

Part II. Interest on the Underpayment of Estimated Tax

The due dates shown are for calendar year taxpayers.

Adjust these dates accordingly for fiscal year filers.

A	B	C	D
4/15/2025	6/16/2025	9/15/2025	1/15/2026

Complete lines 1 through 4 in each column before going to line 5.

1 Divide Part I, line 6 by four and enter the result in each column. If using the annualized method, enter Part III, Section 1, line 24.	1				
2 Add Part I, lines 3a and 3b. Then, divide by 4 and enter the result in each column	2				
3 Subtract line 2 from line 1	3				
4 Amount of estimated tax paid by the date in each column. Include the amount from Part I, line 3c in Column A.	4				

Complete lines 5 through 11 in one column before going to the next column.

5 Overpayment from the previous period, if any, from line 11 of the previous column	5				
6 Add lines 4 and 5. This is your estimated payment for the period.	6				
7 Add lines 9 and 10 from the previous column. This is your total underpayment to date.	7				
8 Subtract line 7 from line 6. If zero or less, enter 0.	8				
9 If the amount on line 8 is zero, subtract line 6 from line 7. Otherwise, enter 0. This is the underpayment from the previous period.	9				
10 If line 8 is equal to or less than line 3, subtract line 8 from line 3. If line 8 is greater than line 3, go to line 11. This is the current period underpayment.	10				
11 If line 8 is greater than line 3, subtract line 3 from line 8. Then go to line 5 in the next column. This is the overpayment for the period.	11				

Complete lines 12 through 15 of the columns with an amount on line 10.

12 Date(s) you paid the amount on line 10 or April 15, 2026, whichever is earlier (See instructions)	12				
13 Number of days from the installment due date to the date shown on line 12 (See instructions)	13				
14 Multiply line 10 by line 13. Then, multiply the result by 0.000192.	14				
15 Add the amounts on line 14 in each column. Enter here and on Form 2, Schedule IV, line 2 or Form FID-3, page 2, line 24. This is your interest on underpayment of estimated taxes.	15				

Part III. Annualized Income Installment Method

Complete this part only if you calculated your estimated tax payments using the annualized income installment method from Publication 1, Worksheet ESA.

Complete each column beginning with Column A through line 24 before completing the next column.

		A	B	C	D
		1/1/25 to 3/31/25	1/1/25 to 5/31/25	1/1/25 to 8/31/25	1/1/25 to 12/31/25
Section 1. Annualized Method – Required Payment					
1	Annualization amounts	4	2.4	1.5	1
2	Individuals enter federal adjusted gross income for the period. Estates and trusts enter total income for the period.				
3	Multiply line 1 by line 2				
4	Individuals enter federal itemized deductions for the period. If you did not itemize your deductions, enter 0. Estates and trusts enter the allowable federal total deductions for the period. (See instructions)				
5	Multiply line 1 by line 4				
6	Individuals enter the full federal standard deduction for your filing status in each column. Estates and trusts enter 0.				
7	Enter the greater of line 5 or line 6				
8	Subtract line 7 from line 3.				
9	Enter your Montana additions to federal taxable income for the period				
10	Multiply line 1 by line 9				
11	Enter your Montana subtractions to federal taxable income for the period				
12	Multiply line 1 by line 11				
13	Add lines 8 and 10. Then subtract line 12. This is your annualized Montana taxable income for the period.				
14	Figure the tax on the amount on line 13 in each column. See Section 2.				
15	Nonrefundable credits for the period				
16	Subtract line 15 from line 14				
17	Applicable percentage	22.5%	45%	67.5%	90%
18	Multiply line 16 by line 17				
19	Enter the total of the amounts in all previous columns of line 24				
20	Subtract line 19 from line 18. If zero or less, enter 0.				
21	Divide Part I, line 6 by four and enter the result in each column				
22	Subtract line 24 of the previous column from line 23 of that column				
23	Add lines 21 and 22				
24	Enter the lesser of line 20 or line 23 here and on Part II, line 1. This is your required payment for the period.				

