



# Underpayment of 2012 Estimated Tax By Corporation

MONTANA  
CLT-4-UT  
Rev 04 12

For calendar year 2012 or tax year beginning MM / DD / 2012 and ending MM / DD / YYYY

Corporation Name \_\_\_\_\_ FEIN    -                     

**Part I Figuring Your Underpayment.** See instructions.

1. Enter your Montana tax liability from Form CLT-4, page 3, line 10..... 1.
2. Enter your total credits from Form CLT-4, page 4, line 13..... 2.
3. Subtract line 2 from line 1. If the result is less than \$5,000, you do not need to complete the rest of this form because you do not owe the interest. Otherwise, go to line 4 ..... 3.
4. a. Multiply line 3 by 80% and enter the result .....4a.
- b. Enter 100% of the Montana tax liability shown on your previous year's CLT-4....4b.
- c. Enter the lesser of line 4a or 4b .....4c.

	A	B	C	D
5. Enter in columns A through D the quarterly installment due dates (the 15th day of the fourth, sixth, ninth, and twelfth months of your tax year) ..... 5.				
6. Multiply the amount in 4c by 25% and enter this amount in each column of line 6 unless you use the annualized income installment method and/or the adjusted seasonal installment method. If so, complete the worksheet in the instructions and enter the amount from line 41 of the worksheet in each column of line 6. Also, include a copy of the worksheet with this form and mark this box <input type="checkbox"/> . <b>These are your required installments.</b> ..... 6.				

**Complete lines 7 through 14 for one column before completing the next column.** See instructions.

7. Enter the amount paid or credited for each period ... 7.				
8. Enter the amount, if any, from line 14 of the previous column..... 8.				
9. Add lines 7 and 8; enter the result..... 9.				
10. Add the amounts on lines 12 and 13 of the previous column and enter the result..... 10.				
11. Subtract line 10 from line 9 and enter the result. If less than zero, enter zero ..... 11.				
12. If the amount on line 11 is zero, subtract line 9 from line 10 and enter the result. Otherwise, enter zero ..... 12.				
13. If line 11 is less than or equal to line 6, subtract line 11 from line 6 and enter the result. Then go to line 7 of the next column. Otherwise, go to line 14. <b>This is your underpayment.</b> ..... 13.				
14. If line 6 is less than line 11, subtract line 6 from line 11 and enter the result. Then go to line 7 of the next column. <b>This is your overpayment.</b> ..... 14.				

**Part II Figuring Your Underpayment Interest**

15. Enter the date of payment or the 15th day of the fifth month after the close of the tax year, whichever is earlier..... 15.				
16. Enter the number of days from the installment due date on line 5 to the date shown on line 15..... 16.				
17. Multiply line 13 by line 16. Multiply the result by 12% and then divide the result by 365..... 17.				
18. Add all amounts on line 17, columns A through D. Enter the result here and on Form CLT-4, page 4, line 18. <b>This is your total underpayment interest.</b> ..... 18.				



\*12EQ0101\*

**Annualized Income and Adjusted Seasonal Installment Method Worksheet (15-31-510, MCA)**  
**Please include a completed copy of federal Form 2220.**

**Part I Calculate Annualized Income Installments**

See instructions.

1. Enter your taxable income for each period..... 1.
2. Annualization amounts ..... 2.
3. Multiply line 1 by line 2 and enter the result ..... 3.

	A	B	C	D
	Period			
	First 3 months	First 3 months	First 6 months	First 9 months
	4	4	2	1.33333

4. Enter your taxable income for each period..... 4.
5. Annualization amounts ..... 5.
6. Multiply line 4 by line 5 and enter the result ..... 6.

	Period			
	First 3 months	First 5 months	First 8 months	First 11 months
	4	2.4	1.5	1.09091

7. In columns A through D enter one of the following three options (see instructions): (1) the amounts in each column on line 3; (2) the amounts in each column on line 6; (3) the lesser of the amounts in each column, line 3 or 6. This is your annualized taxable income ..... 7.


8. Multiply line 7 in each column by your current tax rate and enter the result..... 8.


9. For each period, enter the amount of any tax credits being claimed on Form CLT-4, page 4, line 13..... 9.


10. Subtract line 9 from line 8. If less than zero, enter zero. Otherwise, enter the result ..... 10.


11. Applicable percentage ..... 11.

	20%	40%	60%	80%

12. Multiply line 10 by line 11 and enter the result..... 12.


**Complete lines 36 through 41 for one column before completing lines 13 and 14 of the next column.**

13. For each column enter the combined amounts of all previous columns on line 41 (i.e. - Add columns A and B from line 41 and enter result in column C on this line.) ..... 13.


