



2025 Interest on Underpayment of Estimated Tax  
for Composite Tax and Pass-Through Entity Tax

Form EST-PTI  
V1 6/2025

15-30-2512, MCA

Pass-Through Entity Name  FEIN

Part I. Required Pass-Through Entity Tax and/or Composite Tax Annual Payment

|    |  |    |                      |
|----|--|----|----------------------|
| 1  | 2025 pass-through entity tax and/or composite tax liability from Form PTE, lines 25 and 28.  | 1  | <input type="text"/> |
| 2  | Multiply line 1 by 90% (0.90)  | 2  | <input type="text"/> |
| 3a | 2025 total flow-through payments applied to pass-through entity tax and/or composite tax liability from Form PTE, lines 26 and 29          | 3a | <input type="text"/> |
| 3b | Overpayment from 2024 Form PTE, line 46, applied to pass-through entity tax and/or composite tax   | 3b | <input type="text"/> |
| 3  | Add lines 3a and 3b.   | 3  | <input type="text"/> |
| 4  | Subtract line 3 from line 1. If the result is less than \$500, stop here. You do not owe interest on your underpayment of estimated taxes. | 4  | <input type="text"/> |
| 5  | 2024 pass-through entity tax and/or composite tax liability from 2024 Form PTE, lines 25 and 28  | 5  | <input type="text"/> |
| 6  | Enter the lesser of line 2 or line 5. <b>This is your required annual payment.</b>   | 6  | <input type="text"/> |

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            |
| <b>Complete lines 1 through 4 in each column before going to line 5.</b>                |  |                      |                      |                      |
| 1   | Divide Part I, line 6, by four and enter the result in each column. If using the annualized method, enter Part III, line 22.   | <input type="text"/> | <input type="text"/> | <input type="text"/> |
| 2   | Divide Part I, line 3a, by four and enter the result in each column  | <input type="text"/> | <input type="text"/> | <input type="text"/> |
| 3   | Subtract line 2 from line 1  | <input type="text"/> | <input type="text"/> | <input type="text"/> |
| 4   | Amount of estimated tax paid by the date in each column. Include the amount from Part I, line 3b in Column A.  | <input type="text"/> | <input type="text"/> | <input type="text"/> |
| <b>Complete lines 5 through 11 of one column before going to the next column.</b>       |  |                      |                      |                      |
| 5   | Overpayment from the previous period, if any, from line 11 of the previous column  | <input type="text"/> | <input type="text"/> | <input type="text"/> |
| 6   | Add lines 4 and 5. <b>This is your estimated payment for the period.</b>   | <input type="text"/> | <input type="text"/> | <input type="text"/> |
| 7   | Add lines 9 and 10 from the previous column. <b>This is your total underpayment to date.</b>   | <input type="text"/> | <input type="text"/> | <input type="text"/> |
| 8   | Subtract line 7 from line 6. If zero or less enter 0.  | <input type="text"/> | <input type="text"/> | <input type="text"/> |
| 9   | If the amount on line 8 is zero, subtract line 6 from line 7. Otherwise, enter 0. <b>This is the underpayment from the previous period.</b>                              | <input type="text"/> | <input type="text"/> | <input type="text"/> |
| 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. <b>This is the current period underpayment.</b> | <input type="text"/> | <input type="text"/> | <input type="text"/> |
| 11  | If line 3 is less than line 8, subtract line 3 from line 8. Then go to line 5 in the next column. <b>This is the overpayment for period.</b>                             | <input type="text"/> | <input type="text"/> | <input type="text"/> |
| <b>Complete lines 12 through 14 of the columns where there is an amount on line 10.</b> |  |                      |                      |                      |
| 12  | Date(s) you paid the amount on line 10 or March 16, 2026, whichever is earlier (See instructions)  | <input type="text"/> | <input type="text"/> | <input type="text"/> |
| 13  | Number of days from the installment due date to the date shown on line 12 (See instructions)   | <input type="text"/> | <input type="text"/> | <input type="text"/> |
| 14  | Multiply line 10 by line 13. Then, multiply the result by 0.000192   | <input type="text"/> | <input type="text"/> | <input type="text"/> |
| 15  | Add the amounts on line 14 in each column. Enter here and on Form PTE, line 31. <b>This is your interest on underpayment of estimated taxes.</b>                         | <input type="text"/> | <input type="text"/> | <input type="text"/> |

### Part III. Annualized Income Installment Method Worksheet

If you marked the box on Form PTE, line 21, you must include Part III with your Form PTE.

