



## Pay your taxes electronically this year! Fast - Easy - Secure

Make your estimated payments and/or your final tax payment using ePay (direct debit) through eFile & Pay at [www.state.ia.us/tax](http://www.state.ia.us/tax)

- 1) **ePay:** Free! Submit through eFile & Pay at [www.state.ia.us/tax](http://www.state.ia.us/tax)
- 2) **Credit Card:** A 2.5% fee is charged by the vendor. Go to [www.state.ia.us/tax](http://www.state.ia.us/tax) or call 1-800-272-9829

**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, 110% if prior year's federal adjusted gross income plus any bonus depreciation adjustment from line 14 of the IA 1040 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 (44-017) and submit it 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. To obtain this form, see the department's Web site or receive it by fax (1-800-572-3943; order number 0044017).

### ♦ 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 16, 2007, 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 1, 2007. *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 2006 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 2007. 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:** Please contact Taxpayer Services at 1-800-367-3388 or 515/281-3114. E-mail: [idr@iowa.gov](mailto:idr@iowa.gov)

## Low income exemption from tax

**Taxpayers 65 years of age or older:** Beginning in 2007, you are exempt if (1) You are single and your income is \$18,000 or less, or (2) Your filing status is other than single and your combined income is \$24,000 or less. *Note:* The amount of any pension exclusion or Social Security phase-out exclusion must be added back to income for purposes of determining the low-income exemption. Only one spouse must be 65 or older to qualify for the exemption.

**Taxpayers under 65:** You are exempt if (1) Your income is less than \$5,000 and you are claimed as a dependent on another person's Iowa return, or (2) You are single and your income is \$9,000 or less and you are not claimed as a dependent on another person's Iowa return, or (3) Your filing status is other than single and your combined income is \$13,500 or less.



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 \$1,700 single or \$4,200 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 2007 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 ..... 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 or early childhood development credit,  
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% (unless high income) 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.

2007 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	\$1,343	0	+ (0.36%	x	0)	1	04/30/2007			
\$1,343	\$2,686	\$4.83	+ (0.72%	x	1,343)	2	06/30/2007			
\$2,686	\$5,372	\$14.50	+ (2.43%	x	2,686)	3	09/30/2007			
\$5,372	\$12,087	\$79.77	+ (4.50%	x	5,372)	4	01/31/2008			
\$12,087	\$20,145	\$381.95	+ (6.12%	x	12,087)					
\$20,145	\$26,860	\$875.10	+ (6.48%	x	20,145)					
\$26,860	\$40,290	\$1,310.23	+ (6.80%	x	26,860)					
\$40,290	\$60,435	\$2,223.47	+ (7.92%	x	40,290)					
\$60,435	over	\$3,818.95	+ (8.98%	x	60,435)					
							Total			

**EXAMPLE ON HOW TO COMPUTE ESTIMATE TAX:** The taxable income is \$22,000.

The calculation = \$875.10 + [6.48% x (\$22,000 - \$20,145)].

The result = \$875.10 + \$120.20 = \$995.30. Round to the nearest dollar = \$995.