



Meets Exception 4 for an estate of a decedent or a testamentary trust

**For tax years 2024 and later**

(Attach this form to Form 500 or 501)

**HOW TO FIGURE YOUR UNDERPAYMENT**  
 (Complete Lines 1 through 6)

YOUR FIRST NAME	SOCIAL SECURITY OR I.D. NUMBER
LAST NAME	

1. Tax (from Form 500 Line 16 or Form 501 Line 8)	1.
2. Credits Used (from Form 500 Line 22 and Line 27 or Form 501 Line 9c and Line 11c)	2.
3. Balance Due (Line 1 less Line 2)	3.
4. Enter 100% of the Immediately Preceding Year's Tax (return must be for a 12-month period)	4.
5. Enter 70% of the Amount Shown on Line 3	5.

DUE DATE OF INSTALLMENTS				
6. Divide amount on Line 4 by the number of installments required for the year (See Instruction B), enter the results in appropriate columns .....	6.			
7. Divide amount on Line 5 by the number of installments required for the year (See Instruction B), enter the results in the appropriate column.....	7.			
8. Enter the lesser of Line 6 or Line 7 for each period in the appropriate column .....	8.			
9. Amounts paid on estimate for each period and tax withheld (withheld treated equally paid for each quarter)..	9.			
10. Overpayment of previous installment (See Instruction E) .....	10.			
11. Total of Line 9 and Line 10 .....	11.			
12. Underpayment (Line 8 less Line 11) or Overpayment (Line 11 less Line 8) .....	12.			

**EXCEPTIONS WHICH AVOID THE PENALTY** (See Instruction D)  
 (Farmers and fishermen see Instruction G for special exception)

13. Total amount paid and withheld from Jan. 1, through the installment date indicated (withheld treated equally paid for each quarter)	13.			
14. Exception 1. —Tax on prior years income using current year rates and exemptions.....	14.			
15. Exception 2. —Tax on annualized current year income .....	15.			Not
16. Exception 3. —Tax on current year's income over 3, 5, 8, month periods .....	16.			Applicable

**HOW TO FIGURE THE PENALTY**  
 (Complete Lines 17 through 21 for installments not avoided by an exception)

17. Amount of underpayment (from Line 12) .....	17.			
18. Date of payment or April 15, 20____ whichever is earlier (See Instruction F) .....	18.			
19. Number of days from due date of installment to date shown on Line 18 .....	19.			
20. Penalty (9 percent a year on amount shown on Line 17 for the number of days shown on Line 19).....	20.			
21. Penalty (Add amounts on Line 20) show this amount in the space provided on Form 500 / 501.....	21.			

**Instructions for 500 UET Underpayment of Estimated Tax by Individuals/Fiduciary**

**A.** Individual or fiduciary taxpayers may use this form to determine whether income tax was sufficiently paid throughout the year by withholding or by installment payments. If sufficient tax was not paid you may owe a penalty of 9 percent a year on the unpaid amount. This form will help you determine whether you are subject to a penalty, or whether you are excepted from a penalty.

**B. FILING AN ESTIMATE AND PAYING THE TAX, CALENDAR YEAR TAXPAYERS.** – If you file a return on a calendar year basis and are required to file Form 500ES, you are generally required to file estimated tax by April 15, and to pay tax in four installments. (If you are not required to file estimated tax until later in the year because of change in income or exemptions, you may be required to pay in fewer installments.) The chart below shows the due date for estimated tax, and maximum number of installments.

Period Requirements First Met	Due Date of Payment	Maximum Number of Installments Required
Between Jan. 1 and March 31	April 15	4
Between Apr. 1 and May 31	June 15	3
Between June 1 and August 31	Sept. 15	2
On or after September 1	Jan. 15	1

If any date shown falls on a Saturday, Sunday, or legal holiday, substitute the next regular workday.

**C. FISCAL YEAR TAXPAYERS.** - Fiscal year taxpayers should contact the Department at (1-877-423-6711) for information on the penalty for underpayment of estimated taxes.

**D. EXCEPTIONS FROM THE PENALTY.** – You will not be liable for a penalty if your current year tax payments (amount shown on Line 13) equals or exceeds any amount determined for the same period under the following exception provisions. You may apply a different exception to each underpayment but you must attach a separate computation page. If none of the exceptions apply, complete Lines 17 through 21 to figure your penalty.

**Exception 1, Tax on Prior Tax Year's Income Using Current Year's Rates and Exemptions:** This exception applies if your current year's withheld tax and estimated payments equal or exceed what would have been due on your prior year's income if you had computed it at the current year's rates. To determine this exception, use the tax rate allowed for the current year but use the other facts and the law applicable to your prior year's return.

**Exception 2, Tax on Annualized Current Year's Income:** This exception applies if your current year's tax payments equal or exceed 70 percent of the tax on your annualized taxable income for periods from the first of the year to the end of the month preceding that in which an installment is due.