Complete each column beginning with Column A through line 22 before completing the next column.

| Annualized Method –<br>Interest on Underpayment of Estimated Tax  |    | A<br>1/1/25 to<br>3/31/25 | B<br>1/1/25 to<br>5/31/25 | C<br>1/1/25 to<br>8/31/25 | D<br>1/1/25 to<br>12/31/25 |
|---|----|---------------------------|---------------------------|---------------------------|----------------------------|
| 1 Annualization amounts   | 1  | 4                         | 2.4                       | 1.5                       | 1                          |
| 2 Total federal income  | 2  |                           |                           |                           |                            |
| 3 Multiply line 2 by line 1   | 3  |                           |                           |                           |                            |
| 4 Total federal deductions  | 4  |                           |                           |                           |                            |
| 5 Multiply line 4 by line 1   | 5  |                           |                           |                           |                            |
| 6 Subtract line 5 from line 3   | 6  |                           |                           |                           |                            |
| 7 Montana additions for each period   | 7  |                           |                           |                           |                            |
| 8 Multiply line 7 by line 1   | 8  |                           |                           |                           |                            |
| 9 Montana subtractions for each period  | 9  |                           |                           |                           |                            |
| 10 Multiply line 9 by line 1  | 10 |                           |                           |                           |                            |
| 11 Add lines 6 and 8, then subtract line 10   | 11 |                           |                           |                           |                            |
| 12 Montana apportionment factor for each period (See instructions)  | 12 |                           |                           |                           |                            |
| 13 Multiply line 12 by line 11  | 13 |                           |                           |                           |                            |
| 14 Pass-through entity tax and/or composite tax for each period (See instructions)  | 14 |                           |                           |                           |                            |
| 15 Applicable percentage  | 15 | 22.5%                     | 45%                       | 67.5%                     | 90%                        |
| 16 Multiply line 15 by line 14  | 16 |                           |                           |                           |                            |
| 17 Enter total of the amount in all previous columns of line 22   | 17 |                           |                           |                           |                            |
| 18 Subtract line 17 from line 16. If zero or less, enter 0.   | 18 |                           |                           |                           |                            |
| 19 Divide Part I, line 6, by four and enter the result in each column   | 19 |                           |                           |                           |                            |
| 20 Subtract line 22 of the previous column from line 21 of that column  | 20 |                           |                           |                           |                            |
| 21 Add lines 19 and 20  | 21 |                           |                           |                           |                            |
| 22 Enter the lesser of line 18 or line 21 here and on Part II, line 1. <b>These are the PTE's required installment payments for the tax year.</b> | 22 |                           |                           |                           |                            |

# Instructions for 2025 Interest on Underpayment of Estimated Tax for Composite Tax and Pass-Through Entity Tax

## 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-PTI to determine if you owe interest for underpaying your estimated tax, and if you do, to figure the amount of the interest due. You can use the form to figure your interest and include the amount on your tax return. Most taxpayers do not need to include this form with their Form PTE because the department will figure the underpayment interest for you. However, if you used the annualized income installment method to figure your estimated payments, you must include Part III with your Form PTE.

## 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

You must pay estimated taxes if you elect to pay pass-through entity tax (PTET) or composite tax. Generally, you may owe interest on the underpayment of estimated tax if you did not make the required quarterly 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:

- It is the first year you are making an election to pay composite tax.
- It is the first year you are making an election to pay PTET.
- Your 2024 tax period covered 12 months and your Montana PTET and/or composite tax liability was zero.
- Your 2025 income tax liability after PTET credits and/or pass-through withholding is less than \$500. To determine whether your tax due is less than \$500, complete Part I, lines 1 through 4.
- You were not required to file a 2024 Montana income tax return.
- At least two-thirds of your gross income is derived from farming or ranching operations.

Additionally, you are not required to make estimated tax payments of pass-through withholding. Do not report any amounts of pass-through withholding to calculate your interest on the underpayment of estimated taxes.

## 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.

Only report amounts of PTET and composite tax. Do not report any amounts paid for pass-through withholding.

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

## **Part II. Interest on the 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 in Part I, line 6. If you are using the annualized method, report the amounts from Part III, line 22.

**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.

If you are applying an overpayment from 2024 and the payment was made after March 16, 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.

**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 required installment 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.

For example, 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.

For example, you made payments on April 30, 2025, and June 16, 2025. Enter April 30, 2025, and June 16, 2025, in Column A, line 12. Then enter "15" (the number of days between April 15, 2025, and April 30, 2025) and "62" (the number of days between April 15, 2025, and June 16, 2025) in Column A, line 13.

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

### **Part III. Annualized Income Installment Method**

If you mark the annualized method box on Form PTE, line 21, you must include Part III with your return.

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 III is used to calculate the amount of each required installment payment.

If you use Part III for any payment due date, you must use it for all payment due dates.

**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 A and \$80,000 in Column B.

**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 12.** Complete Form PTE, Schedule I for each period to determine the apportionment factor for each period.

**Line 14.** If you made a pass-through entity tax election, multiply the amount on line 13 in each column by 5.9 percent (0.059). If you made a composite tax election, complete Form PTE, Schedule IV for each period.

**Line 22.** This line reports the lesser of the default estimated payment determined, i.e. the amount determined under the annualization method or the amount required under the regular method.

### **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.