

## 2024 Calculation of Estimated Personal Income Tax Underpayment Penalty

Print your name (first, middle, last)	Enter your social security number
---------------------------------------	-----------------------------------

### HOW TO USE THIS FORM

Complete and submit RPD-41272 only if you are using an exception method to calculate the penalty on underpayment of estimated tax due. If you do not use an exception method, the Taxation and Revenue Department (Department) calculates your liability using only the standard method and, if you have a liability, sends you an assessment for penalty due. Exception methods of calculating estimated tax penalties are described in Section 3.

When using an exception method, you **must complete the box** on PIT-1, page 2, line 35, and **attach** this form to your return. If you do not need to file RPD-41272, you may use it to calculate your penalty, but *do not* submit the form to the Department. For a complete explanation of calculating estimated personal income tax and how to make estimated personal income tax payments, see also Publication FYI-320, *PIT-ES: Personal Income Tax Estimated Payments*.

**Important:** No penalty is imposed if, in Section 2, the difference between line 4 in column 2 and the tax withheld and reported on your PIT-1 for the tax year is less than \$1,000. In this case, you do not owe a penalty. Do not file this form.

**Section 1: Mark the box below that applies to you.** Refer to Section 3 and the descriptions of exceptions on page 2 for more details.

1. I may use an exception method to calculate estimated tax due because (check one):
- I want to calculate estimated payments based on the actual dates on which all amounts of withholding tax were withheld for tax year 2024.
  - My income varied during the year **and** I was not required to pay estimated personal income tax until after March 31, 2024 (**both** must be true).
  - I am a farmer or rancher who expects to receive two-thirds of gross income for 2024 from ranching or farming, or I have received at least two-thirds of my gross income for the previous tax year from farming or ranching.

### Section 2: Calculate your required annual payment.

Enter the amounts from the New Mexico personal income tax forms and schedules for the tax year shown at the top of the column. If you did not file a full, 12-month New Mexico PIT-1 return for tax year 2023, do not complete Column 1 (2023).

**NOTE:** If you are a first-year resident in 2024, you are not required to make estimated payments.

2. In column 1 enter the amount of Net New Mexico Income Tax from 2023 PIT-1, line 22. In column 2 enter the amount from your 2024 PIT-1.
3. In column 1, enter the sum of rebates and all credits reported on 2023 PIT-1, lines 24 and 25. In column 2, enter the sum from 2024 PIT-1, lines 24 and 25.
4. Subtract line 3 from line 2 and enter the difference. If the difference between the amount on this line in column 2 and the income tax withheld on 2024 PIT-1 is less than \$1,000, stop here. You do not owe a penalty. Do not file this form. See note under **HOW TO USE THIS FORM** at the top of this page.
5. Multiply column 2, line 4 by 0.90 (90%) and enter here.
6. Enter the amount of column 1, line 4. If you did not complete column 1 or if column 1, line 4 is a negative number, enter zero.
7. Enter the lesser of lines 5 and 6. This is your **required annual payment**.