Section 2. Annualized Method Montana Individual, Estate, and Trust Income Tax Calculation

	Period	
1 Total Montana taxable income for each period on Section 1, line 13. If zero or less, enter 0. If you do not have net long-term capital gains for the period, skip lines 2 through 10 and enter 0 on line 11.	1	
2 Federal net long-term capital gain for the period (do not include qualified dividends)	2	
3 Enter the lesser of line 1 or line 2	3	
4 Subtract line 3 from line 1	4	
5 Individuals enter the amount for your federal filing status in the period you have a net-long term capital gain: <ul style="list-style-type: none">• \$21,100 if single or married filing separately• \$42,200 if married filing jointly or qualifying surviving spouse• \$31,700 if head of household Estates and trusts enter \$21,100 in the period you have a net long-term capital gain	5	
6 Subtract line 4 from line 5. If zero or less, enter 0	6	
7 Enter the lesser of line 3 or line 6	7	
8 Multiply line 7 by 3% (0.03)	8	
9 Subtract line 6 from line 3. If zero or less, enter 0	9	
10 Multiply line 9 by 4.1% (0.041)	10	
11 Add lines 8 and 10. This is your Montana net long-term capital gains tax for the period.	11	
12 If you do not have a net long-term capital gain, figure your tax on the amount on line 1 using the Montana Ordinary Income Tax Table. If you have a net long-term capital gain, figure your tax on the amount on line 4 using the Montana Ordinary Income Tax Table. This is your Montana ordinary income tax for the period.	12	
13 Add lines 11 and 12. Residents stop here and enter this amount on Section 1, line 14. Nonresidents, part-year residents, and residents filing jointly with nonresident and part-year resident spouses skip this line, and go to line 14. This is your total Montana resident tax for the period.	13	
Tax on Montana Source Income for Nonresidents, Part-Year Residents, and Residents Filing Jointly with Nonresidents or Part-Year Residents		
14 Montana source income for the period	14	
15a Total federal income for the period	15a	
15b Business-related expenses not included in total income for the period (See Form 2 instructions)	15b	
15c Federal net long-term capital gain for the period	15c	
15 Subtract lines 15b and 15c from line 15a. This is your everywhere ordinary income for Montana for the period.	15	
16 Divide line 14 by line 15. Round to 6 decimal places and do not enter more than 1.000000. This is your Montana source ordinary income ratio for the period.	16	
17 Montana ordinary income tax from line 12	17	
18 Multiply the ratio on line 16 by the tax on line 17. This is your Montana source ordinary income tax for the period.	18	
19 Federal net long-term capital gain for the period	19	
20 Montana source net long-term capital gain for the period	20	
21 Divide line 20 by line 19. Round to 6 decimal places and do not enter more than 1.000000. This is your Montana source net long-term capital gains ratio for the period.	21	
22 Montana net long-term capital gains tax from line 11	22	
23 Multiply the ratio on line 21 by the tax on line 22. This is your Montana source net long-term capital gains tax for the period.	23	
24 Add lines 18 and 23. Enter here and on Section 1, line 14 for the period. This is your total tax on Montana source income for the period.	24	

2025 Montana Income Tax Rates

Single, Married Filing Separately, Estates, and Trusts			
Ordinary Income Tax Rates			
If your taxable income without net long-term capital gains is	But less than	Then your tax rate is	Less
\$0	\$21,100	4.7%	\$0
\$21,100 or greater		5.9%	\$253
Net Long-Term Capital Gains Rates			
For net long-term capital gains above	But less than	Then your tax rate is	
\$0	\$21,100 minus ordinary income	3.0%	
\$21,100 minus ordinary income		4.1%	
If ordinary income exceeds \$21,100		4.1%	

Married Filing Jointly and Qualifying Surviving Spouse			
Ordinary Income Tax Rates			
If your taxable income without net long-term capital gains is	But less than	Then your tax rate is	Less
\$0	\$42,200	4.7%	\$0
\$42,200 or greater		5.9%	\$506
Net Long-Term Capital Gains Rates			
For net long-term capital gains above	But less than	Then your tax rate is	
\$0	\$42,200 minus ordinary income	3.0%	
\$42,200 minus ordinary income		4.1%	
If ordinary income exceeds \$42,200		4.1%	

Head of Household			
Ordinary Income Tax Rates			
If your taxable income without net long-term capital gains is	But less than	Then your tax rate is	Less
\$0	\$31,700	4.7%	\$0
\$31,700 or greater		5.9%	\$380
Net Long-Term Capital Gains Rates			
For net long-term capital gains above	But less than	Then your tax rate is	
\$0	\$31,700 minus ordinary income	3.0%	
\$31,700 minus ordinary income		4.1%	
If ordinary income exceeds \$31,700		4.1%	

Instructions for 2025 Interest on Underpayment of Estimated Tax by Individuals, Estates, and Trusts

What's New

The Short Method to calculate interest on the underpayment of estimated tax has been discontinued. You may use Part II to calculate your interest on the underpayment of estimated tax or the department can calculate the amount for you.