14. Subtract line 13 from line 12. If less than zero, enter zero. Otherwise, enter the result. If you are using the seasonal method, go to line 15, otherwise, go to line 36..... 14.


**Part II Calculate Adjusted Seasonal Installments.** You can only use this method if the base period percentage for any 6 consecutive months of your tax year is at least 70%. See instructions for more information.

15. Enter your taxable income for the following periods:
  - a. Third preceding taxable year ..... 15a.
  - b. Second preceding taxable year ..... 15b.
  - c. First preceding taxable year..... 15c.

	Period			
	First 3 months	First 5 months	First 8 months	First 11 months

16. Enter your taxable income for each period for your current taxable year..... 16.


17. Enter your taxable income for the following periods:
  - a. Third preceding taxable year ..... 17a.
  - b. Second preceding taxable year ..... 17b.
  - c. First preceding taxable year..... 17c.

	Period			
	First 4 months	First 6 months	First 9 months	Entire year

18. Divide the amount in each column on line 15a by the amount in column D on line 17a and enter the result..... 18.


19. Divide the amount in each column on line 15b by the amount in column D on line 17b and enter the result..... 19.




**Annualized Income and Adjusted Seasonal Installment Method Worksheet (Continued)**

	A	B	C	D
	Period			
	First 4 months	First 6 months	First 9 months	Entire year
20. Divide the amount in each column on line 15c by the amount in column D on line 17c and enter the result.....				
21. Add lines 18 through 20 and enter the result.....				
22. Divide line 21 by 3 and enter the result.....				
23. Divide line 16 by line 22 and enter the result.....				
24. Multiply line 23 by your tax rate.....				
25. Divide the amount on line 17a by the amount in column D on line 17a and enter the result.....				
26. Divide the amount on line 17b by the amount in column D on line 17b and enter the result.....				
27. Divide the amount on line 17c by the amount in column D on line 17c and enter the result.....				
28. Add lines 25 through 27 and enter the result.....				
29. Divide line 28 by 3 and enter the result. <b>This is your base period percentage for months through and including your filing month.</b> ....				100%
30. In each column multiply the amount on line 24 by the amount on line 29.....				
31. For each period, enter the same type of credits as on Form CLT-4-UT, page 1, line 2. ....				
32. Total tax after credits. Subtract line 31 from line 30 and enter the result. If less than zero, enter zero...				
33. Multiply line 32 by 80% and enter the result.....				

**Complete lines 36 through 41 for one column before completing lines 34 and 35 of the next column.**

34. Add together all previous columns of line 41 and enter the result (for example, add the amounts in columns A and B on line 41, and enter the result in column C) .....				
35. Subtract line 34 from line 33. If less than zero, enter zero.....				

**Part III Computation of Required Installments**

	1st installment	2nd installment	3rd installment	4th installment
36. If you completed only one of the above parts, enter the amounts from line 14 or line 35. If you completed both parts, enter the lesser of the amounts in each column from line 14 or line 35 .....				
37. Divide line 4c, Form CLT-4-UT, by four and enter the result in each column.....				
38. Enter the amount from line 40 in the preceding column of this worksheet.....				
39. Add lines 37 and 38; enter the result.....				
40. If line 39 is more than line 36, subtract line 36 from line 39. Cannot be less than zero.....				
41. Enter the lesser of line 36 or line 39 here and on Form CLT-4-UT, page 1, line 6. <b>These are your calculated installments.</b> .....				

**Our mailing address:** Montana Department of Revenue, PO Box 8021, Helena, MT 59604-8021



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## Who has to pay underpayment interest?

You are only subject to the underpayment interest if your tax liability is \$5,000 or more during the current year. You should have paid the lesser of these amounts:

1. 80% of your tax liability for the current year, or
2. 100% of your tax liability for the previous year.

However, if the previous year's return did not show a tax liability, if that return did not cover a full 12 months, or if you are filing your initial return this year, your installments must be based upon 80% of your tax liability for the current year.

