



Are you exempt from paying Iowa income tax?

You should not pay estimated tax if you do not expect to owe any Iowa income tax or expect to have a refund of all estimated tax. You are exempt if you will earn \$5,000 or less and are claimed as a dependent on another person's return. You are exempt if you will earn \$9,000 or less and are not claimed as a dependent on another person's return.

WHO needs to file and pay estimates -

■ Every individual or married couple filing a joint Iowa return that expects to have a tax liability of \$200 or more from incomes not subject to withholding.

HOW to compute estimate taxes -

Compute estimate tax by using one of the following methods:

- Pay 5% of the anticipated Iowa gross income, or
- Pay 100% of the prior year's Iowa tax liability (from IA 1040, line 55) less applicable credits, 112% if prior year's federal adjusted gross income exceeded \$150,000, or
- Complete the traditional worksheet provided on page 2.

WHEN it needs to be paid -

- The four due dates are preprinted on the installment coupons. For fiscal year filers, the dates for paying the estimated tax are: the last day of the fourth, sixth, and ninth months of the fiscal year, and the last day of the first month of the next fiscal year.

Exceptions -

◆ **Nonresidents**

Iowa law provides that nonresidents, whose income from Iowa sources is other than wages, have the option of having Iowa income tax withheld or paying estimated income tax. If paying estimated tax is preferred, a release from withholding must be obtained prior to receipt of income. Complete the Nonresident Request For Release From Withholding form provided (45-009) and submit it, along with the tax payment and installment coupon, to the department at the address on the coupon. A release may then be furnished to the payer from the department, based on the information provided.

◆ **Farmers and Fishers**

If 2/3 or more of estimated gross income is from farming or commercial fishing, two additional options are available, other than making four estimate payments. (See Federal publication 505 for more information.)

Option 1

Pay the estimated tax in one payment on or before January 15, 2003, and file the Iowa income tax return, or

Option 2

File the Iowa income tax return and pay the tax due in full on or before March 3, 2003.

Those qualifying to make only one estimate payment under the "Exceptions" category should use the installment coupon from the quarter in which the Iowa source income was generated.

Overpayment credit: If you had a refund on your 2001 Iowa income tax return and elected to apply it as a credit to your estimated tax, the amount is automatically posted as an estimate credit for 2002. Use the Estimated Tax Payment Schedule to record and apply the credit. If the credit equals or exceeds the first estimate payment, do not send an estimate coupon until a payment is due.

Amending estimate tax: If your income changes during the year, adjust the estimated tax for the remaining quarters accordingly.

Credit: Estimate payments are credited to only one individual. Each individual required to make estimate payments must file an estimate payment under his/her name and Social Security Number.

Underpayment of estimate tax: A penalty for underpayment of estimate tax may apply if sufficient estimate payments are not submitted, regardless of the computation method used in calculating the estimated tax liability.

Name/Address changes: To report a name and/or address change, please contact Taxpayer Services at 515/281-3114. E-mail: idrf@idrf.state.ia.us.



Why send this form in?

You could be doing this online!

www.state.ia.us/tax



If opting to use one of the methods other than the traditional worksheet, proceed to number 21 located below the traditional worksheet under "Quarterly Estimate Tax Computation."

Traditional Worksheet - for taxpayer record ONLY

1. Net income: Gross income minus adjustments
(report income for both spouses if filing a joint Iowa return) 1. _____
2. Federal income tax paid less federal income tax refund 2. _____
3. Balance: Subtract line 2 from line 1 3. _____
4. Estimated deductions: Enter (a) total estimated itemized deductions or (b) standard deduction
(enter \$1,540 single or \$3,780 joint) 4. _____
5. Taxable income: Subtract line 4 from line 3. If less than zero, you do not owe estimated income tax 5. _____
6. Compute income tax using 2002 Tax Rate Schedule below 6. _____
7. Iowa lump-sum tax 7. _____
8. Iowa minimum tax 8. _____
9. Total estimated tax liability: Add lines 6 through 8 9. _____
10. Total credits: Personal and dependent exemptions, tuition and textbook credit, earned income credit 10. _____
11. Balance: Subtract line 10 from line 9 11. _____
If you are a resident, please skip line 12.
12. Nonresident: Enter amount of Iowa-source net income 12. _____
13. Percentage of Iowa income vs. total income: Divide line 12 by line 1. Iowa residents enter 100% 13. _____ %
14. Estimated Iowa tax: Multiply line 11 by line 13 14. _____
15. Total nonrefundable credits (minimum tax carryforward, s corp,
franchise tax, new jobs, investment tax, and enterprise zone tax credits) 15. _____
16. Balance: Subtract line 15 from line 14 16. _____
17. Iowa residents' school district or emergency medical services surtax 17. _____
18. Balance: Add lines 16 and 17 18. _____
19. Total Iowa credits: withholding, child and dependent care, motor vehicle fuel tax,
out-of-state tax, and other refundable credits 19. _____
20. Estimated tax: Subtract line 19 from line 18 (rounded to the nearest dollar). *Do not file estimate
taxes if line 20 is less than \$200. If line 20 exceeds \$200, continue to line 21 directly below* 20. _____

Quarterly Estimate Tax Computation

21. If the estimated tax exceeds \$200.00, enter 100% of the prior year's tax liability, or 5% of this
year's anticipated Iowa gross income, or the amount from line 20 on the above worksheet 21.
22. Multiply line 21 by .25. This is your quarterly estimate payment amount. Enter this amount
into column A, lines 1 through 4, on the Estimated Tax Payment Schedule below 22.

2002 Tax Rate Schedule						Estimated Tax Payment Schedule			
Taxable Income						Date	A Computed Installment	B Refund Carryforward/ Prior Period Overpayment	C Amount to be paid (column A less column B)
Over	But Not Over	Tax Rate	Of Excess	Over					
\$ 0	\$ 1,211	\$ 0.00	+	(0.36% x	\$ 0)	1	04/30/2002		
1,211	2,422	4.36	+	(0.72% x	1,211)	2	07/01/2002		
2,422	4,844	13.08	+	(2.43% x	2,422)	3	09/30/2002		
4,844	10,899	71.93	+	(4.50% x	4,844)	4	01/31/2003		
10,899	18,165	344.41	+	(6.12% x	10,899)				
18,165	24,220	789.09	+	(6.48% x	18,165)				
24,220	36,330	1,181.45	+	(6.80% x	24,220)				
36,330	54,495	2,004.93	+	(7.92% x	36,330)				
54,495	over	3,443.60	+	(8.98% x	54,495)	Total			

EXAMPLE ON HOW TO COMPUTE ESTIMATE TAX: The taxable income is \$20,000.

The calculation = \$789.09 + [6.48% x (\$20,000 - \$18,165)].

The result = \$789.09 + \$118.90 = \$907.99. Round to the nearest dollar = \$908.