Purpose

Use Form EST-I to determine if you owe interest for underpaying your estimated tax, and if you do, to figure the amount of the interest. You can use the form to figure your interest and include the amount on your tax return. The department will generally figure the underpayment interest for you and you should not include the Form EST-I when you file your tax return.

2026 Interest Rate

Each year the interest rate for taxes not paid when due, including estimated tax payments, is updated based on the underpayment interest rate established by the Internal Revenue Service under IRC 6621 for the third quarter of the preceding year.

As of January 1, 2026, the interest rate is 7 percent. Interest accrues daily on the unpaid tax from the original due date of the return regardless of when the taxpayer filed the return. The daily rate is 0.0192 percent (0.000192).

Interest on the Underpayment of Estimated Tax

Generally, you may owe interest on the underpayment of estimated tax if you did not make the required installment payments of at least 90% of your current year income tax liability (after applying any withholding and/or tax credits) or 100% of your previous year income tax liability (after applying any withholding and/or tax credits).

Interest is figured separately for each installment due date. Therefore, you may owe interest for an earlier due date even if you paid enough tax later to make up the underpayment. This is true even if you are due a refund when you file your tax return. However, you may be able to reduce or eliminate the interest by using the annualized income installment method.

Exceptions to Interest on the Underpayment of Estimated Tax

You are not required to make estimated tax payments, and, therefore, not subject to pay interest on the underpayment of estimated tax if any of the following conditions apply to you:

- Your 2024 tax period covered 12 months and your Montana tax liability was zero.
- Your 2025 income tax liability after tax credits and withholding is less than \$500. To determine whether your tax due is less than \$500, complete Part I, lines 1 through 4.
- You are a nonresident or part-year resident and were not required to file a 2024 Montana income tax return.
- You retired and were at least 62 years of age. This exception applies only in the year you retire and for one additional year following the year of retirement.
- You became disabled in 2024 or 2025.
- At least two-thirds of your gross income is derived from farming or ranching operations.

Part I. Required Annual Payment

Complete lines 1 through 6 to figure the payment amount you were required to make for the tax year. You must complete this section before completing any other parts of this form.

If you file an amended return, use the amounts shown on your original return to figure your underpayment.

Line 1 – Tax Liability after Nonrefundable Tax Credits. Enter your 2025 tax liability after nonrefundable tax credits. Individuals enter the amount on Form 2, line 10, and any lump sum and recapture taxes from Schedule IV, line 7. Estates and trusts enter Form FID-3, page 3, line 19.

Line 3a – Montana Income Tax Withholding. Individuals enter the total tax withholding from Form 2, page 1, line 11. This amount includes wage withholding, withholding on a payment reported on a Form 1099, pass-through entity tax credit, pass-through withholding, and loan-out withholding. Estates and trusts add the

withholding payments allocated to the entity from Form FID-3, page 2, lines 10, 11, 12, and 13.

Line 3b – Refundable Tax Credits. Individuals enter the refundable tax credits you claimed including the Montana Earned Income Tax Credit, Elderly Homeowner/Renter Credit, Montana Adoption Credit, and Unlocking Public Lands Credit from Form 2, page 1, lines 15 through 17. Estates and trusts enter the Unlocking Public Lands Credit from Form FID-3, page 2, line 18.

Line 3c – Overpayment from the 2024 Return. Individuals enter the overpayment applied to 2025 from the 2024 Form 2, line 13. Estates and trusts enter the amount from 2024 Form FID-3, page 2, line 31.

Line 5 – 2024 Tax Liability. Individuals enter the 2024 tax after nonrefundable credits from 2024 Form 2, page 1, line 10. Estates and trusts enter the 2024 tax liability after nonrefundable tax credits from 2024 Form FID-3, page 3, line 16.

Part II. Interest on Underpayment of Estimated Tax

If you are using the annualized method, complete Part III before completing this section.

Line 1. Enter the amount of your required installment for each due date shown in each column heading in Columns A through D. For most taxpayers, this is one-fourth of the required annual payment on Part I, line 6. If you are using the annualized method, report the amounts from Part III, line 24.

Line 4. Enter the amount of estimated tax payments made for the tax year.

In Column A, enter the payments you made by April 15, 2025, and any overpayments applied from your 2024 return. In Column B, enter the payments made after April 15, 2025, through June 16, 2025. In Column C, enter the payments made after June 16, 2025, through September 15, 2025. In Column D, enter the payments made after September 15, 2025, through January 15, 2026. See Example 1.