To annualize your taxable income, follow these four steps:

- Figure your adjusted gross income less itemized deductions or standard deduction from the first of your taxable year up to and including the month prior to that in which an installment is due.
- Multiply the result of Step (a) by 12
- Divide the result of Step (b) by the number of months in your computation period.
- Subtract the deduction for dependent exemptions. The result is your annualized taxable income.

**Example**

**(Joint return with dependent, using itemized deductions)**

1. Wages received during Jan., Feb., and March .....	3,500.00
2. Self-employment income during Jan., Feb., and March .....	<u>6,000.00</u>
3. Adjusted gross income .....	9,500.00
4. Less: Itemized Deductions .....	<u>750.00</u>
5. Line 3 less Line 4.....	8,750.00
6. Annualized income (8,750.00 x 12 = 105,000 / 3) .....	35,000.00
7. Dependent.....	<u>4,000.00</u>
8. Annualized taxable income .....	<u>31,000.00</u>
9. Total Income Tax .....	1,671.00

If your withheld tax and estimated tax payment for the first installment period of the current year was at least 292.00 (70% x 25% x \$1,671.00) you do not owe a penalty for that period.

**Exception 3, Tax on Current Year's Income over Periods of 3, 5, and 8 Months:** This exception applies if your current year's tax payments equal or exceeds 90 percent of the tax on your taxable income for periods starting from the first of the year to the end of the month preceding that in which an installment is due. To see if this exception applies, figure your taxable income from January 1, of the current year to the end of the month preceding that in which an installment is due. Then compute your tax on that amount as though it represented your taxable income for the current year.

**Example (Joint return)**

(1) Computation Period	(2) Taxable Income	(3) Tax	(4) 90 Percent of Tax	(5) Tax Withheld or Paid Directly on Installment Dates
Jan. 1 to March 31	\$0.00	\$-0-	\$-0-	\$109.00
Jan. 1 to May 31	\$1,800.00	\$97.00	\$87.00	\$182.00
Jan. 1 to Aug. 31	\$5,800.00	\$313.00	\$282.00	\$291.00
Jan. 1 to Dec. 31	\$15,000.00	\$809.00		\$436.00

Since the amounts in column (5) are greater than those in column (4) for each of the first three computation periods, there is not a penalty for the first three installment periods. However, although the law does not permit the use of exception 3 for the fourth installment period, no penalty is owed for that period because there is no underpayment. The 145.00 tax withheld for that period (436.00 minus 291.00 shown in column 5 above) is more than 70 percent of the tax that would have been due for the fourth installment if the total tax for the year had been spread equally over the four installment periods.

**Exception 4. Estate of a Decedent or a Testamentary Trust.** Estimated tax payments are not required for any taxable year ending before the date two years after the date of the decedent's death for: 1) An estate of a decedent; or 2) A testamentary trust as defined in Section 6654(1)(2)(B) of the Internal Revenue Code. For those estates and testamentary trusts meeting this exception:

- Enter \$0 on Line 21 of Form 500 UET and
- Check the "500 UET Exception Attached" box on Form 501.

**E. LINE 10 OVERPAYMENT.** – Apply as a credit against the installment the excess of the total of the amounts on Line 9 of the previous columns over the total of the amounts on Line 8 of the previous columns. If no excess enter zero.

**F. INSTALLMENT PAYMENTS.** – If you made more than one payment for an installment attach a separate computation for each payment. If you filed your return and paid the balance of tax by January 31st of the following year consider the balance paid as of January 15<sup>th</sup>.

**G. FARMERS AND FISHERMAN.** – If (1) your gross income from farming or fishing is at least two-thirds of your annual gross income and (2) you filed Form 500 / 501 and paid the tax on or before March 1, of the following year you may be exempt from penalties for underpayment of estimated tax. If so, enter \$0 on line 21 of Form 500UET and check the "500 UET Exception Attached" box on Form 500 and do not complete rest of this form.

If you meet this gross income test but did not file a return or pay the tax when due, compute the penalty on the tax due for the last quarter only by using the following schedule:

**HOW TO FIGURE THE PENALTY FOR FARMERS AND FISHERMEN (Complete Lines 1 through 6)**

- Enter amount listed on Line 3, Page 1 \_\_\_\_\_
- Enter 66 2/3% of the amount shown on Line 1 \_\_\_\_\_
- Amount withheld during current year and amounts paid or credited by January 15 of the following year \_\_\_\_\_
- Underpayment of Estimated Tax (subtract Line 3 from Line 2) \_\_\_\_\_
- Number of days from January 15 to date of payment or April 15 whichever is earlier \_\_\_\_\_
- Penalty (9 percent a year on the amount shown on Line 4, for the number of days shown on Line 5) \_\_\_\_\_

Enter the amount of penalty in the space provided on Form 500 / 501 as "Penalty for underpayment of estimated tax," then increase the balance or decrease the amount "overpaid" accordingly.