9 (2)(a) over the amount estimated under subsection (2)(b),
 10 which excess for purposes of this section shall be
 11 considered the estimated tax for the taxable year;
 12 (d) such other information as may be prescribed in
 13 rules promulgated by the department.
 14 (3) The declaration required under subsection (1) of
 15 this section shall be filed with the department on or before
 16 April 15 of the taxable year, except that if the
 17 requirements of subsection (1) of this section are first
 18 met:
 19 (a) after April 1 and before October 1 of the taxable
 20 year, the declaration shall be filed on or before October 15
 21 of the taxable year;
 22 (b) after October 1 of the taxable year, the
 23 declaration shall be filed on or before February 15 of the
 24 succeeding taxable year.
 25 (4) An individual may make amendments of a declaration

1 filed during the taxable year under subsection (3) of this
 2 section under rules prescribed by the department.
 3 (5) If, on or before February 15 of the succeeding
 4 taxable year, the taxpayer files a return for the taxable
 5 year for which the declaration is required and pays in full
 6 the amount computed on his return as payable, then under
 7 rules prescribed by the department:
 8 (a) if the declaration is not required to be filed
 9 during the taxable year but is required to be filed on or
 10 before such February 15, such return shall for the purposes
 11 of this section be considered as such declaration, and
 12 (b) if the tax shown on the return is greater than the
 13 estimated tax shown in a declaration previously made or in
 14 the last amendments thereof, such return shall for the
 15 purposes of this section be considered as the amendment of
 16 the declaration permitted by subsection (4) of this section
 17 to be filed on or before such February 15. Estimated taxes
 18 must be paid in four installments:
 19

<u>Installment</u>	<u>Date</u>
<u>First</u>	<u>April 15</u>
<u>Second</u>	<u>June 15</u>
<u>Third</u>	<u>September 15</u>
<u>Fourth</u>	<u>January 15 of the following taxable year</u>

 22
 23
 24 (3) (a) Each installment must be 25% of the required
 25 annual payment determined pursuant to subsection (1). If the

1 individual's tax situation changes, each succeeding
 2 installment must be proportionally changed so that the
 3 balance of the required annual payment is paid in equal
 4 installments over the remaining period of time.

5 (b) If, after the date of the first or any subsequent
 6 installment, the individual's tax situation changes so that
 7 he is required to pay estimated taxes, he shall pay 25% at
 8 each succeeding installment except the first one in which a
 9 payment is made. For estimated taxes beginning in the second
 10 installment, the taxpayer shall pay 50% at that installment
 11 and 25% for the third and fourth installment, respectively.
 12 For estimated taxes beginning with the third installment,
 13 the taxpayer shall pay 75% at that installment and 25% in
 14 the fourth installment.

15 (4) If an estimated tax is underpaid, there must be
 16 added to the amount due under this chapter an amount equal
 17 to 10% a year on the amount of the underpayment. The
 18 additional amount is computed for the period from the time
 19 the payment was due to the date payment was made or to the
 20 15th day of the fourth month of the year subsequent to the
 21 taxable year in which the payment was to be made, whichever
 22 is later. For the purpose of determining the additional
 23 amount, a payment of estimated tax must be credited against
 24 unpaid required installments in the order in which they are
 25 required to be paid. If the taxpayer files a return for the

1 taxable year before February 1 and pays in full the amount
 2 computed on the return as payable, then an additional amount
 3 may not be imposed with respect to any underpayment of the
 4 fourth installment for the taxable year.

5 ~~(6)~~(5) The department shall promulgate rules governing
 6 reasonable extensions of time for ~~filing-declarations-and~~
 7 paying the estimated tax except in the case of taxpayers who
 8 are abroad, ~~and-no-such An~~ extension shall ~~may not~~ be for
 9 more than 6 months.

