

Amendment - 2nd Reading/2nd House-tan - Requested by: Josh Kassmier - (S) Committee of the Whole

- 2025

69th Legislature 2025

Drafter: Julie Johnson,

HB0863.001.017

1 HOUSE BILL NO. 863
2 INTRODUCED BY L. JONES, J. ESP, C. GLIMM, D. BEDEY, B. MERCER, E. TILLEMAN, K. WALSH
3
4 A BILL FOR AN ACT ENTITLED: "AN ACT GENERALLY REVISING STATE FINANCE LAWS; ALLOWING
5 THE DEPARTMENT OF REVENUE TO WAIVE INTEREST ON UNDERPAID ESTIMATED TAXES;
6 PROVIDING AN APPROPRIATION; AMENDING SECTION-SECTION 15-30-2512 AND 17-7-102, MCA; AND
7 PROVIDING AN EFFECTIVE DATE."

8
9 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

11 **Section 1.** Section 15-30-2512, MCA, is amended to read:

12 **"15-30-2512. Estimated tax -- payment -- exceptions -- interest.** (1) (a) Each individual subject to
13 tax under this chapter, except farmers or ranchers as defined in subsection (6), shall pay for the tax year,
14 through employer withholding, as provided in 15-30-2502, through payment of estimated tax in four
15 installments, as provided in subsection (2) of this section, or through a combination of employer withholding and
16 estimated tax payments, at least:

17 (i) 90% of the tax for the current tax year, less tax credits and withholding allowed the taxpayer; or
18 (ii) an amount equal to 100% of the individual's tax liability for the preceding tax year, if the
19 preceding tax year was a period of 12 months and if the individual filed a return for the tax year.

20 (b) Payment of estimated taxes under this section is not required if:

21 (i) the combined tax liability of employer withholding and estimated tax for the current year is less
22 than \$500 after reductions for credits and withholding;

23 (ii) the individual did not have any tax liability for the preceding tax year, which was a tax year of
24 12 months, and if the individual was a citizen or resident of the United States throughout that tax year;

25 (iii) the underpayment was caused by reason of casualty, disaster, or other unusual circumstances
26 that the department determines to constitute good cause; or

27 (iv) the individual retired in the tax year after having attained the age of 62 or if the individual

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became disabled in the tax year. In addition, payment of estimated taxes under this section is not required in the tax year following the tax year in which the individual retired or became disabled.

(2) Estimated taxes must be paid in four installments according to one of the following schedules:

(a) Subject to the due date provision in 15-30-2604(1)(b), for each taxpayer whose tax year begins on January 1, estimated tax payments are due on the following dates:

Installment	Date
First	April 15
Second	June 15
Third	September 15
Fourth	January 15 of the following tax year

(b) Subject to the due date provision in 15-30-2604(1)(b), for each taxpayer whose tax year begins on a date other than January 1, estimated tax payments are due on the following dates:

Installment	Date
First	15th day of the 4th month following the beginning of the tax year
Second	15th day of the 6th month following the beginning of the tax year
Third	15th day of the 9th month following the beginning of the tax year
Fourth	15th day of the month following the close of the tax year

(3) (a) Except as provided in subsection (4), each installment must be 25% of the required annual payment determined pursuant to subsection (1). If the taxpayer's tax situation changes, each succeeding installment must be proportionally changed so that the balance of the required annual payment is paid in equal installments over the remaining period of time.

(b) If the taxpayer's tax situation changes after the date for the first installment or any subsequent installment, as specified in subsection (2)(a) or (2)(b), so that the taxpayer is required to pay estimated taxes, the taxpayer shall pay 25% for each succeeding installment except for the first one in which a payment is required. For estimated taxes required to be paid beginning with the second installment provided for in subsection (2)(a) or (2)(b), the taxpayer shall pay 50% for that installment and 25% for the third and fourth installments, respectively. For estimated taxes required to be paid beginning with the third installment provided

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for in subsection (2)(a) or (2)(b), the taxpayer shall pay 75% for that installment and 25% for the fourth installment.

(4) (a) If for any required installment the taxpayer determines that the installment payment is less than the amount determined under subsection (3)(a), the lower amount may be paid as an annualized income installment.

(b) For any required installment, the annualized income installment is the applicable percentage described in subsection (4)(c) applied to the tax computed on the basis of annualized Montana taxable income in the tax year for the months ending before the due date for the installment less the total amount of any prior required installments for the tax year.

(c) For the purposes of this subsection (4), the applicable percentage is determined according to the following schedule:

Required Installment	Applicable Percentage
First	22.5%
Second	45%
Third	67.5%
Fourth	90%

(d) A reduction in a required installment resulting from the application of an annualized income installment must be recaptured by increasing the amount of the next required installment, determined under subsection (3)(a), by the amount of the reduction. Any subsequent installment must be increased by the amount of the reduction until the amount has been recaptured.

(5) (a) Subject to subsection (5)(e), if an estimated tax, an employer withholding tax, or a combination of estimated tax and employer withholding tax is underpaid, there must be added to the amount due under this chapter interest on the amount of the underpayment as provided in 15-1-216. The interest is computed on the amount of the underpayment, as determined in subsection (5)(b), for the period from the time the payment was due to the date payment was made or to the 15th day of the 4th month of the year following the tax year in which the payment was to be made, whichever is earlier.

(b) For the purpose of determining the amount of interest due in subsection (5)(a), the amount of

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1 the underpayment is the required installment amount less the installment amount paid, if any, on or before the
2 due date for the installment.

3 (c) For the purpose of determining the amount of interest due in subsection (5)(a), an estimated
4 payment must be credited against unpaid required installments in the order in which those installments are
5 required to be paid.

6 (d) Interest may not be charged with respect to any underpayment of the fourth installment of
7 estimated taxes if:

8 (i) the taxpayer pays in full the amount computed on the return as payable; and

9 (ii) the taxpayer files a return on or before the last day of the month following the close of the tax
10 year referred to in subsection (2)(a) or (2)(b).

11 (e) Interest on the underpayment of estimated tax may not be assessed against a taxpayer if the
12 tax paid by the taxpayer from employer withholding and estimated tax payments satisfies the requirements of
13 subsection (1)(a)(i) or (1)(a)(ii) and the taxpayer has paid approximately equal quarterly installments of
14 estimated taxes.

15 (6) For the purposes of this section, "farmer or rancher" means a taxpayer who derives at least 66
16 2/3% of the taxpayer's gross income, determined for federal income tax purposes, from farming or ranching
17 operations, or both.

18 (7) The department shall promulgate rules governing reasonable extensions of time for paying the
19 estimated tax. An extension may not be for more than 6 months.

20 (8) (a) Notwithstanding 15-1-206(2), the department may, in its discretion, waive the interest
21 required to be added under subsection (5), for underpaid estimated taxes attributable to the 2024 tax year, if
22 the taxpayer:

23 (i) timely files a Montana income tax return for the 2024 income tax year, as provided in 15-30-
24 2604; and

25 (ii) when filing the return as provided in subsection (8)(a)(i), pays to the department any balance of
26 income tax remaining unpaid.

27 (b) The waiver authority provided for under this subsection (8) terminates January 1, 2026."