

2010 Individual Estimated Income Tax Payments

What's New?

The individual income tax reciprocity agreement between Minnesota and Wisconsin is terminated, effective January 1, 2010. This change may affect the calculation of your 2010 estimated tax payments. When using the 2009 Minnesota income tax form and instructions to determine your 2010 estimated tax, you should ignore the references to reciprocity with Wisconsin.

Beginning with tax year 2010, for a Minnesota resident working in Wisconsin, Wisconsin will tax the personal service income earned in Wisconsin, such as wages, salaries, tips, commissions, fees, or bonuses, and a credit will be allowed on the Minnesota return for taxes paid to Wisconsin. For a Wisconsin resident working in Minnesota, Minnesota will tax the personal service income earned in Minnesota, and a credit will be allowed on the Wisconsin return for taxes paid to Minnesota.

What is estimated tax

Most individuals automatically pay state income taxes through withholding from their paychecks. However, if you receive income that is not subject to withholding (for example, earnings from self-employment, pensions, unemployment compensation, interest, dividends, rents, alimony, etc.), you are still responsible for paying Minnesota income taxes on a regular basis. Estimated tax is the method you use to pay tax on income that is not subject to withholding.

Estimate what your total 2010 income will be, figure the income tax on your estimated income, and pay the tax in installments. You can pay your installments electronically (over the Internet or by phone), by check using Form M14, or by credit card.

You will determine the actual amount of your 2010 Minnesota income tax in early 2011 when you complete your 2010 Form M1, *Minnesota Income Tax Return*.

Who must pay estimated tax

In most cases, you must make estimated tax payments if you expect to owe \$500 or more in Minnesota income tax for 2010 after you subtract your withholding and credits (your credits include any child and dependent care credit, working family credit, education credit and JOBZ jobs credit), and you expect your withholding and credits to be less than the *smaller of*:

- 90 percent of the tax shown on your 2010 Form M1 (66.7 percent if you are a farmer or commercial fisherman), or
- 100 percent of your 2009 tax liability (line 22 of your 2009 Form M1) if your federal adjusted gross income on your 2009 return is \$150,000 or less. If your 2009 federal adjusted gross income is more than \$150,000, use 110 percent instead of 100 percent. (Nonresidents and part-year residents: If your Minnesota tax liability for the previous year was \$1 or more, use Minnesota assignable adjusted gross income.)

If you were a Minnesota resident for all of 2009 and your 2009 return covered a 12-month period, you do not have to make estimated tax payments if the tax liability on line 22 of your 2009 Form M1 was zero.

If you receive salaries and wages, you may be able to avoid having to pay estimated tax payments by asking your employer to withhold more Minnesota income tax from your earnings.

How to estimate your tax

First, estimate your federal income for 2010 on federal Form 1040ES. If you are married and plan to file separate 2010 federal income tax returns, each spouse should determine his and her own estimated tax.

Then, use the 2009 Minnesota Form M1 and instructions as a worksheet to estimate your Minnesota tax for 2010. Complete the 2009 Form M1 using your estimated income, withholding, child care, working family and education credits for 2010. For a more accurate estimate of the tax to enter on line 11 of your M1 worksheet, use the 2010 tax rates (shown below) rather than the tax tables in the booklet.

If your estimated tax for 2010—the amount on line 36 of your M1 worksheet—is less than \$500, you do not have to pay estimated tax payments. If the amount is \$500 or more,

you are required to make installment payments of estimated tax.

Keep your worksheet for your records. You do not have to send it to the Department of Revenue.

Alternative minimum tax. To determine if you must pay alternative minimum tax, follow the instructions in the section “Schedule M1MT” of the 2009 Minnesota income tax instructions. Include any alternative minimum tax you expect to pay on line 12 of your M1 worksheet.

Payment amounts and due dates

One-fourth of your estimated tax (line 36 of your M1 worksheet) is due by each of the dates listed below. (If you are a farmer or commercial fisherman, see the specific instructions below.)

Installment	Due date
1st	April 15, 2010
2nd	June 15, 2010
3rd	September 15, 2010
4th	January 15, 2011*

* If you file your 2010 Form M1 by January 31, 2011, and pay the entire balance due with your return, you do not have to make the fourth installment.

If you file on a fiscal year basis, your installments are due no later than the 15th day of the fourth, sixth and ninth months for your current fiscal year and the first month of the following fiscal year. If any payment date falls on a Saturday, Sunday or legal holiday, use the next business day.

Farmers and commercial fishermen. If in 2009 you received—or in 2010 you expect to receive—at least two-thirds of your total income from farming or commercial fishing, you may pay your estimated tax by the regular due dates, or you may:

Continued

Taxable Income Brackets for 2010

Minnesota income tax brackets adjusted for inflation for tax year 2010 are:

	5.35%	7.05%	7.85%
Married, filing jointly	\$0—\$33,280	\$33,281—\$132,220	\$132,221 & over
Married, filing separately	\$0—\$16,640	\$16,641—\$ 66,110	\$ 66,111 & over
Head of household	\$0—\$28,030	\$28,031—\$112,620	\$112,621 & over
Single	\$0—\$22,770	\$22,771—\$ 74,780	\$ 74,781 & over

Individual Estimated Income Tax Payments (continued)

- send in no payments until January 15, 2011. Pay the full amount of your 2010 estimated tax by that date, and file your 2010 Form M1 by April 15, 2011, or
- send in no installment payments, but file your 2010 Form M1 by March 1, 2011, and pay the full amount of tax you determine on Form M1 when you file it.

