

Instructions for Calculating the Quarterly Underpayment of Estimated Tax Penalty

- Line 1 Enter tax liability before credit and estimated payments from appropriate annual return.
- Line 2 Enter total amount of tax credits. Do not include estimated payments.
- Line 3 Enter exemption claimed from tax return (\$500 per year, or \$125 per quarter). Note: This exemption does not apply to Telecommunications Tax or Additional Tax on the Severance of Natural Resources.
- Line 4 Enter total of line 2 plus line 3.
- Line 5 Subtract line 4 from line 1.
- Line 6 Enter in columns 1 through 4 the installment dates which correspond to the last day of the month following the end of the quarter in which the tax accrued. Exception: Period ending May is due on or before June 15th. When the last day falls on a Saturday, Sunday, or a legal holiday then the next succeeding day will be considered timely.
- Line 7 Multiply line 5 by .25 and enter amount in each column 1 through 4. This is the amount that should have been paid in quarterly estimated payments with the last payment due with the annual return.
- Line 8 For each column add line 7 to line 12 from the previous column. This is the current amount due plus any underpayment from a previous period.
- Line 9 Enter the amount of the estimated payment(s) that was paid on or before the due date of the installment.
- Line 10 Add line 9 to line 11 from the previous column. This is the amount of installment paid plus any overpayment from the previous column.
- Line 11 If line 10 is larger than line 8 in any column, you have an **overpayment** for that period. Subtract line 8 from line 10 and enter the result on line 11 in that column.
- Line 12 If line 10 is less than line 8 in any column, you have an **underpayment** for that period. Subtract line 10 from line 8 and enter the result on line 12 in that column.
- Line 13 Enter the number of days from the date the installment was due or the date at the top of the next column to the date the installment was paid in full..
- Line 14 Daily penalty rate is determined by applying the rate as established under §11-10-17 or §11-10-17a.
- Line 15 Multiply the underpayment on line 12 times the number of days on line 13 times the daily percentage rate on line 14 and enter the result for each column. No underpayment penalty is applicable to the fourth quarter.
- Line 16 Add columns 1 through 3 of line 15 and enter this amount on line 16 of this worksheet and on the applicable line on the appropriate annual tax return.

The penalty is computed separately for each installment due date and you may be charged a penalty for underpayment of an installment even if your overall payments equal your overall liability. This may be true even if you are due a refund when you file your return.

Attach this completed underpayment schedule to the applicable annual tax return.

This worksheet is provided as a tool to establish penalty due. It is NOT a substitute for tax laws and is not a binding document.