	Column 1 (2023)	Column 2 (2024)
2		
3		
4		
5		
6		
7		

## 2024 Calculation of Estimated Personal Income Tax Underpayment Penalty

### Section 3: Calculate the amount and due date of estimated tax payments and penalties for Section 4, lines 12 and 13.

8. **Line 12 for standard method.** If you were required to make estimated tax payments on or before March 31, multiply the required annual payment in line 7 by 0.25 (25%). Enter this amount in each column of line 12. If you want to calculate estimated installment payments based on the actual dates on which all amounts of withholding tax were withheld for the applicable year, go to instruction 11 to complete line 13.
9. **Line 12 for income that varies during the year.** If you did not have income sufficient to require a payment until after March 31, read lines **9a**, **9b**, and **9c** to complete line 12. Then go to instruction 11 to complete line 13.
  - 9a.** If you were required to make estimated tax payments **after March 31 but before June 1**, multiply the required annual payment, in line 7 by 0.50 (50%) and enter this amount on line 12, column **b**. Multiply the required annual payment in line 7 by 0.25 (25%) and enter that amount on line 12, columns **c** and **d**.
  - 9b.** If you were required to make estimated tax payments **after May 31 but before September 1**, multiply the required annual payment in line 7 by 0.75 (75%) and enter that amount on line 12, column **c**. Multiply the required annual payment in line 7 by 0.25 (25%) and enter that amount on line 12, column **d**.
  - 9c.** If you were required to make estimated tax payments **after August 31**, enter 100% of the required annual payment in line 7 on line 12, column **d**.
10. **Line 12 for farmers or ranchers.** If you are a qualified farmer or rancher, enter 100% of the required annual payment on line 12, column **d** and go to instruction 11 to complete line 13. **NOTE:** If a qualified farmer or rancher files and pays the tax in full **on or before March 1** of the year following the tax year of the return, no penalty is due. In this case, complete Sections 1 through 4 of this form and enter zero on page 3, line 34.
11. **Line 13 for total withholding tax and estimated tax paid.** Divide the tax withheld for the 2024 tax year by four. Add this amount to the estimated tax you paid for each quarter. In column **a**, include amounts carried forward from the prior year PIT-1 return. If you are computing your estimated tax due based on the actual dates when the withholding tax was withheld, add the amount of tax withheld during the quarter to any amount of estimated tax payments made for the quarter and any other tax withheld attributable to the quarter.

### Section 4: Calculate the underpayment.

Complete lines 12 and 13 by following Section 3 instructions 8 to 11. Then continue with line 14. Complete lines 14 through 20 for each column before going on to the next column. Leave all shaded fields blank.

**Installment due dates.** For calendar year taxpayers, the due dates of the installments are entered for you. If you are a fiscal year filer, strike through the dates and enter the correct installment due dates. See **WHEN DO YOU NEED TO PAY ESTIMATED TAXES?** on page 5.

12. Enter the required estimated payments for each column. See Section 3 instructions 8 through 10.
13. Enter the estimated tax paid and tax withheld. See Section 3 instruction 11.
14. Enter amount of overpayment, if any, from line 20 of the previous column.
15. Add lines 13 and 14, then enter the sum.
16. Enter sum of lines 18 and 19 from the previous column.
17. For column **a**, enter the amount from line 13. For columns **b**, **c**, and **d**, subtract line 16 from line 15. If the difference is zero or less, enter zero.
18. If the amount on line 17 is zero, subtract line 15 from line 16 and enter the amount. Otherwise, enter zero.
19. **Underpayment.** If line 12 is equal to or more than line 17, subtract line 17 from line 12, enter the amount, and go to line 14 of the next column. Otherwise, go to line 20.
20. **Overpayment.** If line 17 is more than line 12, subtract line 12 from line 17. Then go to line 14 of the next column.

	Installment Due Dates			
	a 4/15/24	b 6/15/24	c 9/15/24	d 1/15/25
12				
13				
14				
15				
16				
17				
18				
19				
20				

## 2024 Calculation of Estimated Personal Income Tax Underpayment Penalty

Mark this box if you want the Taxation and Revenue Department to calculate the penalty on underpayment of estimated personal income tax that you owe. If you mark this box, you do not need to complete Section 5 or 6. However, you must complete Sections 1 through 4 or the Department cannot calculate your penalty using an exception method to calculate estimated tax and you may be assessed a penalty based only on the standard method. If you want to calculate the penalty yourself, continue with Section 5, and 6 as necessary.

**Section 5: Calculate the penalty you owe on underpayment of estimated installment payments.** At the top of the column indicate the Quarter (1, 2, 3 or 4) in which an underpayment occurred from line 19, Section 4. If you have multiple late payments in one quarter, add extra columns for the quarter. For example, if you made two payments after the first quarter was due, use the first two columns a and b, and enter 1 next to "Quarter" at the top of each column. Calculate each late payment for a quarter in a separate column. For additional columns, use Section 6. When completing line 21 for subsequent columns in one quarter, subtract the previous payment for the quarter from the underpayment of estimated tax for the quarter (line 19, Section 4).