If you did not pay enough estimated tax by any installment due date, you may owe underpayment interest for that estimate period. The interest is calculated separately for each installment due date, even if you are requesting a refund on your Montana tax return. Therefore, you may owe underpayment interest for an earlier installment due date, even if you paid enough tax later to make up the underpayment.

If you do not want to calculate the underpayment interest, we will calculate it and send you a notice of the underpayment interest due.

## How do I use Form CLT-4-UT?

Complete Part I of this form to determine if you have an underpayment for any of the four installment due dates. If you have an underpayment on line 13 in columns A, B, C, or D, go to Part II to calculate your underpayment interest. If you have to pay underpayment interest, include Form CLT-4-UT with your Montana Corporation License Tax Return (Form CLT-4).

### Part I: Calculating Your Underpayment

**Line 1** – Enter the tax from line 10 of your Form CLT-4.

**Line 2** – Enter the tax credits from line 13 of your Form CLT-4.

**Line 3** – Subtract line 2 from line 1. If the result is less than \$5,000, stop here. You do not need to complete this form. If the result is \$5,000 or greater, enter the result here.

**Line 4a** – Multiply line 3 by 80%. Enter the result on this line.

**Line 4b** – From your previous year's Form CLT-4, subtract the tax credits you reported on line 13 from your Montana tax liability on line 10 (line 10 minus line 13). Enter the result on this line. However, if your previous year's return covered a period of less than 12 months, it did not show a tax liability, or if you are filing your initial return this year, do not use this line. Instead, enter the amount from line 4a on line 4c and then go to line 5.

**Line 4c** – Enter the lesser of line 4a or 4b.

**Line 5** – Enter the quarterly installment due dates in columns A through D. The installment due dates are the 15th day of the 4th, 6th, 9th, and 12th months of your tax year. For example, if your tax year ends on December 31, your installment due dates are April 15, June 15, September 15, and December 15 of your tax year.

**Short Period Returns:** If you are filing a short period return, payments of estimated tax are to be made at the times and in the amounts required for regular tax years, except all

installments must be made by the 15th day of the last month of the short taxable year.

**Line 6** – Multiply the amount on line 4c by 25% (0.25) and enter this amount in each column, A through D. This is the amount of each of your quarterly estimated installments.

- If you use the annualized income installment method and/or the adjusted seasonal installment method, mark the box on this line, complete the worksheet on pages 2 and 3 of these instructions to determine the amounts of your installments, and enter the amounts from line 41 of the worksheet on line 6 of this form.
- If your income varied during the year because, for example, your business was operated on a seasonal basis, you may want to use the annualized income installment method and/or seasonal installment method. Using these methods may reduce the amount of your required installments. See the instructions on this page for more information about this calculation.

Complete lines 7 through 14 in each column before completing the next column.

**Line 7** – Enter the amount of estimated tax payments made on or before the due date on line 5 for this particular column, and after the due date on line 5 for the previous column. For example, a calendar year corporation will enter on line 7, column B, the amount of estimated tax payments made between April 15 and June 15.

If you have an overpayment from the previous year, you should apply the installment to column A. If you have mineral royalty tax (line 11d of the CLT-4) and/or tax on pass-through entities (line 11e of the CLT-4) withheld on your behalf, divide the total of these amounts by four and apply the result to each quarterly installment.

**Line 13** – If line 13 shows an underpayment in any column, please complete Part II to calculate the underpayment interest that you owe for this tax year.

### Part II: Figuring your underpayment interest

**Line 15** – Enter the date of the estimated payment that covers the installment in each column. A payment of estimated tax is applied against underpayment of required installments in the order that those installments are required to be paid. For example, after the first installment due date (April 15th), there is an underpayment of \$1,000 and the second installment requires a payment of \$2,000. A payment of \$2,000 is made on June 10, with \$1,000 of this payment being applied to the underpayment of the first installment. The interest on the first installment will be calculated from April 15 through June 10 (56 days). The second installment will now be underpaid by \$1,000.

**Line 16** – Calculate the number of days that the underpayment is late. This is the number of days from the installment due date until the payment for the installment is paid.

**Line 17** – Calculate the amount of underpayment interest for each period. The interest rate on the underpayment is 12% per year, calculated daily. Multiply the underpayment on line 13 by the number of days late on line 16. Multiply this result by 12% (0.12). Divide this result by 365.

**Line 18** – Calculate your total underpayment interest. Add all amounts on line 17, columns A through D, and enter the result here.

