

Corporation Estimated Tax Instructions

Filing Requirements

A corporation with an estimated tax of more than \$500 must make quarterly payments based on its required annual payment. A corporation is not required to pay estimated taxes the first year it is subject to tax in Minnesota.

Required annual payment. The required annual payment is the lesser of 100 percent of the prior year's tax liability or 100 percent of the current year's tax liability. The required annual payment must be paid in equal installments unless certain exceptions apply (see instructions for Schedule M15C).

For a large corporation, the required annual payment is 100 percent of the current year's tax liability. A large corporation is one that had Minnesota taxable net income of \$1 million or more in any of the three prior tax years. For the first quarter only, a large corporation may base its installment on 100 percent of the prior year's tax liability. Any reduction in the installment because of using this method must be added to the second installment. For making a large corporation determination, a unitary business is considered one corporation.

Due dates. Quarterly installments are due by the 15th day of the third, sixth, ninth and 12th months of your tax year.

Installments for a short tax year are due in equal payments on the 15th day of the third, sixth, ninth and final months of the tax year depending on the number of months in the short tax year. No installments are required for a short tax year of fewer than four months.

If the due date falls on a weekend or legal holiday, payments electronically made or postmarked the next business day are considered timely.

Underpaying installments. If you underpay any installment or did not pay by the due dates, an additional charge for underpayment will be added to your tax (see Schedule M15C).

Minnesota tax ID number. If you don't have a Minnesota tax ID number, you must apply for one. You can apply online at www.revenue.state.mn.us or by calling 651-282-5225 or 1-800-657-3605.

Determining your estimated tax. Determine your federal estimated tax by filling out the federal corporation estimated tax worksheet (Form 1120-W). Then use the current year Form M4 as a worksheet to determine your Minnesota estimated tax.

(Rev. 8/16)

To change your tax-year end, go to our website at www.revenue.state.mn.us, login and update your business information. Or, call our Business Registration office at 651-282-5225 or 1-800-657-3605.

Unitary Businesses

Unitary businesses must select one member to make estimated tax payments and represent the other members of the group in tax matters. This member is the "designated filer." Estimated tax payments made for unitary returns are kept in the account of the designated filer on behalf of the companies included in the return. When the return is filed, these payments will be claimed against the combined tax liability of the unitary business.

Any overpayment of estimated tax will be refunded to the designated filer or credited to the designated filer's estimated tax account.

Electronic Payment Requirements

If your estimated tax payments during the last 12-month period ending June 30 was \$10,000 or more, you are required to pay your tax electronically starting January 1 of the following year. Also, if you're required to pay any Minnesota business tax electronically, such as sales and withholding tax, you're required to pay *all* Minnesota taxes electronically—including corporation franchise estimated tax.

Failure to pay electronically when required may result in a penalty being assessed. The penalty is 5 percent of each payment that should have been remitted electronically, but was remitted by some other means.

Electronic Payment Options

- Go to www.revenue.state.mn.us and login; or
- Call 1-800-570-3329 to pay by phone.

For both methods, follow the prompts for a business to make a corporation franchise estimated tax payment. You'll need your Minnesota tax ID number, password and banking information. When paying electronically, you must use an account not associated with any foreign banks.

Note: If you're using the system for the first time and you need a temporary password, call 651-282-5225 or 1-800-657-3605.

After you authorize the payment, you'll receive a confirmation number. You can cancel a payment up to one business day before the scheduled payment date, if needed.

Credit card. For a fee, you can use your credit or debit card to make a payment through Value Payment Systems, a national company that partners with federal, state and local governments to provide credit and debit card payment services.

To do so:

- Go to payMNTax.com; or
- Call 1-855-9-IPAY-MN.

The Department of Revenue does not have any financial agreement with Value Payment Systems and does not receive any of its fees.

ACH credit method and Fed Wire. If you use other electronic payment methods, such as ACH credit method or Fed Wire, be sure to check with your bank or Fed Wire representative to find out when to initiate the payment in order for it to be received on time. Some banks require up to three business days to transfer funds.

Check Payment Option

If you're not required to pay electronically and are paying by check, visit our website at www.revenue.state.mn.us and click on "Make a Payment" and then "By check" to create a voucher. Print and mail the voucher with your check payable to Minnesota Revenue.

When you pay by check, your check authorizes us to make a one-time electronic fund transfer from your account. You may not receive your cancelled check.

Note for unitary businesses. Enter the information for the group's designated filer.

For the **tax-year ending date**, enter the ending date of the tax year for which the estimated tax payments are being made. The same date is used for all four quarterly payments. For example, if your tax year ends on Dec. 31, 2016, use "123116" for all four payments.

If your income is reported using a 52-53 week year, enter the month that ends nearest the last day of your taxable year. For example, if your taxable year goes from May 29, 2016, to June 3, 2017, (53 weeks), enter "053117" on all four payment vouchers.

Information and Assistance

Website: www.revenue.state.mn.us

Email: BusinessIncome.tax@state.mn.us

Phone: 651-556-3075

This material is available in alternate formats.