	___ Quarter	___ Quarter	___ Quarter	___ Quarter
	a	b	c	d
21. Enter the underpayment of estimated tax for the quarter from line 19, Section 4. If more than one payment is made for a quarter, reduce this line by the payment made in the other column for that quarter.	21			
22. Enter the due date of the installment from the table in Section 4.	22			
23. Enter the date the underpayment on line 21 was paid or the 15th day of the fourth month after the close of the tax year, whichever is earlier. For details, see <b>HOW INSTALLMENT PAYMENTS ARE APPLIED</b> on page 6.	23			
24. Enter the number of days from the installment due date (line 22) to the date on line 23.	24			
25. Number of days on line 24 after <b>4/15/2024</b> and before <b>7/1/2024</b> .	25			
26. Underpayment on line 21 X $\frac{\text{number of days on line 25}}{366}$ X <u>8</u> % =	26			
27. Number of days on line 24 after <b>6/30/2024</b> and before <b>10/1/2024</b> .	27			
28. Underpayment on line 21 X $\frac{\text{number of days on line 27}}{366}$ X <u>8</u> % =	28			
29. Number of days on line 24 after <b>9/30/2024</b> and before <b>1/1/2025</b> .	29			
30. Underpayment on line 21 X $\frac{\text{number of days on line 29}}{366}$ X <u>8</u> % =	30			
31. Number of days on line 24 after <b>12/31/2024</b> and before <b>4/15/2025</b> .	31			
32. Underpayment on line 21 X $\frac{\text{number of days on line 31}}{365}$ X <u>7</u> % =	32			
33. For each column, add lines 26, 28, 30, and 32 then enter the sum.	33			
34. Add columns <b>a</b> through <b>h</b> of line 33 in Sections 5 and 6, and enter the total. This is your <b>total penalty on underpayment of estimated income tax.</b>			34	

## 2024 Calculation of Estimated Personal Income Tax Underpayment Penalty

**Section 6: Calculate the penalty you owe on underpayment of estimated installment payments.** Continued from Section 5. At the top of the column indicate the Quarter (1, 2, 3 or 4) in which an underpayment occurred from line 19, Section 4.

If you have multiple late payments in one quarter, add extra columns for the quarter. For example, if you made two payments after the first quarter was due, use the first two columns a and b, and enter 1 next to "Quarter" at the top of each column. Calculate each late payment for a quarter in a separate column. When completing line 21 for subsequent columns in one quarter, subtract the previous late payments for the quarter from the underpayment of estimated tax for the quarter (line 19, Section 4).

	___ Quarter	___ Quarter	___ Quarter	___ Quarter
	e	f	g	h
21. Enter the underpayment of estimated tax for the quarter from line 19, Section 4. If more than one payment is made for a quarter, reduce this line by the payment made in the other column for that quarter.	21			
22. Enter the due date of the installment from the table in Section 4.	22			
23. Enter the date the underpayment on line 21 was paid or the 15th day of the fourth month after the close of the tax year, whichever is earlier. For details, see <b>HOW INSTALLMENT PAYMENTS ARE APPLIED</b> on page 6.	23			
24. Enter the number of days from the installment due date (line 22) to the date on line 23.	24			
25. Number of days on line 24 after <b>4/15/2024</b> and before <b>7/1/2024</b> .	25			
26. Underpayment on line 21 X $\frac{\text{number of days on line 25}}{366}$ X <u>8</u> % =	26			
27. Number of days on line 24 after <b>6/30/2024</b> and before <b>10/1/2024</b> .	27			
28. Underpayment on line 21 X $\frac{\text{number of days on line 27}}{366}$ X <u>8</u> % =	28			
29. Number of days on line 24 after <b>9/30/2024</b> and before <b>1/1/2025</b> .	29			
30. Underpayment on line 21 X $\frac{\text{number of days on line 29}}{366}$ X <u>8</u> % =	30			
31. Number of days on line 24 after <b>12/31/2024</b> and before <b>4/15/2025</b> .	31			
32. Underpayment on line 21 X $\frac{\text{number of days on line 31}}{365}$ X <u>7</u> % =	32			
33. For each column, add lines 26, 28, 30, and 32 then enter the sum.	33			

Add columns **a** through **h** of line 33 in Sections 5 and 6, and enter the total on PIT-1, line 34. This is your **total penalty on underpayment of estimated income tax**.

