

**§5228. Estimated tax**

**1. Definitions.** As used in this section, unless the context otherwise indicates, the following terms have the following meanings.

A. "Allowable credits" means the total amount of any payments with regard to a taxpayer which have been or will be paid to the Bureau of Revenue Services prior to the date the payment against which they are to be used as a credit is due and which are available to offset any estimated tax liability. [PL 1985, c. 691, §§35, 48 (NEW); PL 1997, c. 526, §14 (AMD).]

B. "Estimated tax" means the total amount of tax that a person estimates will be due for a taxable year under this Part, exclusive of a withholder's liability for taxes withheld, less any allowable credits for that taxable year. [PL 2007, c. 438, §105 (AMD).]

B-1. "Farmer or person who fishes commercially" means an individual who meets the criteria of Section 6654(i)(2) of the Code. [PL 2023, c. 360, Pt. B, §15 (NEW).]

C. "Period of underpayment" is the period of time from the date the installment is due until the underpayment is satisfied or until the tax return to which the estimate installment applies is due, whichever is less. [PL 1985, c. 691, §§35, 48 (NEW).]

D. "Unusual event" means, with respect to that portion of the tax year applicable to the required installment, receipt by an individual taxpayer of taxable income that is not subject to withholding of Maine income tax when the amount exceeds the taxable income not subject to withholding of Maine income tax received by the taxpayer during the same period of the previous tax year by at least \$500,000. [PL 2009, c. 1, Pt. I, §1 (NEW); PL 2009, c. 1, Pt. I, §6 (AFF).]

[PL 2023, c. 360, Pt. B, §15 (AMD).]

**2. Requirement to pay estimated tax.** Every person subject to taxation under this Part shall make payment of estimated tax as required by this Part. The requirement to make estimated tax payments is waived if:

A. [PL 1985, c. 691, §§35, 48 (RP).]

B. [PL 1985, c. 691, §§35, 48 (RP).]

C. The person's tax liability pursuant to this Part, exclusive of a withholder's liability for taxes withheld, reduced by allowable credits for the taxable year, is less than \$1,000 for the taxable year; or [PL 2009, c. 1, Pt. I, §2 (NEW); PL 2009, c. 1, Pt. I, §6 (AFF).]

D. The person had less than \$1,000 tax liability under this Part for the preceding taxable year. This paragraph does not apply with respect to an unusual event. [PL 2009, c. 1, Pt. I, §2 (NEW); PL 2009, c. 1, Pt. I, §6 (AFF).]

[PL 2009, c. 1, Pt. I, §2 (RPR); PL 2009, c. 1, Pt. I, §6 (AFF).]

**3. Amount of estimated tax to be paid.** Every person required to make payment of estimated tax is liable for an estimated tax that is no less than the smaller of the amounts determined pursuant to paragraphs A and B, except that large corporations as defined in the Code, Section 6655(g), are subject only to paragraph B, except as provided in subsection 5, paragraph C and individual taxpayers encountering an unusual event are subject only to paragraph B with respect to the unusual event, except as provided in subsection 5, paragraph D:

A. An amount equal to the person's tax liability under this Part for the preceding taxable year, if that preceding year was a taxable year of 12 months; or [PL 2007, c. 438, §107 (AMD).]

B. An amount equal to 90% of the person's tax liability under this Part for the current taxable year except that, for farmers and persons who fish commercially, this amount is equal to 66 2/3% of the person's tax liability under this Part for the current taxable year. [PL 2009, c. 496, §25 (AMD).]  
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**4. Due dates for estimated tax installments.** For individuals, trusts and estates, an installment payment is due the 15th day of the 4th, 6th, 9th and 13th month following the beginning of the individual's, trust's or estate's taxable year, except that in the case of farmers and persons who fish commercially, a single installment payment is due on the 15th day of the 13th month following the beginning of the individual's, trust's or estate's taxable year. For corporations and financial institutions, an installment payment is due on the 15th day of the 4th, 6th, 9th and 12th month following the beginning of the corporation's or financial institution's taxable year.

[PL 2023, c. 360, Pt. B, §16 (AMD).]

**5. Amount of installment.** The amount of estimated tax to be paid in a taxable year by a taxpayer is to be paid in installments by the dates established in this Part. The amount of the estimated tax is to be paid in 4 equal installments unless:

A. The taxpayer establishes by adequate record the actual distribution of tax liability and allowable credits, or both. In this case, the amount of the installment payments should be adjusted accordingly and be determined in accordance with the portion of the taxpayer's estimated tax liability applicable to that portion of the taxpayer's taxable year completed by the close of the month preceding the installment's due date less estimated tax payments already made for the taxable year; [PL 1991, c. 9, Pt. DD, §2 (AMD); PL 1991, c. 9, Pt. DD, §4 (AFF).]

B. The taxpayer is a farmer or a person who fishes commercially in which case a single installment is required; or [PL 2023, c. 360, Pt. B, §17 (AMD).]

C. If the taxpayer is a large corporation as defined in the Code, Section 6655(g), then the corporation may elect to determine its first required installment for any taxable year pursuant to subsection 3, paragraph A. If the corporation so elects, its 2nd required installment for the taxable year must equal the total amount of estimated tax for the first 2 installments for the taxable year pursuant to subsection 3, paragraph B, less the amount of the first installment for the taxable year allowed pursuant to subsection 3, paragraph A. [PL 1999, c. 414, §51 (AMD).]