If you are applying an overpayment from 2024 and the payment was made after April 15, 2025, treat the payment as if it were made on the date of the payment. For example, you paid \$600 in tax due on your 2024 return on July 2, 2025. You amended the return and were due a \$400 refund. You elected to apply this to your 2025 estimated payments. The \$400 overpayment is treated as paid on July 2, 2025. This amount is entered in Column B.

Example 1

You filed your 2024 return on June 1, 2025, showing a \$2,000 refund. You elected to have \$1,500 of your 2024 overpayment applied to your 2025 estimated tax payments. In 2025, you had \$4,000 in Montana tax withheld from your wages. You also made \$500 estimated tax payments on September 15, 2025, and January 15, 2026. On line 2 in each column, enter one-fourth of your total withholding amounts (\$1,000). On Column A, line 4, enter your \$1,500 overpayment from 2024 that you elected to apply to your 2025 estimated tax payments. Enter \$0 in Column B because you did not make an estimated payment for this period. On line 4 in Columns C and D enter your \$500 estimated tax payments.

Part II. Interest on the Underpayment of Estimated Tax

The due dates shown are for calendar year taxpayers.
Adjust these dates accordingly for fiscal year filers.

Complete lines 1 through 4 in each column before going to line 5.				
	A	B	C	D
	4/15/2025	6/16/2025	9/15/2025	1/15/2026
1 Divide Part I, line 6 by four and enter the result in each column. If using the annualized method, enter Part III, Section 1, line 24.				
2 Add Part I, lines 3a and 3b. Then, divide by 4 and enter the result in each column	\$1,000	\$1,000	\$1,000	\$1,000
3 Subtract line 2 from line 1				
4 Amount of estimated tax paid by the date in each column. Include the amount from Part I, line 3c in Column A.	\$1,500	\$0	\$500	\$500

Line 10. If this line is zero for all payment periods, you do not owe interest on your underpayment.

Lines 12 through 15. Complete these lines to figure your interest for each period by applying the appropriate rate to each underpayment on line 10. Interest is figured for the number of days that each underpayment remains unpaid.

Line 12. Your payments are applied first to any underpayment balance on an earlier period regardless of if it is designated for a different period. If more than one payment was applied to fully pay the underpayment amount on line 10 in a particular column, enter the date(s) and amount(s) applied up to the underpayment amount. If a payment was more than the underpayment amount, enter the excess in the next column with the same date. *See Example 2.*

Example 2

You had a \$500 underpayment after making your first period payment, due April 15. Your second period payment, due June 16, is \$1,200. You make a \$1,200 payment on June 10. The first \$500 of this payment is applied to your first period underpayment. The interest for the first period is figured from April 15 to June 10 (56 days). The remaining \$700 is applied to your second period payment.

Line 13. If more than one payment was applied to an underpayment on line 10, enter the number of days each payment was late.

Line 14. If more than one payment was required to fully satisfy an underpayment amount, make a separate computation for each payment. *See Example 3 on page 9.*

If you filed your tax return by January 31 and paid the amount due in full, as computed on your tax return, there is no underpayment interest penalty calculated on the fourth installment payment. Enter \$0 in Column D.

Example 3

Your required installment payment for each due date is \$4,000. You made five payments: \$2,000 on April 30, 2025; \$3,000 on June 16, 2025; \$4,000 on September 15, 2025; \$4,000 on January 15, 2026; and \$3,000 on April 15, 2026. You did not have any withholding, refundable tax credits, or a carryforward from the previous tax year. The interest rate is 7% (0.000192 calculated daily).

The entries are illustrated below.

Part II. Interest on the Underpayment of Estimated Tax

The due dates shown are for calendar year taxpayers.

Adjust these dates accordingly for fiscal year filers.