Payment record

For your convenience, we have included a payment record on page 4 to help you record your estimated tax payments made during the year. Keep the payment record with your 2010 tax records—it will help you complete your 2010 return.

If a tax preparer will complete your 2010 Form M1 for you, be sure to give him or her a copy of your payment record.

Penalty for underpayment

If you did not pay the correct amount of estimated tax by the due dates, an underpayment penalty may be assessed.

How to pay estimated tax

Pay electronically. You can pay your estimated tax electronically using e-File Minnesota—the department’s electronic system for paying taxes. When you pay electronically, there is no paper voucher or tax return to include with your payment, there’s no registration and **it’s free**.

- To pay over the Internet, go to **www.taxes.state.mn.us** and click on “Make a payment” from the e-Services menu.
- To pay by phone, call **1-800-570-3329**.

Follow the prompts for individuals to make an estimated tax payment. You will need your Social Security number and date of birth—and your spouse’s Social Security number and date of birth if you are filing a joint return—and your bank routing and account numbers.

You can set up all four payments at the same time by entering future payment dates and amounts. You will receive a confirmation at the time you set up the payments. Please keep the confirmation for your records. You will be able to cancel or change any payments 48 hours prior to the transaction date by using the confirmation number and date of the transaction.

The penalty is imposed on each underpayment for the number of days it remains unpaid and may apply even if you have a refund on your tax return.

For information, see Schedule M15, *Underpayment of Estimated Income Tax by Individuals, Trusts and Partnerships*.

If your estimated income changes

If, at any time after you have paid your first installment, it becomes clear that your income for the year will be considerably greater than you estimated, be sure to determine the additional tax that will be due on your increased income. Add the amount of additional tax to your remaining payments. This should help you avoid having to pay a penalty that could result from underestimating the tax due on your income.

If it becomes clear that your income for the year will be less than you estimated, you may refigure the amount of tax you will owe and reduce the amount of your remaining installments. Or, you may continue to send

in the same amounts and get a refund when you file your 2010 Form M1.

Use of information

All the information you provide on Form M14 is private under state law. It cannot be given to others without your consent except to the Internal Revenue Service (IRS), other Minnesota state agencies, local government agencies and other state governments that are authorized by law to receive the information and must treat the information as private. A complete list of the agencies the department may share the information with is provided in the Form M1 instruction booklet.

Your Social Security number is required by Minnesota law (M.S. 270C.306), and we also ask for your name, address and the amount of your estimated tax payment so you can be correctly identified and given proper credit for your payment.

If you do not provide your Social Security number or your spouse’s Social Security number, if you’re making a joint payment, your estimated tax payment may not be credited correctly to your account.

Pay by credit card. You may pay your estimated tax through Official Payments Corporation, a national credit-card payment service. You will be charged a fee by Official Payments for this service.

To pay by credit card, have your credit card ready and go to www.officialpayments.com or call 1-800-272-9829. You will be asked to enter:

- your Social Security number (and your spouse’s, if filing a joint return)
- the amount you want to pay
- your credit card number and expiration date
- your home phone number and the zip code for the address where your credit card bill is sent
- **jurisdiction number 3300** (all taxpayers paying current year Minnesota individual estimated tax must use this jurisdiction number).

At the end of your call or website visit, you will be given a confirmation number. Be

sure to write down and save this confirmation number with your records. Your payment will be effective on the date you made the request.

Pay by check. A payment voucher is required for payments received by the department through the mail. If you do not pay your estimated tax electronically or with a credit card, you must mail your payment with a completed Form M14, *Individual Estimated Tax*. See “Form M14 instructions” on page 3 for details.

Your check authorizes us to make a one-time electronic fund transfer from your account. You may not receive your cancelled check.

If you need Form M14 vouchers, you can:

- download the voucher from our website at www.taxes.state.mn.us,
- call 651-296-4444 or 1-800-657-3676, or
- write to: Minnesota Tax Forms, Mail Station 1421, St. Paul, MN 55146-1421.

After you file your M14 vouchers for an entire year, the department will mail you personalized M14 vouchers to use for payments for the following year.

Stop writing checks Pay electronically!

It’s Secure, Easy, Convenient, Free
www.taxes.state.mn.us

Form M14 instructions

If you are paying electronically, discard your M14 vouchers and disregard the instructions on this page.

Personalized forms (Form M14)

The department mails personalized, scannable forms (Form M14) to those who used the personalized payment vouchers in the previous year.

