

#### DECLARATION OF ESTIMATED INCOME TAX FOR ESTATES AND TRUSTS

#### GENERAL INSTRUCTIONS

1. PURPOSE OF DECLARATION - This declaration provides a basis for currently paying the income tax of estates and trusts. This form is to be used by estates and trusts required to file Form N-40, if the estate or trust expects a tax liability of \$500 or more for the taxable year. Trusts required to file Form N-70NP must use Form N-3, Declaration of Estimated Income Tax for Corporations. See Form N-70NP instructions for an Estimated Tax Computation Schedule.

2. ESTATES AND TRUSTS WHICH MUST MAKE A DECLARATION - A declaration of estimated tax must be made by every estate or trust unless excused from filing under section 235-97(a)(6), HRS, which provides that a declaration of estimated tax and the payment of estimated tax are not required if the tax liability of an estate or trust is less than \$500 and can expect its withholding and tax credits to be less than the smaller of:

- 1. 60% of the tax shown on the 2016 tax return; or
- 2. 100% of the tax shown on the 2015 tax return.

However, if a return was not filed for 2015 or that return did not cover a full 12 months, item 2 does not apply. Estates, and certain trusts (see federal Form 1041-ES), are only required to make estimated tax payments for any tax year ending 2 or more years after the decedent's death. In addition to the declaration, an estate or trust must file an annual income tax return after the close of its taxable year. At that time, the balance of tax due, if any, over the amount paid as estimated tax must be paid in a single payment with the tax return.

#### 3. WHEN AND WHERE TO FILE DECLARATION AND PAY ESTIMATED

**TAXES** — The payment vouchers that the estate or trust files serve as its declaration of estimated income tax. The declaration of estimated tax for an estate or trust using a calendar tax year must be filed on or before April 20, following the close of the preceding tax year. An estate or trust using a fiscal (not calendar) tax year must file its declaration by the 20th day of the fourth month following the close of the preceding tax year.

Payment of the estimated tax due may be made in full at the time the declaration is made or may be paid in four equal amounts which are due on April 20, June 20, September 20, and January 20, for calendar year taxpayers and on the 20th days of the fourth, sixth, ninth, and thirteenth months following the close of the preceding tax year for fiscal year taxpayers. If at least 2/3 of gross income for 2015 or 2016 is from farming or fishing, only one estimated payment of at least 60% of the tax due is required to be paid by January 20, 2017. If any due date falls on a Saturday, Sunday, or legal holiday, use the next regular work day. A check or money order, drawn on a U.S. bank in U.S. funds, in payment of the tax should be made payable to the "Hawaii State Tax Collector". Include the Federal Employer I. D. Number (FEIN) of the estate or trust and the notation "2016 Form N-5" on the check or money order. Do not send cash.

In some cases, such as a change in income, it may be necessary to file a declaration after April 20th.

#### If the requirement is met after: the filing date is:

- April 1 and before June 2,
- September 20 • June 1 and before September 2, January 20
- September 1,

The declaration and payments must be filed with the Hawaii Department of Taxation at P.O. Box 1530, Honolulu, HI 96806-1530.

4. AMENDED DECLARATIONS - In the making of a declaration, an estate or trust must take into account the then existing facts and circumstances as well as those reasonably anticipated relating to prospective gross income and allowable deductions for the taxable year. An amended or revised declaration may be made in any case in which the estate or trust estimates that its gross income and deductions will materially change the estimated tax reported on an earlier declaration. Make the amendment on the next quarterly payment date, and pay the estimated tax or amount remaining unpaid in equal installments on that and the succeeding quarterly payment dates.

5. PENALTY - In the case of any underpayment of estimated tax, there may be added to the tax, an amount determined at the rate of 2/3 of 1% a month, or fraction of a month, on the amount of tax underpaid as provided under section 235-97(f), HRS. Willful failure to make a required declaration of estimated tax is an offense punishable as provided by section 235-105, HRS. The penalty for the underpayment of estimated taxes as provided under section 235-97(f), HRS. will be enforced. See Form N-210, Underpayment of Estimated Tax by Individuals and Fiduciaries, for more information.

#### **ESTIMATED TAX COMPUTATION WORKSHEET**

	al expected 2016 taxable e fiduciary (Form N-40)	1	
	ain taxable to the estate s line is zero, go to line 9	2	
3. Difference -	- line 1 minus line 2	3	
4. Enter the gre	eater of line 3 or \$20,000	4	
\$20,000, ent	Int on line 4. If line 4 is er \$1,128.00. See Tax Rate low	5	
6. Difference -	- line 1 minus line 4	6	
7. Multiply the	amount on line 6 by 7.25%	7	
8. Tax — add li	nes 5 and 7	8	
9. Tax on the a	mount on line 1	9	
10. Enter the sm	aller of line 8 or line 9	10	
11. Estimated av	ailable tax credits	11	
12. Estimated ta line 10 minus	x due — s line 11	12	
due April 20, amount on li	quired payment voucher is 2016, enter 1/4 of the ne 12 here and on voucher	13	

NOTE: If a declaration is not required at this time, it may be necessary to file one at a later date. See General Instructions item 3.

#### 2016 TAX RATE SCHEDULE FOR ESTATES AND TRUSTS

June 20

If the taxable income is:	The tax shall be:
Not over \$2,000	1.4% of taxable income
Over \$2,000 but not over \$4,000	\$28.00 plus 3.2% of excess over \$2,000
Over \$4,000 but not over \$8,000	\$92.00 plus 5.5% of excess over \$4,000
Over \$8,000 but not over \$12,000	\$312.00 plus 6.4% of excess over \$8,000
Over \$12,000 but not over \$16,000	\$568.00 plus 6.8% of excess over \$12,000
Over \$16,000 but not over \$20,000	\$840.00 plus 7.2% of excess over \$16,000
Over \$20,000 but not over \$30,000	\$1,128.00 plus 7.6% of excess over \$20,000
Over \$30,000 but not over \$40,000	\$1,888.00 plus 7.9% of excess over \$30,000
Over \$40,000	\$2,678.00 plus 8.25% of excess over \$40,000

### Hawaii Department of Taxation

P.O. Box 1530 Honolulu, Hawaii 96806-1530 (830 Punchbowl Street)

# **IMPORTANT NOTE**

Form N-5 is designed for electronic scanning that permits faster processing with fewer errors. To avoid delays:

- 1. Print amounts only on those lines that are applicable.
- 2. Use only a black or dark blue ink pen. Do not use red ink, pencil, felt tip pens, or erasable pens.
- 3. Because this form is read by a machine, please print your numbers inside the boxes like this:

### 12345678.90

- 4. Do NOT print outside the boxes.
- 5. Do NOT use dollar signs, commas, slashes, dashes or parenthesis in the boxes.
- 6. **DO NOT SUBMIT A PHOTOCOPY OF THIS FORM.** Photocopying of this form could cause delays in processing your payment.

First tim	e filer							
_	Name Dba or C/O							
						Federal Employer Identification Number (FEIN)		
_	Address				Suite Number	Calendar or Fiscal Year Ending (MM DD YY)		
	City, town, or post office	State	Postal/ZIP Code	Country	For office use only			
		PAYABLE Federal E	IS VOUCHER WITI TO "HAWAII STAT Employer I.D. Numb money order.	E TAX COLLEC	TOR." Write your	Amount of Payment		

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