10 ~~(7) If the taxpayer is unable to make his own~~
 11 ~~declaration, the declaration shall be made by a duly~~
 12 ~~authorized agent or by the guardian or other person charged~~
 13 ~~with the care of the person or property of such taxpayer.~~

14 ~~(8) Any individual who fails to file a declaration of~~
 15 ~~estimated tax as required by this section is not subject to~~
 16 ~~the penalties set forth in 15-30-321."~~

17 **NEW SECTION. Section 2.** Repealer. Section 15-30-242,
 18 MCA, is repealed.

19 **NEW SECTION. Section 3.** Effective date --
 20 applicability. [This act] is effective January 1, 1992, and
 21 applies to taxable years beginning after December 31, 1991.

-End-

STATE OF MONTANA - FISCAL NOTE
Form BD-15


In compliance with a written request, there is hereby submitted a Fiscal Note for SB0461, as introduced.

DESCRIPTION OF PROPOSED LEGISLATION:

An act to provide for quarterly payment of estimated individual income taxes; to establish that an amount equal to at least 90 percent of the tax due in the current taxable year or 100 percent paid in the prior taxable year must be paid either through payment of estimated taxes or through withholding; to require payment of an additional amount for failure to pay the estimated amount for each quarter; and providing a delayed effective date and an applicability date.

ASSUMPTIONS:

1. Individual income tax collections under current law are \$311,176,000 in FY92, and \$327,201,000 in FY93 (OBPP).
2. Tax liability under current law is \$316,629,000 in tax year 1992 (OBPP).
3. The total liability of households subject to the quarterly estimated tax provisions of this bill is 39.81 percent of total liability for all filers (DOR).
4. For households subject to quarterly estimated tax, liability net of withholding (not including estimated tax payments under current law) and credits is 81.57 percent of their total liability (DOR). Under the proposal, this amount of liability is paid in four equal installments on April 15, June 15, September 15, and January 15 of the following tax year.
5. Households subject to quarterly estimated tax payments are already paying 46.18 percent of the total estimated tax they would be liable for under this proposal through current law estimated tax payment procedures; of this amount, 28.71 percent is being paid in the period of acceleration.
6. For the coming biennium, the current law distribution of estimated tax payments would be the same as the average distribution for the 1988 - 1990 period.
7. The above assumptions result in a net acceleration of \$37,778,000 in fiscal year 1992.
8. The penalties provided in the bill are severe enough to enforce 100% compliance in estimated tax payments.
9. Taxpayers exempt from federal estimated tax provisions would be exempt from provisions in the proposal and are currently not filing estimated tax payments.
10. All June 15, 1992 payments are recorded in time to meet the June SBAS cutoff date.
11. If there were no growth in total income tax liability from one year to the next, the impact in the second year of the biennium would be zero. The impact shown in FY93 is based on an assumption of 5% growth in revenue from 1992 to 1993.
12. Short-term interest rates are 7.71% in FY92, and 8.13% in FY93.
13. Individual income tax is distributed 100% to the general fund under current law.
14. The bill is applicable to tax years beginning after December 31, 1991.
15. Administrative costs increase \$215,023 in FY92, and \$173,748 in FY93; this includes the addition of 6.50 FTE in FY92, and 6.50 FTE in FY93.


ROD SUNDSTED, BUDGET DIRECTOR
Office of Budget and Program Planning

DATE

MIGNON WATERMAN, PRIMARY SPONSOR

DATE

Fiscal Note for SB0461, as introduced

3/19/91
SB 461-1

FISCAL IMPACT:

Expenditures:

	FY '92			FY '93		
	<u>Current Law</u>	<u>Proposed Law</u>	<u>Difference</u>	<u>Current Law</u>	<u>Proposed Law</u>	<u>Difference</u>
F.T.E.	0	6.50	6.50	0	6.50	6.50
Personal Services	0	122,333	122,333	0	122,333	122,333
Operating Expense	0	65,510	65,510	0	51,415	51,415
Capital Outlay	0	27,180	27,180	0	0	0
Total	0	215,023	215,023	0	173,748	173,748

Funding:

General Fund	0	215,023	215,023	0	173,748	173,748
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Revenues:

Individual Income Tax (01)	311,176,000	348,954,000	37,778,000	327,201,000	329,090,000	1,889,000
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Accelerating collections through the estimated tax provisions of this bill is estimated to increase interest income approximately \$235,000 in FY92, and \$446,000 in FY93 (General Fund).