## 2024 Calculation of Estimated Personal Income Tax Underpayment Penalty Instructions

### Who Must Pay Estimated Taxes and What Penalties Apply?

Every individual who must file a New Mexico Personal Income Tax (PIT-1) return under the Income Tax Act also must pay estimated income tax. This occurs through withholding taxes or by making estimated tax payments using the Personal Income Estimated Tax Payment Voucher (PIT-ES). You can also pay by check or credit card using the Taxation and Revenue Department's (Department) website.

There is a penalty for underpayment or nonpayment of estimated tax, unless:

- You are a first-year resident;
- Your tax for the current year, less total rebates and credits, less income tax withheld is under \$1,000; **or**
- You are a full-year New Mexico resident whose previous tax year was a 12-month tax year and you owed zero tax for that tax return.

### When Do You Need to Pay Estimated Taxes?

For most calendar-year taxpayers, four installments of the required annual payment are due (postmark or delivery service date) by April 15, June 15, September 15, and January 15.

For taxpayers reporting on a fiscal year other than a calendar year, payments are due on or before the 15th day of the fourth, sixth, and ninth months of the tax year and on or before the 15th day of the first month of the following year.

**Important:** The Department does observe Federal and State holidays, this may impact the due dates for returns and payments. If the due date falls on a Saturday, Sunday, or a Federal/State holiday the due date is the next business day.

### Who Must File RPD-41272

RPD-41272 can be used to help calculate the underpayment penalty, but do not submit the form unless:

- You qualify for an exception method of determining the amount and timing of the estimated tax payment, **and**
- You will owe less penalty by using the exception method.

Only taxpayers who may lower their penalty using an exception method submit RPD-41272.

To calculate an underpayment or non-payment penalty using the exception method for estimated personal income tax, you must enter 1, 2, 3, 4, or 5 in the box on line 34, PIT-1. If the box is blank, the penalty is calculated using the standard method.

### When The Department Uses The Standard Method

The Department automatically calculates your penalty using the standard method and sends you an assessment for the penalty due if any of the following are true:

- You fail to, or incorrectly complete the box for line 35 on PIT-1.
- You do not submit form RPD-41272, with your PIT-1 return.
- You submit an incomplete or inaccurate RPD-41272.
- You do not qualify for an exception method.

### Descriptions of Exceptions, Number to Enter in on PIT-1, and How to Calculate Entries for Lines 12 and 13 on RPD-41272

Each exception is described here. The last paragraph of each description shows the number you must enter in the box for line 35 on PIT-1, to indicate your qualification for the exception method. Section 3 of RPD-41272 provides instructions for completing lines 12 and 13 in Section 4, which are critical in calculating penalties based on exceptions.

### Exception For Applying Actual Tax Withholding Dates

This exception applies to taxpayers who estimate payments according to the actual dates when all amounts of withholding tax were withheld for the applicable tax year.

**NOTE:** Unless you show the dates on which all amounts were actually withheld on RPD-41272, the Department considers an equal amount of tax withheld as tax paid on each payment due date. This provision may apply separately to wage and pension withholdings and any other amounts withheld under the Withholding Tax Act.

*Enter 1* if you want to calculate estimated payments based on the actual dates on which all amounts of withholding tax were withheld for the applicable tax year.

### Exception For Income That Varies During The Year

This exception applies to taxpayers who receive seasonal income. You may only use this method if actual income through March 31 is too small to require an estimated payment. When your base income increases in later periods, you must make higher estimated payments to balance your account.