D. The taxpayer encounters an unusual event. For purposes of the installment due with respect to that portion of the tax year during which an unusual event occurs, the taxpayer shall make an estimated tax payment pursuant to subsection 3, paragraph B equal to the amount of estimated tax with respect to the taxable income that results in the unusual event, plus the amount of estimated tax required by this section to be paid with respect to the installment on taxable income exclusive of that resulting in the unusual event. [PL 2009, c. 1, Pt. I, §4 (NEW); PL 2009, c. 1, Pt. I, §6 (AFF).]

A penalty shall accrue automatically on underpayments of the required installment amount for the period of underpayment at the rate provided pursuant to section 186. For cause, the State Tax Assessor may waive or abate all or any part of the penalty.

[PL 2023, c. 360, Pt. B, §17 (AMD).]

**6. Joint estimated tax payment.** If they are eligible to do so for federal tax purposes, spouses may jointly estimate tax as if they were one taxpayer, in which case the liability with respect to the estimated tax is joint and several. If joint estimate payment is made, but the spouses elect to determine their taxes under this chapter separately, the estimated tax for the year may be treated as the estimated tax of either spouse, or may be divided between them, as they may elect.

[PL 2021, c. 253, Pt. A, §9 (AMD).]

**7. Short taxable year.** Payment of taxes for a short taxable year must be made as provided in this subsection. For payment dates falling within the short taxable year, payment must be made as provided in subsection 4.

A. For an individual, a trust or an estate with a taxable year of less than 12 months, the estimated tax must be paid in full by the 15th day of the month following the end of the taxable year. [PL 2001, c. 583, §18 (AMD).]

B. For a corporation or financial institution with a taxable year of less than 12 months, the estimated tax must be paid in full by the 15th day of the last month of the taxable year. [PL 2001, c. 583, §18 (AMD).]  
[PL 2023, c. 523, Pt. B, §5 (AMD).]

**8. Installments paid in advance.** At the taxpayer's election, any installment of estimated tax may be paid prior to the date prescribed for its payment.  
[PL 1985, c. 691, §§35, 48 (NEW).]

**9. Underpayment of 4th installment.** If, on or before January 31st of the following taxable year, an individual, trust or estate files a return and pays in full the tax liability for the taxable year of the return, no penalty may be imposed with respect to any underpayment of the 4th required installment for that year.  
[PL 2001, c. 583, §19 (AMD).]

**10. Farmer or person who fishes commercially; underpayment.** If an individual is a farmer or a person who fishes commercially for any taxable year, then a penalty may not be imposed with respect to any underpayment of the required installment of estimated tax, if on or before the first day of the 3rd month following the close of the individual's taxable year, that individual files a return for the taxable year and pays in full the tax liability for the taxable year of the return.  
[PL 2023, c. 360, Pt. B, §18 (AMD).]

**11. Unusual event; waiver of penalty; extension to pay.** With respect to an estimated tax payment related to an unusual event, the assessor shall waive the penalty under subsection 5 or grant a reasonable extension of time, not to extend past the original due date for the filing of the return for the tax year, to pay the estimated tax required under subsection 5, paragraph D if:

A. The taxpayer is an owner in a pass-through entity; [PL 2009, c. 1, Pt. I, §5 (NEW); PL 2009, c. 1, Pt. I, §6 (AFF).]

B. The taxpayer had no control over the distribution of the unusual event amount; [PL 2009, c. 1, Pt. I, §5 (NEW); PL 2009, c. 1, Pt. I, §6 (AFF).]

C. The taxpayer did not actually or constructively receive payment of the unusual event amount; and [PL 2009, c. 1, Pt. I, §5 (NEW); PL 2009, c. 1, Pt. I, §6 (AFF).]

D. The taxpayer pays the estimated tax related to the unusual event amount by the installment payment due date following the installment period during which the taxpayer actually or constructively receives payment of the unusual event amount. [PL 2009, c. 1, Pt. I, §5 (NEW); PL 2009, c. 1, Pt. I, §6 (AFF).]

[PL 2009, c. 1, Pt. I, §5 (NEW); PL 2009, c. 1, Pt. I, §6 (AFF).]

#### SECTION HISTORY

P&SL 1969, c. 154, §F1 (NEW). PL 1971, c. 61, §5 (AMD). PL 1975, c. 454, §1 (RPR). PL 1977, c. 517, §1 (AMD). PL 1979, c. 615, §6 (AMD). PL 1985, c. 691, §§35,48 (RPR). PL 1991, c. 9, §§CC1,DD1-3 (AMD). PL 1991, c. 9, §§CC2,DD4 (AFF). PL 1991, c. 528, §DDD1 (AMD). PL 1991, c. 528, §DDD2,RRR (AFF). PL 1991, c. 591, §DDD1 (AMD). PL 1991, c. 591, §DDD2 (AFF). PL 1997, c. 526, §14 (AMD). PL 1997, c. 668, §35 (AMD). PL 1997, c. 668, §43 (AFF). PL 1999, c. 414, §§50-52 (AMD). PL 2001, c. 583, §§18,19 (AMD). PL 2007, c. 438, §§105-108 (AMD). RR 2009, c. 1, §29 (COR). PL 2009, c. 1, Pt. I, §§1-5 (AMD). PL 2009, c. 1, Pt. I, §6 (AFF). PL 2009, c. 496, §25 (AMD). PL 2021, c. 253, Pt. A, §9 (AMD). PL 2023, c. 360, Pt. B, §§15-18 (AMD). PL 2023, c. 523, Pt. B, §5 (AMD).

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