Net General Fund Impact			37,797,977			2,161,252
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SB 461-1

APPROVED BY COMMITTEE
ON TAXATION

SENATE BILL NO. 461
INTRODUCED BY WATERMAN

A BILL FOR AN ACT ENTITLED: "AN ACT TO PROVIDE FOR
QUARTERLY PAYMENT OF ESTIMATED INDIVIDUAL INCOME TAXES; TO
ESTABLISH THAT AN AMOUNT EQUAL TO AT LEAST 90 PERCENT OF THE
TAX DUE IN THE CURRENT TAXABLE YEAR OR 100 PERCENT PAID IN
THE PRIOR TAXABLE YEAR MUST BE PAID EITHER THROUGH PAYMENT
OF ESTIMATED TAXES OR THROUGH WITHHOLDING; TO REQUIRE
PAYMENT OF AN-ADDITIONAL-AMOUNT A PENALTY FOR FAILURE TO PAY
THE ESTIMATED AMOUNT FOR EACH QUARTER; AMENDING SECTION
15-30-241, MCA; REPEALING SECTION 15-30-242, MCA; AND
PROVIDING A DELAYED EFFECTIVE DATE AND AN APPLICABILITY
DATE."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

Section 1. Section 15-30-241, MCA, is amended to read:

"15-30-241. Declaration--of--estimated Estimated tax --
payment -- exceptions -- additional amount. (1) (a) Every
Each individual except farmers, ranchers, or stockmen shall,
at--the--time--prescribed-in-subsection-(3)-of-this-section,
make-a-declaration-of-his-estimated-tax pay, for the taxable
year, through employer withholding, as provided in
15-30-202, or through payment of estimated tax in quarterly
installments, as provided in subsection (2) of this section,

at least:

(i) 90% of the tax for the current tax year, less
credits allowed the taxpayer; or

(ii) an amount equal to 100% of the tax paid the
preceding taxable year, less credits allowed the taxpayer,
if the preceding taxable year was a taxable year of 12
months and the individual filed a return for the taxable
year. if--his--net--income--from--sources--other--than--wages,
salaries, bonuses, or other--emoluments--can--reasonably--be
expected--to--equal--or--exceed--his--net--income--from--wages,
salaries, bonuses or other emoluments, which are subject--to
withholding.

(b) Payment of estimated taxes under this section is
not required if:

(i) the amount of estimated taxes is less than \$500;

(ii) the individual did not have any tax liability for
the preceding taxable year, which was a taxable year of 12
months, and the individual was a citizen or resident of the
United States throughout that taxable year;

(iii) the underpayment was caused by reason of casualty,
disaster, or other unusual circumstances that the department
determines to constitute good cause; or

(iv) the individual retired in the taxable year after
having attained 62 years of age or the individual became
disabled in the taxable year.

1 (2) In the declaration required under subsection (1) of
2 this section, the individual shall state:

3 (a) the amount which he estimates as the amount of tax
4 under 15-38-103 for the taxable year;

5 (b) the amount which he estimates will be withheld from
6 wages paid by his employer if said individual is an
7 employee;

8 (c) the excess of the amount estimated under subsection
9 (2)(a) over the amount estimated under subsection (2)(b),
10 which excess for purposes of this section shall be
11 considered the estimated tax for the taxable year;

12 (d) such other information as may be prescribed in
13 rules promulgated by the department;

14 (3) The declaration required under subsection (1) of
15 this section shall be filed with the department on or before
16 April 15 of the taxable year, except that if the
17 requirements of subsection (1) of this section are first
18 met:

19 (a) after April 1 and before October 1 of the taxable
20 year, the declaration shall be filed on or before October 15
21 of the taxable year;