For security purposes, the department provides only the last four digits of the Social Security number on personalized M14 payment vouchers and other correspondence it mails to taxpayers. In these cases, we will use an assigned reference number to help us correctly identify taxpayers.

Important note: If you use blank or substitute M14 payment vouchers, you must continue to provide your complete Social Security number.

Please use—or ask your tax preparer to use—these personalized forms when you pay by check to ensure timely and accurate processing of your payments.

Due to budget constraints, the department will not provide return envelopes for mailing your M14 vouchers.

Before you use the personalized form, be sure to:

- check that the preprinted last four digits of your Social Security number(s) are correct. If the last four numbers are wrong, cross out the incorrect numbers and write in the full, correct Social Security number next to it. *It is important that you provide the complete Social Security number and cross out the scan line at the bottom of the voucher.*
- use *your* personalized M14 vouchers. If you use someone else's personalized voucher, your payment will be credited to their account, not yours.
- use the vouchers for the correct tax year. For instance, you must use the 2010 Form M14 to pay your 2010 estimated tax.

Note: If you anticipate filing a joint return, be sure to make your estimated tax payments using both your and your spouse's names and Social Security numbers. If you are married and will be filing separately, make your estimated tax payments using your name and Social Security number only.

Change of address. If your address has changed since you last filed, be sure to notify the department of your current address information. Call 651-296-4444 or 1-800-657-3676. Do not make address changes to the M14 voucher. Personalized forms with the correction will be sent to you next year.

Blank forms (Form M14)

If you are paying by check and you do not have a personalized voucher, you must complete a blank Form M14 and send it with your check.

On Form M14, you must enter your **complete and correct** Social Security number—and your spouse's Social Security number if you will be filing a joint return. If you will be filing a separate return, list only your Social Security number.

If your or your spouse's Social Security number is not correct or complete, we cannot properly credit your account.

Substitute, scannable Form M14

If a tax preparer or tax preparation software prepared a scannable Form M14 for your use, carefully proof the vouchers to be sure the proper year and complete Social Security number(s) are included in the scan line printed at the bottom of each form (see the sample form below).

Using a Form M14 with an incorrect scan line will cause the payment to be deposited incorrectly and may result in an adjustment to your Form M1 when it is filed.

How to file Form M14

Round your payment amount to the nearest whole dollar, and enter the amount in the boxes provided on Form M14.

Make your check or money order payable to **Minnesota Revenue**, and write the last four digits of your Social Security number and "2010 Form M14" on your check. Enter your payment on your payment record.

Mail your check and Form M14 to:

Minnesota Revenue
P. O. Box 64037
St. Paul, MN 55164-0037

When using a substitute, scannable Form M14

To help ensure your payment is properly credited to your account, be sure to verify that the correct year and complete Social Security number(s) are being used.

MINNESOTA REVENUE Individual Estimated Tax	M14	0060
	Your Soc. Sec. number	123456789
First name, MI, last name Spouse's first name, MI, last name Address City, state, zip code	Your spouse's Soc. Sec. number	789456123
Make check payable to Minnesota Revenue and mail to: Minnesota Revenue, P.O. Box 64037, St. Paul, MN 55164-0037	Tax-year end	1210
	AMOUNT OF CHECK	00000000 00

006 12345678922001

Taxpayer ID #1.

78945612322001

Taxpayer ID #2.

1210 0001 0

If paying 2010 estimated tax, digits should be 1210.

Estimated Tax Payment Record

Estimated tax payment record

This payment record is for your convenience

- Please update this payment record as you make your payments
- Keep this payment record with your 2010 tax records

	A Check or confirmation number	B Date of payment	C Amount of of payment
1 2009 refund amount applied to your 2010 estimated tax (from line 34 of your 2009 Form M1) 1			
2 First installment due April 15, 2010 2			
3 Second installment due June 15, 2010 3			
4 Third installment due September 15, 2010 4			
5 Fourth installment due January 15, 2011 5			
6 Total estimated tax payments for 2010 (add lines 1-5, column C) . . 6			
7 If you file your 2010 Form M1 after April 15, 2011, and you made a payment—either electronically or on Form M13— for 2010, enter that amount here 7			
8 Total: Add lines 6 and 7, column C. Enter the result here and on the Minnesota estimated tax line of your 2010 Form M1 8			

Do not include:

- Payments made to the United States Treasury to be applied toward your federal taxes
- Payments for a balance due on previous years' Minnesota income tax returns
- Payments made on an audit report or amended return
- Payments made for penalties or interest

Keep this worksheet for your records. Do not send it with your return. Use this payment record when you prepare your 2010 Form M1. If your tax preparer will be completing your 2010 income tax return, be sure to provide him or her with a copy of this payment record.

Need help?

If you need help to determine estimated tax or if you have questions, you may:

- find the needed information on our website at www.taxes.state.mn.us
- call the department at 651-296-3781 or 1-800-652-9094. TTY users may call Minnesota Relay at 711.
- write to: Minnesota Revenue
Individual Income Tax Division
Mail Station 5510
St. Paul, MN 55146-5510

Information is available in alternative formats upon request for persons with disabilities.