



# Instructions for Idaho Form 41ES

## Quarterly Estimated Payments

### WHO MUST MAKE ESTIMATED INCOME TAX PAYMENTS

A corporation is required to make estimated tax payments to the State Tax Commission if it is required to make estimated payments to the Internal Revenue Service and will have an Idaho income tax liability of \$500 or more. Estimated payments are not required if the corporation was not required to file an Idaho return the previous tax year.

If you received personalized payment vouchers, use the appropriate voucher for each filing period. If any of the preprinted information is incorrect, draw a line through it and enter the correct information. Check the box on the voucher if there is a change in your mailing address.

If you do not have a preprinted form, use the Form 41ES.

### ESTIMATED TAX PAYMENTS

Each estimated tax payment must be 25% of the tax required to be reported on the corporation's return for the prior year, or 90% of the tax required to be paid on the current year's return, whichever is less. Do not include fuels tax due or fuels tax refunds reported on the income tax returns.

For C corporations, the tax required to be reported is defined as Idaho taxable income multiplied by the appropriate tax rate, plus the permanent building fund tax, plus tax from recapture of investment tax credit, broadband equipment investment credit, and incentive investment tax credit, minus allowable income tax credits.

For S corporations, estimated tax payments are computed on the Idaho tax due to built-in gains, excess net passive income, or capital gains. Estimated payments are not required on the tax due on income being reported for individual shareholders.

A C corporation making estimated payments in a year following the revocation of subchapter S status will use \$20 as the tax amount required to be reported on the prior year's return.

### COMPUTATION OF ESTIMATED TAX PAYMENTS

The Form 41ES worksheet will allow you to compare the income tax on last year's return with the anticipated income tax for the current year and, using the smaller of the two, determine the estimated payment for each period. If your estimated payments are based on 90% of the income tax required to be paid on the current year's return and the anticipated income tax for the current year is revised, use the revised amount to recompute any remaining estimated tax payments.

### DUE DATES

For calendar year taxpayers, estimated payments are due on the 15th day of April, June, September and December.

For fiscal year taxpayers, estimated payments are due on the 15th day of the 4th, 6th, 9th, and 12th months of the tax year.

The due dates for the federal estimated tax payments and the Idaho estimated tax payments are the same. If the due date is on a Saturday, Sunday, or legal holiday, substitute the next work day as the due date.

### UNDERPAYMENT OF ESTIMATED TAX

Interest is due on the difference between the amount of estimated payment required to be made on each quarterly voucher and the amount of quarterly payment actually made. Interest is computed from the due date of the estimated payment until the required amount is paid or until the due date of the return. The interest rate for 2003 was 5%. The interest rate for 2004 is 6%.

Form 41ESR, Underpayment of Estimated Tax by Corporations, is provided with your corporate income tax return packet. Use the form to determine the amount of any underpayments and interest due when you file your return.

### OVERPAYMENT OF ESTIMATED TAX

Excess estimated tax payments will be refunded after the completed return is filed.

You may elect to apply the excess to the subsequent year's estimated tax by designating the carryover on the corporation income tax return, Form 41, or the S corporation return, Form 41S.

Overpayments will be applied to any prior year tax liabilities before carryovers or refunds are allowed. You will be notified if your overpayment is applied to an existing liability, reducing your refund or carryover.

### ANNUALIZED INCOME AND ESTIMATED PAYMENTS

If your estimated payments are based on annualized income for federal purposes, you may use that same method for making Idaho estimated payments. The estimated tax due for the installment period is calculated by multiplying the applicable percentage (22.5%, 45%, 67.5% and 90% for the 1st, 2nd, 3rd and 4th installments, respectively) by the full year's tax on the annualized income for the period and deducting any prior installments.

### SHORT TAX YEAR

If the short tax year ends prior to any remaining due dates, a final estimated payment will be made on the 15th day of the last month of the short tax year. No estimated tax payment is required if the short tax year is less than four months or if the requirements to make an estimated payment are not met before the first day of the last month in the short tax year.