22 (b) after October 1 of the taxable year, the
23 declaration shall be filed on or before February 15 of the
24 succeeding taxable year;

25 (4) An individual may make amendments of a declaration

1 filed during the taxable year under subsection (3) of this
2 section under rules prescribed by the department;

3 (5) If, on or before February 15 of the succeeding
4 taxable year, the taxpayer files a return for the taxable
5 year for which the declaration is required and pays in full
6 the amount computed on his return as payable, then under
7 rules prescribed by the department:

8 (a) if the declaration is not required to be filed
9 during the taxable year but is required to be filed on or
10 before such February 15, such return shall for the purposes
11 of this section be considered as such declaration; and

12 (b) if the tax shown on the return is greater than the
13 estimated tax shown in a declaration previously made or in
14 the last amendments thereof, such return shall for the
15 purposes of this section be considered as the amendment of
16 the declaration permitted by subsection (4) of this section
17 to be filed on or before such February 15. Estimated taxes
18 must be paid in four installments:

Installment	Date
First	April 15
Second	June 15
Third	September 15
Fourth	January 15 of the following taxable year

24 (3) (a) Each installment must be 25% of the required
25 annual payment determined pursuant to subsection (1). If the

1 individual's tax situation changes, each succeeding
 2 installment must be proportionally changed so that the
 3 balance of the required annual payment is paid in equal
 4 installments over the remaining period of time.

5 (b) If, after the date of the first or any subsequent
 6 installment, the individual's tax situation changes so that
 7 he is required to pay estimated taxes, he shall pay 25% at
 8 each succeeding installment except the first one in which a
 9 payment is made. For estimated taxes beginning in the second
 10 installment, the taxpayer shall pay 50% at that installment
 11 and 25% for the third and fourth installment, respectively.
 12 For estimated taxes beginning with the third installment,
 13 the taxpayer shall pay 75% at that installment and 25% in
 14 the fourth installment.

15 (4) If an estimated tax is underpaid, there must be
 16 added to the amount due under this chapter an amount A
 17 PENALTY equal to 10% a year on the amount of the
 18 underpayment. The ~~additional--amount~~ A PENALTY is computed
 19 for the period from the time the payment was due to the date
 20 payment was made or to the 15th day of the fourth month of
 21 the year subsequent to the taxable year in which the payment
 22 was to be made, whichever is later. For the purpose of
 23 determining the ~~additional--amount~~ PENALTY, a payment of
 24 estimated tax must be credited against unpaid required
 25 installments in the order in which they are required to be

1 paid. If the taxpayer files a return for the taxable year
 2 before February 1 and pays in full the amount computed on
 3 the return as payable, then ~~an additional amount~~ A PENALTY
 4 may not be imposed with respect to any underpayment of the
 5 fourth installment for the taxable year.

6 ~~{6}~~{5} The department shall promulgate rules governing
 7 reasonable extensions of time for ~~fiing--declarations--and~~
 8 paying the estimated tax except in the case of taxpayers who
 9 are abroad, ~~and no such An extension shall~~ may not be for
 10 more than 6 months.

11 ~~{7}~~--If--the--taxpayer--is--unable--to--make---his---own
 12 ~~declaration,~~--the--declaration--shall--be--made--by--a--duily
 13 ~~authorized--agent--or--by--the--guardian--or--other--person--charged~~
 14 ~~with--the--care--of--the--person--or--property--of--such--taxpayer.~~
 15 ~~{8}~~--Any--individual--who--fails--to--file--a--declaration--of
 16 ~~estimated--tax--as--required--by--this--section--is--not--subject--to~~
 17 ~~the--penalties--set--forth--in--15--30--321.~~"

18 NEW SECTION. Section 2. Repealer. Section 15-30-242,
 19 MCA, is repealed.

20 NEW SECTION. Section 3. Effective date --
 21 applicability. [This act] is effective January 1, 1992, and
 22 applies to taxable years beginning after December 31, 1991.