### Instructions for Annualized/Seasonal Worksheet

If you can establish that you did not earn income evenly throughout the year, you can use this worksheet to determine your quarterly installments of estimated tax. Use the worksheet to calculate each of your estimated payments under the annualized and/or seasonal methods. Calculating your installments using the annualized or seasonal method may lower the amount of one or more required installments. If so, your underpayment interest could be reduced or eliminated for one or more installment periods. Please note you must use the same method of determining your required installments for each quarter. If you use the worksheets to determine your estimated installments, include the federal Form 2220, Underpayment of Estimated Tax by Corporation, to your Montana return along with Form CLT-4-UT and this worksheet.

- If you are using only the annualized income installment method, complete Parts I and III of the worksheet.
- If you are using only the adjusted seasonal installment method, complete Parts II and III of the worksheet.
- If you are using both the annualized income and adjusted seasonal methods, complete the entire worksheet. To arrive at the amount of each required installment, select the smallest of the annualized income installment, adjusted seasonal installment (if applicable), or regular installment.

### Part I: Calculate Annualized Income Installments

The annualized income installment method for calculating estimated tax payments may benefit you if your income was not received evenly throughout the year. For example, a company may liquidate a large portion of its inventory during the last quarter of the year, making the earlier installments smaller than they would have been if the regular method was used.

**Line 1** – Enter the amount of Montana taxable income from line 7 of Form CLT-4 in each column based on the amount earned for each period that is indicated above line 1 for each column.

**Line 4** – Enter the amount of Montana taxable income from line 7 of Form CLT-4 in each column based on the amount earned for each period that is indicated above line 4 for each column.

**Line 7** – You have three annualization period options to use to calculate your installment amounts on this line:

1. Use the amounts on line 3 in all columns
2. Use the amounts on line 6 in all columns
3. Use the lesser of the amounts on line 3 or line 6 for each column

**Line 8** – Multiply the amounts on line 7 in each column by the tax rate used to calculate your Montana income tax return. The tax rate in Montana is 6.75% unless you are filing under the water's edge method, in which case the tax rate is 7%.

**Line 9** – Enter the tax credits from line 13 on your Montana tax return here. Enter the amount in each column that you are entitled to use because of events that occurred during the months shown in the column headings. For example, if you used the amount from line 3 on line 7, you will base your credit allocation on the periods listed above line 1 to allocate the credit. If you used the amount from line 6 on line 7, you will use the periods listed above line 4 to allocate the credit.

Complete lines 36 through 41 for one column before completing lines 13 and 14 of the next column.

**Line 13** – Add the amounts from line 41 in all previous columns and enter the result here. For example, for Column D, you add together the amounts from line 41 in columns A through C and enter the result on line 13, Column D.

### Part II: Calculate Adjusted Seasonal Installments

The adjusted seasonal installment method for calculating estimated tax payments can be used if your business is seasonal. For example, a ski shop that receives most of its income each year during the winter months might benefit from using this method. In order to use this method, your base percentage for any six consecutive months has to be at least 70%.

To calculate the base period percentage, you need to compare your taxable income for six-month corresponding periods for the last three taxable years, to the total taxable income for the last three taxable years. This comparison is done on lines 15 through 30.

**Lines 15 through 30** – Prepare the calculations as directed on each line.

**Line 22** – This is your base period percentage for months before your filing month.

**Line 31** – Enter the tax credits from line 13 on your Montana tax return here. Enter the amount in each column that you are entitled to use because of events that occurred during the months shown in the column headings.

Complete lines 36 through 41 for one column before completing lines 34 and 35 of the next column.

**Line 34** – Add the amounts from line 41 in all previous columns and enter the result here. For example, for Column D, you add together the amounts from line 41 in columns A through C and enter the result on line 34, Column D.

### Part III: Computation of Required Installments

**Line 36** – If you only completed Part I, enter the amounts from each column on line 14 of the worksheet in each column here. If you only completed Part II, enter the amounts from each column on line 35 in each column here. If you completed both Parts I and II, enter the lesser of the amounts in each column on line 14 or 35.

**Line 41** – In each column enter the lesser of the same column on line 36 or line 39. These are your calculated installments of estimated tax based on the annualized income and/or seasonal methods. Enter on line 6 of the Form CLT-4-UT the amount from each column A through D of line 41.

**Questions?** Please call us toll free at (866) 859-2254 (in Helena, 444-6900).