

Pass-Through Entity Tax Worksheets ESW and ESA Instructions

Getting Started

A pass-through entity (PTE) is required to make Montana estimated tax payments if they will owe more than \$500 in pass-through entity tax (PTET) after any tax withholding and nonrefundable tax credits. Estimated payment amounts may be based on either 100 percent of the PTE's tax liability from the previous year or 90 percent of the PTE's current year tax liability.

These worksheets calculate PTE estimated tax payments for pass-through entity tax (PTET). Worksheet ESW is for taxpayers to determine equal quarterly payments. Worksheet ESA is for taxpayers that will use the annualization method to determine estimated payments.

Use the previous year's [Form PTE](#) as a guide to determine the PTE's Montana source income. Multistate businesses that apportion income will use Schedule I (Form PTE, page 4) to calculate the apportionment factor to determine Montana source income.

If the required estimated payments are not made, we may charge your PTE penalties and interest, including interest on the underpayment of estimated taxes. See [Publication 4](#) for more information about the underpayment of estimated pass-through entity taxes.

Worksheet PTET-ESW, Estimated Tax Worksheet for Pass-Through Entity Tax

Line Instructions

Only make entries in green cells.

To determine the amount of PTET estimated payments, report the income that is used to determine the Montana distributive share of all affected owners. Using the previous year's [Form PTE](#) as a guide, report the amounts normally reported on the Form PTE as follows.

Form PTE	Worksheet PTET-ESW
Line 12	Line 1
Line 14	Line 2
Line 15	Line 4
Line 16	Line 5
Schedule I, line 6	Line 7

Lines 4 and 5. See [Form PTE instructions](#) for the list of Montana additions and subtractions.

Line 11. Enter the amount reported on 2023 Form PTE, page 2, line 27. If the PTE did not owe PTET in the previous tax year, they are not required to make estimated payments for the current tax year. However, the PTE may still make estimated payments. Use the amount on line 9 to determine the estimated payment. If using the amount on line 9, leave line 11 blank (do not enter zero (0)).

Line 13. Report any expected flow-through payments that the PTE will receive from another pass-through entity or on a Form 1099-MISC for mineral royalty withholding. More information about flow-through payments is in the [Publication 4](#).

Line 16. This line applies any payments that were previously made to the PTE required estimated payment amount found on line 14. Enter the total amount of a carryover of overpaid tax from a previous tax year or any amounts that have already been paid prior to completing this worksheet in Column 1. The overpayment will be applied to each column sequentially.

If the overpayment is more than the tax due for any quarter, the amount shown in the following columns will be the total amount of the overpayment.

Line 17. These are the PTE's required quarterly estimated payments.

Worksheet PTET-ESA, Annualized Estimated Tax Worksheet for Pass-Through Entity Tax

Pass-through entities electing to pay the pass-through entity tax (PTET) may use Worksheet PTET-ESA if the business's income varies during the year because, for example, it is operated on a seasonal basis. This method may allow the PTE to lower or eliminate the amount of one or more required installments by using the annualized income installment method. The annualization method allows calculation of the estimated tax; each installment is based on the total amount of income you received since the beginning of the year, and up until the end of the quarter.

This method is particularly suited for taxpayers with fluctuating or seasonal income because it allows the adjustment of estimated tax and of the quarterly payments, based on the income received during the quarter.

Keep a record of Worksheet PTET-ESA. The department may ask for a copy of it and/ or other documents showing when the PTE received their income.

Line Instructions

When filling out the ESA, complete each column before moving along to the next column. This gives you the information required to complete the next quarter's estimated payment.

Only make entries in green cells.

To determine the amount of the PTET estimated payments, report the income that is used to determine the Montana distributive share of all affected owners. Using the previous year's Form PTE as a guide, report the amounts normally reported on the Form PTE as follows cumulatively for each period.

Form PTE	Worksheet PTET-ESA
Line 12	Line 2
Line 14	Line 4
Line 15	Line 7
Line 16	Line 9
Schedule I, line 6	Line 12

Line 1. Line 1 reports the annualization amounts used to determine the amounts for estimated tax. These are the amounts required by law to be used in determining the annualized income and tax using when using this method. ([15-30-2512\(4\)](#), [MCA](#)).

Line 2. Report the estimated total federal income for each period. Report the amount cumulatively. For example, if the PTE earned \$55,000 from January 1 to March 31, and \$25,000 from April 1 to May 31, report \$55,000 in Column 1 and \$80,000 in Column 2.

Lines 7 and 9. Report any Montana additions and subtractions for each period cumulatively. See Form [PTE instructions](#) for the list of Montana additions and subtractions.

Line 19. Complete Worksheet PTET-ESW using the total estimated income for the year to determine the amount of estimated tax to report on this line. Divide the estimated tax from Worksheet PTET-ESW, Line 14, by four and enter the result in each column.

Line 22. This line reports the lesser of the default estimated payment determined, i.e. the amount determined under the annualization method. These are the PTE's quarterly estimated payments for the tax year if choosing the annualization method. On the 2024 Form PTE, mark the "Estimated payments made using the annualization method" box.



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