-End-

SENATE BILL NO. 461
INTRODUCED BY WATERMAN

A BILL FOR AN ACT ENTITLED: "AN ACT TO PROVIDE FOR QUARTERLY PAYMENT OF ESTIMATED INDIVIDUAL INCOME TAXES; TO ESTABLISH THAT AN AMOUNT EQUAL TO AT LEAST 90 PERCENT OF THE TAX DUE IN THE CURRENT TAXABLE YEAR OR 100 PERCENT PAID IN THE PRIOR TAXABLE YEAR MUST BE PAID EITHER THROUGH PAYMENT OF ESTIMATED TAXES OR THROUGH WITHHOLDING; TO REQUIRE PAYMENT OF AN-ADDITIONAL-AMOUNT A-PENALTY FOR FAILURE TO PAY THE ESTIMATED AMOUNT FOR EACH QUARTER; AMENDING SECTION 15-30-241, MCA; REPEALING SECTION 15-30-242, MCA; AND PROVIDING A DELAYED EFFECTIVE DATE AND AN APPLICABILITY DATE."

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at least:

- (i) 90% of the tax for the current tax year, less credits allowed the taxpayer; or
- (ii) an amount equal to 100% of the tax paid the preceding taxable year, less credits allowed the taxpayer, if the preceding taxable year was a taxable year of 12 months and the individual filed a return for the taxable year. if--his--net--income--from--sources-other-than-wages, salaries, bonuses, or other--emoluments--can--reasonably--be expected--to--equal--or--exceed--his--net-income-from-wages, salaries, bonuses or other emoluments, which are subject to withholding;
- (b) Payment of estimated taxes under this section is not required if:
 - (i) the amount of estimated taxes is less than \$500;
 - (ii) the individual did not have any tax liability for the preceding taxable year, which was a taxable year of 12 months, and the individual was a citizen or resident of the United States throughout that taxable year;
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 2 this section, the individual shall state:
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 9 (2)(a) over the amount estimated under subsection (2)(b),
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 17 the penalties set forth in 15-30-321."

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 19 MCA, is repealed.

20 NEW SECTION. Section 3. Effective date --
 21 applicability. [This act] is effective January 1, 1992 1993,
 22 and applies to taxable years beginning after December 31,
 23 1991.

-End-

HOUSE STANDING COMMITTEE REPORT

April 12, 1991

Page 1 of 1

Mr. Speaker: We, the committee on Taxation report that Senate Bill 461 (third reading copy -- blue) be concurred in as amended.

Signed: 
Dan Harrington, Chairman

Carried by: Rep. Ream.

And, that such amendments read:

1. Title, line 11.
Following: "QUARTER;"
Insert: "TO PROVIDE AN APPROPRIATION;"
2. Page 1, line 19.
Following: "additional amount"
Insert: "penalty"
3. Page 1, line 24.
Following: "15-30-202,"
Strike: "or"
4. Page 1, line 25.
Following: "section,"
Insert: "or through a combination of employer withholding and estimated tax,"
5. Page 5, line 15.
Following: "tax"
Insert: ", withholding tax, or a combination of both"
6. Page 6.
Following: line 19
Insert: "NEW SECTION. Section 3. Appropriation. There is appropriated from the general fund to the department of revenue \$215,023 for fiscal year 1992 and \$173,748 for fiscal year 1993 to implement the provisions of [this act]."
Renumber: subsequent section
7. Page 6, line 21.
Strike: "1993"
Insert: "1992"