No payment is due for the first quarter, because actual income through March 31 is too small to require an estimated payment. Subsequent test dates to check income for estimated payments are May 31, August 31, and December 31.

*Enter 2, 3, or 4* to show the quarter of the payment if your income varies and you are required to file estimated payments beginning with the 2nd, 3rd, or 4th quarter due date.

### Exception For Farmers And Ranchers

The law provides a special rule, identical to the federal rule, for farmers and ranchers who expect to receive *at least* 2/3 of their gross income from farming or ranching, or who

## 2024 Calculation of Estimated Personal Income Tax Underpayment Penalty Instructions

received *at least* 2/3 of their gross income from farming or ranching in the prior year.

Farmers and ranchers who meet the gross income test may:

- Make one estimated payment in the amount of the required annual payment on or before January 15 of the year following the tax year of the return, *or*
- File and pay taxes in full on or before March 1 of the year following the tax year of the return.

For joint returns, the farmer or rancher must count the spouse's gross income to determine whether the couple meets the two-thirds-of-gross income test.

*Enter 5* if you are a farmer or rancher and meet these requirements. Even if you do not owe an underpayment penalty because you filed and paid the tax in full on or before March 1 of the year following the tax year of the return, make this entry.

### How Much Do You Need to Pay?

To calculate your estimated tax, start with the required annual payment or the total amount of estimated tax to pay during the tax year. Then determine the amount and due date for each estimated tax payment.

The required annual payment is the lesser of:

- 90% of the tax on the current year's return (or, if no return is filed, the tax for the taxable year), *or*
- 100% of the tax on the prior year's return, if you filed a return during the prior year for a full 12-month year.

**NOTE:** Always use the instructions specifically written for the tax year you are filing. The line numbers and the calculation of estimated tax may change from year to year.

### How to Complete This Form

If have an exception and you want the Department to calculate the penalty for you, complete Sections 1 through 4 and mark the box at the top of page 3. If you want to calculate the penalty yourself, also complete Section 5, and if applicable, Section 6.

**Section 1.** If you qualify for one of the exception methods, mark the appropriate box.

**Section 2.** Calculate your required annual payment as described in lines 2 to 7. Line 7 shows your required annual payment.

**Section 3.** These are the instructions for lines 12 and 13 in Section 4. For line 12, use instructions 8, 9, and 10 to calculate the amount of the estimated tax payments you owe on different dates. For line 13, use instruction 11 to show the

total withholding tax and estimated taxes you paid.

**Section 4.** After completing lines 12 and 13 for all four columns, go to column **a** and complete lines 17, 19, and 20. Then go to columns **b** and **c** and complete lines 14 to 20. In column **d**, complete lines 14 to 17, 19, and 20.

### Requesting the Department to Calculate the Penalty

Mark the box at the top of the page of Section 5, if you want the Department to calculate the penalty on underpayment of estimated personal income tax that you owe. If you mark the box, you do not need to complete Section 5 or 6. However you must complete Sections 1 through 4, or the Department cannot calculate your penalty using an exception method.

**Sections 5 and 6.** Calculate your penalty payment for each quarter in a separate column as described in lines 21 to 34. At the top of the column indicate the Quarter (1, 2, 3 or 4) in which an underpayment occurred from line 19, Section 4.

### Multiple Payments For a Quarter

If you have multiple late payments for any quarter, add extra columns for the quarter. For example, if you made two payments after the first quarter payment was due, use the first two columns, a and b, and enter 1 next to "Quarter" at the top of each column. Calculate each late payment for a quarter in a separate column. For additional columns, use Section 6.

When completing line 21 for subsequent columns in the same quarter, subtract the previous payment(s) for the quarter from the underpayment of estimated tax for the quarter (line 19, Section 4). In Section 5, line 34 enter your total penalty on underpayment of estimated income tax.

### How Installment Payments Are Applied

The Department credits a payment of estimated tax against unpaid or underpaid installments in the order in which the installment is required to be paid. Therefore, an installment payment is applied first to the earliest installment payment due. Any balance is applied to the next installment payment due.

