



Corporation Estimated Tax Payments Instructions for Form 355-ES Payment Vouchers

2003

Massachusetts
Department of
Revenue

General Information

What is the purpose of the estimated tax payment vouchers?

The purpose of the estimated tax payment vouchers is to provide a means for paying any current taxes due under Chapter 63 of the Massachusetts General Laws.

Who must make estimated payments? All corporations that reasonably estimate their corporation excise to be in excess of \$1,000 for the taxable year are required to make estimated payments.

Are there penalties for failing to pay estimated taxes? Yes. An additional charge is imposed on the underpayment of any corporate estimated tax for the period of that underpayment. Use Form M-2220 when filing your annual return to determine any penalty due.

When and where are estimated tax vouchers filed? Estimated taxes may be paid in full on or before the 15th day of the third month of the corporation's taxable year or according to the following installment amount schedule, on or before the 15th day of the third, sixth, ninth and twelfth month of the taxable year.

% of estimated tax due

| | |
|---|------------|
| First full taxable year of a corporation with 1–9 employees | All others |
| 30% | 40% |
| 25% | 25% |
| 25% | 25% |
| 20% | 10% |

Payment vouchers with amounts due should be filed with Massachusetts Department of Revenue, PO Box 7046, Boston, MA 02204. Make check or money order payable to **Commonwealth of Massachusetts** and write your Federal Identification number in the left hand corner on your check or money order.

What if the corporation's estimated tax liability changes during the year? Even though you may not be required to make estimated tax payments at the beginning of the taxable year, your expected income, assets and credits may change so that you will be required to make tax payments later.

Corporations that first meet the requirement for paying estimated taxes sometime after the first quarterly period should make estimated payments as shown in the following chart:

| If the corporation first meets the requirement to make estimated payments | Number of installments required | The corporation* should pay the following percentage by the 15th day of the — | | | |
|--|---------------------------------|---|-----------|-----------|----------|
| | | 3rd month | 6th month | 9th month | 12 month |
| By the last day of the 2nd month | 4 | 40% | 25% | 25% | 10% |
| After the last day of the 2nd month and before the first day of the 6th month | 3 | | 65% | 25% | 10% |
| After the last day of the 5th month and before the first day of the 9th month | 2 | | | 90% | 10% |
| After the last day of the 8th month and before the first day of the 12th month | 1 | | | | 100% |

*New corporations in their first full taxable year with fewer than 10 employees have lower percentages: 30–25–25–20%; 55–25–20% and 80–20%.

What if the corporation credited its 2002 overpayment to its 2003 tax? If the corporation reported an overpayment on its 2002 corporate excise tax return and elected to apply it as a credit to its 2003 estimated tax, the amount of the credit must be applied to the first installment due after the overpayment is determined. Any excess must be applied to succeeding installments. No credit may be applied to any estimated tax other than 2003. Be sure to enter the total overpayment credit in item b of your first voucher and in column (c) of the Record of Estimated Tax Payments.

Specific Instructions

1. Complete the Corporation Estimated Tax Worksheet.
2. Enter your name, address, identification number, taxable year and installment due dates in the spaces provided on the vouchers.
3. Enter in item a of the first voucher your total tax for the prior year, if any, from item a of the worksheet.
4. Enter in item b of the first voucher any overpayment from last year to be credited to estimated tax this year from item b of the worksheet.
5. Enter your estimated tax for 2003 from item c of the worksheet in item c of your first voucher.
6. Enter the amount of this installment from line 1 of the worksheet in line 1 of your first voucher.
7. Enter in line 2 of the first voucher the amount of overpayment from last year to be applied to this installment, if any, from line 2 of the worksheet.
8. Subtract line 2 from line 1 and enter the result in line 3. File only if line 3 is greater than zero.
9. Mail the voucher with check or money order, payable to **Commonwealth of Massachusetts**.
10. If you must amend your estimated tax or if you first meet the requirements to pay estimated tax in the 2nd, 3rd or 4th quarter of the taxable year, use the Amended Estimated Tax Payment Schedule.

Corporation Estimated Tax Worksheet

a. Total tax for prior year \$ _____

b. Overpayment from last year to be credited to estimated tax for this year \$ _____

c. Estimated tax for the year ending _____ (date) \$ _____

If you first meet the requirements for making estimated payments in the taxable year, use the **Amended Estimated Tax Payment Schedule** below.

1. Amount of each installment. Enter 40% of item c for installment 1. For 2nd, 3rd and 4th installments use 25%, 25% and 10% of item c, respectively. **Note:** Corporations in their first full taxable year with 1–9 employees should use 30%, 25%, 25% and 20% respectively.
2. Enter amount of overpayment from last year applied to an installment, if any.
3. Amount due. *Subtract line 2 from line 1.*

| 1st installment | 2nd installment | 3rd installment | 4th installment |
|-----------------|-----------------|-----------------|-----------------|
| \$ _____ | \$ _____ | \$ _____ | \$ _____ |
| \$ _____ | \$ _____ | \$ _____ | \$ _____ |
| \$ _____ | \$ _____ | \$ _____ | \$ _____ |

Amended Estimated Tax Payment Schedule

1. Enter total tax for prior year, if any **1** \$ _____

2. Enter overpayment from last year, if any, to be credited to estimated tax this year **2** \$ _____

3. Enter recomputed Estimated Tax for 2003, if amending. (Enter estimated tax for 2003 if first meeting the requirement for making estimated payments in the 2nd, 3rd or 4th quarter.) **3** \$ _____

a. If amending your estimated tax in the 2nd, 3rd or 4th quarter, multiply line 3 by the appropriate installment percentage amount, then subtract previous amounts paid and overpayments applied to date, if any. **a** \$ _____

Enter the item a amount in the proper column of line 1 in the Estimated Tax Worksheet (above) and adjust or complete the remaining applicable items.

2003 Record of Estimated Tax Payments

| Voucher number | a. Date | b. Amount paid | c. 2002 overpayment credit applied to installment | Total amount paid and credited through the installment date shown. <i>Add b and c</i> |
|--------------------------|---------|----------------|---|---|
| 1 | | | | |
| 2 | | | | |
| 3 | | | | |
| 4 | | | | |
| Total ▶ | | | | |

Please submit the vouchers, with your payments, when due. Make all checks payable to: **Commonwealth of Massachusetts**.

An additional charge is imposed by law on any underpayment of estimated tax. In addition to the above, corporations may be subject to a fine of up to \$100,000 for willful failure to pay an estimated tax and a fine of up to \$500,000 and/or imprisonment up to five years for willful evasion of taxes.

If forms are lost, contact the Massachusetts Department of Revenue, Customer Service Bureau, PO Box 7010, Boston, MA 02204. Telephone: (617) 887-MDOR, or toll-free in-state 1-800-392-6089.

Practitioners: You must obtain prior approval if you plan to use substitute vouchers.