HOUSE

SB 461

781534SC.HSF

1 SENATE BILL NO. 461
2 INTRODUCED BY WATERMAN

3
4 A BILL FOR AN ACT ENTITLED: "AN ACT TO PROVIDE FOR
5 QUARTERLY PAYMENT OF ESTIMATED INDIVIDUAL INCOME TAXES; TO
6 ESTABLISH THAT AN AMOUNT EQUAL TO AT LEAST 90 PERCENT OF THE
7 TAX DUE IN THE CURRENT TAXABLE YEAR OR 100 PERCENT PAID IN
8 THE PRIOR TAXABLE YEAR MUST BE PAID EITHER THROUGH PAYMENT
9 OF ESTIMATED TAXES OR THROUGH WITHHOLDING; TO REQUIRE
10 PAYMENT OF AN-ADDITIONAL-AMOUNT A-PENALTY FOR FAILURE TO PAY
11 THE ESTIMATED AMOUNT FOR EACH QUARTER; TO PROVIDE AN
12 APPROPRIATION; AMENDING SECTION 15-30-241, MCA; REPEALING
13 SECTION 15-30-242, MCA; AND PROVIDING A DELAYED EFFECTIVE
14 DATE AND AN APPLICABILITY DATE."
15

16 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

17 **Section 1.** Section 15-30-241, MCA, is amended to read:

18 "15-30-241. Declaration-of-estimated Estimated tax --
19 payment -- exceptions -- additional-amount PENALTY. (1) (a)
20 Every Each individual except farmers, ranchers, or stockmen
21 shall--at--the--time--prescribed--in-subsection-(3)--of--this
22 section--make-a-declaration-of-his-estimated--tax pay, for
23 the taxable year, through employer withholding, as provided
24 in 15-30-202, or through payment of estimated tax in
25 quarterly installments, as provided in subsection (2) of

1 this section, OR THROUGH A COMBINATION OF EMPLOYER
2 WITHHOLDING AND ESTIMATED TAX, at least:

3 (i) 90% of the tax for the current tax year, less
4 credits allowed the taxpayer; or

5 (ii) an amount equal to 100% of the tax paid the
6 preceding taxable year, less credits allowed the taxpayer,
7 if the preceding taxable year was a taxable year of 12
8 months and the individual filed a return for the taxable
9 year. if--his--net--income--from--sources--other--than--wages,
10 salaries,-bonuses,-or--other--emoluments--can--reasonably--be
11 expected--to--equal--or--exceed--his--net-income-from-wages,
12 salaries,-bonuses-or--other--emoluments,-which-are-subject--to
13 withholding.

14 (b) Payment of estimated taxes under this section is
15 not required if:

16 (i) the amount of estimated taxes is less than \$500;

17 (ii) the individual did not have any tax liability for
18 the preceding taxable year, which was a taxable year of 12
19 months, and the individual was a citizen or resident of the
20 United States throughout that taxable year;

21 (iii) the underpayment was caused by reason of casualty,
22 disaster, or other unusual circumstances that the department
23 determines to constitute good cause; or

24 (iv) the individual retired in the taxable year after
25 having attained 62 years of age or the individual became

1 disabled in the taxable year.

2 (2) In the declaration required under subsection (1) of
3 this section, the individual shall state:

4 (a) the amount which he estimates as the amount of tax
5 under 15-30-103 for the taxable year;

6 (b) the amount which he estimates will be withheld from
7 wages paid by his employer if said individual is an
8 employee;

9 (c) the excess of the amount estimated under subsection
10 (2)(a) over the amount estimated under subsection (2)(b),
11 which excess for purposes of this section shall be
12 considered the estimated tax for the taxable year;

13 (d) such other information as may be prescribed in
14 rules promulgated by the department;

15 (3) The declaration required under subsection (1) of
16 this section shall be filed with the department on or before
17 April 15 of the taxable year, except that if the
18 requirements of subsection (1) of this section are first
19 met;

20 (a) after April 1 and before October 1 of the taxable
21 year, the declaration shall be filed on or before October 15
22 of the taxable year;

23 (b) after October 1 of the taxable year, the
24 declaration shall be filed on or before February 15 of the
25 succeeding taxable year.