	A	B	C	D
	4/15/2025	6/16/2025	9/15/2025	1/15/2026
Complete lines 1 through 4 in each column before going to line 5.				
1 Divide Part I, line 6 by four and enter the result in each column. If using the annualized method, enter Part III, Section 1, line 24.	\$4,000	\$4,000	\$4,000	\$4,000
2 Add Part I, lines 3a and 3b. Then, divide by 4 and enter the result in each column				
3 Subtract line 2 from line 1	\$4,000	\$4,000	\$4,000	\$4,000
4 Amount of estimated tax paid by the date in each column. Include the amount from Part I, line 3c in Column A.		\$5,000	\$4,000	\$4,000
Complete lines 5 through 11 in one column before going to the next column.				
5 Overpayment from the previous period, if any, from line 11 of the previous column				
6 Add lines 4 and 5. This is your estimated payment for the period.	0	\$5,000	\$4,000	\$4,000
7 Add lines 9 and 10 from the previous column. This is your total underpayment to date.		\$4,000	\$3,000	\$3,000
8 Subtract line 7 from line 6. If zero or less, enter 0.	0	\$1,000	\$1,000	\$1,000
9 If the amount on line 8 is zero, subtract line 6 from line 7. Otherwise, enter 0. This is the underpayment from the previous period.				
10 If line 8 is equal to or less than line 3, subtract line 8 from line 3. If line 8 is greater than line 3, go to line 11. This is the current period underpayment.	\$4,000	\$3,000	\$3,000	\$3,000
11 If line 8 is greater than line 3, subtract line 3 from line 8. Then go to line 5 in the next column. This is the overpayment for the period.				
Complete lines 12 through 15 of the columns with an amount on line 10.				
12 Date(s) you paid the amount on line 10 or April 15, 2026, whichever is earlier (See instructions)	4/30/2025 6/16/2025	9/15/2025	1/15/2026	4/15/2026
13 Number of days from the installment due date to the date shown on line 12 (See instructions)	15 62	91	122	90
14 Multiply line 10 by line 13. Then, multiply the result by 0.000192.	\$11.52 \$47.62	\$52.42	\$70.27	\$51.84
15 Add the amounts on line 14 in each column. Enter here and on Form 2, Schedule IV, line 2 or Form FID-3, page 2, line 24. This is your interest on underpayment of estimated taxes.				\$186.05

Part III. Annualized Income Installment Method

If your income varied throughout the year because, for example, you operated your business on a seasonal basis or had a large capital gain late in the year, you may be able to lower or eliminate the amount of one or more required installments by using the annualized income installment method. Part IV is used to calculate the amount of each required installment payment. If you use Part IV for any payment due date, you must use it for all payment due dates.

To use the annualized income installment method to figure interest on the underpayment of estimated tax payments, complete Part IV, Section 1, lines 1 through 13. Then complete Section 2 to figure your tax for each period. Enter the amounts from Columns A through D, line 24 on Part II, Columns A through D, line 1. Finally, complete Part III to figure your interest on the underpayment of estimated taxes.

Section 1.

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

Line 2. Individuals enter the federal adjusted gross income for each period. Estates and trusts enter the federal adjusted total income for the period. Report the amount cumulatively. For example, if you earn \$55,000 from January 1 to March 31, and \$25,000 from April 1 to May 31, you will report \$55,000 in Column 1 and \$80,000 in Column 2.

Line 4. If you itemized your deductions on your federal return, enter the amount of deductions you had for each period. Report this amount cumulatively just as you reported your income. Skip this line if you did not itemize your federal deductions.

Do not include any state income tax deduction.

Estates and trusts report the allowable deductions for each period. Do not include the deduction for state income tax paid or the federal Qualified Business Income Deduction.

Line 6. If you did not itemize your deductions on your federal return, report the standard deduction for your filing status in each column. Estates and trusts enter zero.

Line 9. Report your Montana additions for each period cumulatively. See Form 2 or Form FID-3 instructions for the list of Montana additions.

Line 11. Report your Montana subtractions for each period cumulatively. See Form 2 or Form FID-3 instructions for the list of Montana subtractions.

Line 14. Use the amount on line 13 in each column to figure your tax. To do this, complete Section 2 for the period in each column.

Line 15. Enter any nonrefundable tax credits in the period of the column you took the action to incur the particular credit. For example, if you completed an eligible donation to receive the Qualified Endowment Credit on June 30, report the amount of the credit in Column C.

See Form 2 instructions for a list of nonrefundable tax credits.

Line 24. This line reports the lesser of the estimated payment determined on Part I or the amount determined under the annualization method. These are your estimated payments for the tax year if you choose to use the annualization method.

Section 2.

If you are using the annualized method to determine your interest on the underpayment of estimated tax, complete this section for each of the periods in the heading of Section 1.

Residents complete lines 1 through 13.

Nonresidents, part-year residents, and residents filing jointly with nonresident or part-year resident spouses complete lines 1 through 24.

Administrative Rules of Montana:

[Title 42 Chapter 15 Subchapter 3](#)

Questions? Call us at (406) 444-6900, or Montana Relay at 711 for the hearing impaired.