### Penalty Time Frames

The penalty for underpayment or non-payment of estimated tax is based on the difference between the estimated tax payment and the actual amount of estimated tax due. Penalty accumulates from the due date of the estimated tax payment until the earlier of:

- The date the payment is made, *or*
- The 15th day of the fourth month following the close of the tax year.

### Penalty Based On Interest Rates

New Mexico calculates penalty in the form of interest on underpayment of estimated tax. The penalty is calculated at the

## 2024 Calculation of Estimated Personal Income Tax Underpayment Penalty Instructions

annual rate established each quarter for individual income tax purposes under the U.S. Internal Revenue Code (IRC).

### IRC Rate Changes Quarterly

The Internal Revenue Service announces the IRC rate for each quarter in the last month of the previous quarter. You can check the penalty and interest rates for each quarter on our website at <https://www.tax.newmexico.gov/individuals/file-your-taxes-overview/penalty-interest-rates/>.

### Special Rule For Personal Income Tax

When calculating the underpayment penalty, the interest rate that applies to the first quarter following the tax year also applies to the first 15 days of the fourth month (April) following the tax year.

### Calculation of Penalty For Period Late

The formula used in lines 26, 28, 30, and 32 of Sections 5 and 6 to calculate the penalty for the period late is:

$$\text{Underpayment due} \times \frac{\text{number of days late}}{\text{total days in the year}} \times \frac{\text{effective annual interest rate}}{\text{for the quarter}}$$

**NOTE:** The penalty for underpayment of estimated tax may exceed 20% of the tax due.

### How To Avoid a Penalty

If you file a return and pay the full amount on or before January 31 of the next year, no penalty applies to the 4th estimated payment.

If the balance due is \$1,000 or more, the Department determines whether the required annual payment was made in timely installments. If it was, there is no penalty.

If the required annual payment was not made in timely installments, the Department calculates the underpayment penalty and issues an assessment. If you believe an assessment is in error, you can protest the assessment and provide more information.

### Methods of Payment

You can pay online using an electronic check or credit card, or by mail using a check or money order.

#### Pay online

You may submit a payment with the payment voucher by mail or pay estimated personal income taxes online at no charge by electronic check through Taxpayer Access Point (TAP). Go to <https://tap.state.nm.us> and under **PAYMENTS**, click

**Make a Payment, then Individual.** The electronic check authorizes the Department to debit your checking account in the amount and on the date you specify.

You may also use a credit card for your online payment. A convenience fee is applied for using a credit card. The State of New Mexico uses this fee, calculated on the transaction amount, to pay charges from the credit card companies.

#### Pay by Mail

You can pay by mail by sending a check or money order for the payment amount to the Department along with the PIT-ES payment voucher. To pay by mail, follow the voucher and mailing requirements described next.

#### Using The PIT-ES Payment Voucher

You can get the PIT-ES voucher from your personal income tax packet, the Department website, one of the Department's district offices, or from your tax return preparation software.

#### Show The Correct Tax Year For This Payment

For the Department to apply your estimated payment to the correct tax year, the PIT-ES must show the tax year for which you are making payment. On the payment voucher from the Department website, write in the tax year. Make sure each payment voucher shows the correct tax year.

If you are a calendar-year filer making an estimated payment for a 2024 tax return due in 2024, make sure the date on your PIT-ES payment voucher shows tax year 2024. If you wish to make an estimated payment for your 2024 tax return due in 2025, the date on your PIT-ES payment voucher must indicate tax year 2024.

#### Final Steps For Mailing Your Penalty Payment

On the check or money order, write:

- Your social security number
- PIT-ES
- The tax year of the return for which the payment applies

Using your own envelope, enclose the check or money order, and the completed PIT-ES payment voucher. Mail the envelope to:

**NM Taxation and Revenue Dept.**  
**P.O. Box 8390**  
**Santa Fe, NM 87504-8390**