1 (4) An individual may make amendments of a declaration
2 filed during the taxable year under subsection (3) of this
3 section under rules prescribed by the department;

4 (5) If, on or before February 15 of the succeeding
5 taxable year, the taxpayer files a return for the taxable
6 year for which the declaration is required and pays in full
7 the amount computed on his return as payable, then under
8 rules prescribed by the department:

9 (a) if the declaration is not required to be filed
10 during the taxable year but is required to be filed on or
11 before such February 15, such return shall for the purposes
12 of this section be considered as such declaration; and

13 (b) if the tax shown on the return is greater than the
14 estimated tax shown in a declaration previously made or in
15 the last amendments thereof, such return shall for the
16 purposes of this section be considered as the amendment of
17 the declaration permitted by subsection (4) of this section
18 to be filed on or before such February 15. Estimated taxes
19 must be paid in four installments:

Installment	Date
First	April 15
Second	June 15
Third	September 15
Fourth	January 15 of the following taxable year

25 (3) (a) Each installment must be 25% of the required

1 annual payment determined pursuant to subsection (1). If the
 2 individual's tax situation changes, each succeeding
 3 installment must be proportionally changed so that the
 4 balance of the required annual payment is paid in equal
 5 installments over the remaining period of time.

6 (b) If, after the date of the first or any subsequent
 7 installment, the individual's tax situation changes so that
 8 he is required to pay estimated taxes, he shall pay 25% at
 9 each succeeding installment except the first one in which a
 10 payment is made. For estimated taxes beginning in the second
 11 installment, the taxpayer shall pay 50% at that installment
 12 and 25% for the third and fourth installment, respectively.
 13 For estimated taxes beginning with the third installment,
 14 the taxpayer shall pay 75% at that installment and 25% in
 15 the fourth installment.

16 (4) If an estimated tax, WITHHOLDING TAX, OR A
 17 COMBINATION OF BOTH is underpaid, there must be added to the
 18 amount due under this chapter an amount A PENALTY equal to
 19 10% a year on the amount of the underpayment. The additional
 20 amount A PENALTY is computed for the period from the time
 21 the payment was due to the date payment was made or to the
 22 15th day of the fourth month of the year subsequent to the
 23 taxable year in which the payment was to be made, whichever
 24 is later. For the purpose of determining the additional
 25 amount PENALTY, a payment of estimated tax must be credited

1 against unpaid required installments in the order in which
 2 they are required to be paid. If the taxpayer files a return
 3 for the taxable year before February 1 and pays in full the
 4 amount computed on the return as payable, then an additional
 5 amount A PENALTY may not be imposed with respect to any
 6 underpayment of the fourth installment for the taxable year.

7 (6)(5) The department shall promulgate rules governing
 8 reasonable extensions of time for filing--declarations--and
 9 paying the estimated tax except in the case of taxpayers who
 10 are abroad, and no such An extension shall may not be for
 11 more than 6 months.

12 (7)--if--the--taxpayer--is--unable--to--make---his---own
 13 declaration,--the--declaration--shall--be--made--by--a--duiy
 14 authorized--agent--or--by--the--guardian--or--other--person--charged
 15 with--the--care--of--the--person--or--property--of--such--taxpayer.

16 (8)--Any--individual--who--fails--to--file--a--declaration--of
 17 estimated--tax--as--required--by--this--section--is--not--subject--to
 18 the--penalties--set--forth--in--15--30--321--"

19 NEW SECTION. Section 2. Repealer. Section 15-30-242,
 20 MCA, is repealed.

21 NEW SECTION. SECTION 3. APPROPRIATION. THERE IS
 22 APPROPRIATED FROM THE GENERAL FUND TO THE DEPARTMENT OF
 23 REVENUE \$215,023 FOR FISCAL YEAR 1992 AND \$173,748 FOR
 24 FISCAL YEAR 1993 TO IMPLEMENT THE PROVISIONS OF [THIS ACT].

25 NEW SECTION. Section 4. Effective date --

1 **applicability.** [This act] is effective January 1, ~~1992~~ 1993
2 1992, and applies to taxable years beginning after December
3 31, 1991.

-End-