



TAX FACTS 2020-1

Estimated Income Tax for Corporations, S Corporations, Estates, and Trusts

This Tax Facts provides general information about estimated income tax for Corporations, S Corporations, Estates, and Trusts.

1 What are estimated tax payments?

If the corporation, estate, or trust expects to have a tax liability on its tax return for the year, submit Form N-201V with payment to the Department of Taxation (Department). Estimated payments are paid in four installments. Form N-201V can be filed and payment made electronically through the State's internet portal at tax.hawaii.gov/eservices/.

2 Do the estimated tax provisions apply to both Hawaii and foreign (non-Hawaii) entities?

Yes. The estimated tax provisions apply to:

- Hawaii corporations, estates, and trusts;
- Foreign corporations, estates, and nonresident trusts with Hawaii tax liability.

3 Who must make estimated tax payments?

In most cases, you must pay estimated tax for the current year if you expect to owe \$500 or more in tax (income tax less credits) for the current year.

4 Are there any exceptions?

Yes. You do not have to pay estimated tax for the current year if:

- (1) Your estimated tax liability for the current year is less than \$500; or
- (2) You are a foreign corporation and less than fifteen per cent of the corporation's business for the taxable year will be attributable to the State. Fifteen per cent of the corporation's business shall be deemed attributable to the State if fifteen per cent or more of the entire gross income of the corporation (which means gross income computed without regard to source in the State) is attributable to the State; or
- (3) You meet the exceptions to the penalty for estates and trusts (see Form N-210) or for corporations (see Form N-220).

5 How do I figure my estimated tax?

Use the Estimated Tax Worksheets and Tax Rate Schedule to figure your estimated tax for the current year.

You may also use your tax return for the preceding year as a starting point to figure your expected income, adjustments, deductions, exemptions, and credits for the current year. However, you must make adjustments for changes in your situation for the current year and for recent changes in the tax law.

You may have to refigure your estimated tax for the current year if there are changes to your expected income, adjustments, deductions, exemptions, or credits. See question 9.

6 What can I do if I receive my income unevenly throughout the year?

If you receive your income unevenly throughout the year (for example, because you operate your business on a seasonal basis or you have a large capital gain late in the year), you may be able to lower or eliminate the amount of your required estimated tax payment for one or more periods by using the annualized income installment method. To see if you can pay less for any period, complete Schedule A of Form N-210 (for estates and trusts) or Schedule A of Form N-220 (for corporations).

Note: If you use the annualized income installment method to figure your estimated tax payments, you **MUST** file Form N-210 or Form N-220 with your current year tax return.

7 When are my estimated tax payments due?

You can pay all of your estimated tax by April 20 of the current year or in four equal amounts by the dates shown below.

Payment	Payment Due Date
1st Payment	April 20, current year
2nd Payment	June 20, current year
3rd Payment	September 20, current year
4th Payment	January 20, next year

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For more information, visit the Department of Taxation's website at tax.hawaii.gov

You do not have to make the payment due January 20 of the following year if you file your current year tax return by January 31 of the following year and pay the entire balance due with your return.

Due dates for fiscal year taxpayers are the 20th day of the 4th, 6th, and 9th months of your current fiscal year and the 1st month of the following fiscal year.

If the due date for an estimated tax payment falls on a Saturday, Sunday, or legal holiday, the payment will be on time if you make it on the next day that is not a Saturday, Sunday, or a holiday.

8 What if I do not have income subject to estimated tax during the first period?

If you do not have income subject to estimated tax until a later payment period, you must make your first payment by the due date for that period. You can pay your entire estimated tax by the due date for that period or you can pay it in installments by the due date for that period and the due dates for the remaining periods.

If you first have income on which you must pay estimated tax:	Make a payment by:	Of the estimated tax due, pay:
April 1 - May 31, current year	June 20, current year	One-third
June 1 - August 31, current year	September 20, current year	One-half
After August 31, current year	January 20, next year	All

9 Can I amend my estimated tax payments?

After you make an estimated tax payment, changes in your income, adjustments, deductions, exemptions, or credits, may make it necessary for you to refigure your estimated tax. Pay the unpaid balance of your amended estimated tax by the next payment due date after the change or in installments by that date and the due dates for the remaining payment periods.

If an estimated tax payment for a previous period is less than one-fourth of your amended estimated tax, you may owe a penalty when you file your return.

10 When will I owe a penalty?

In some cases, you may owe a penalty when you file your return. A penalty may be applied if you did not pay enough estimated tax for the year or you did not make the payments on time or in the required amount. A penalty may apply even if you have an overpayment on your tax return. See Form N-210 (for estates and trusts) or Form N-220 (for corporations) to determine if enough estimated tax has been paid and whether you are subject to the penalty for underpayment of estimated tax.

11 How do I make estimated tax payments?

You may submit estimated tax payments online at hitax.hawaii.gov. You may also complete Form N-201V, Business Income Tax Payment Voucher, and mail the voucher to the Hawaii Department of Taxation, Attn: Payment Section, P.O. Box 1530, Honolulu, Hawaii 96806-1530.

12 How do I claim the estimated tax payments that I made on my tax return?

Enter the total estimated tax payments on the appropriate line of your return.

Where to Get Forms and Information

Website: tax.hawaii.gov
 Telephone: 808-587-4242
 Toll-Free: 1-800-222-3229
 Telephone for the hearing impaired: 808-587-1418
 Toll-Free for the hearing impaired: 1-800-887-8974

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Estimated Tax Worksheet for Corporations and S Corporations

(Keep for Your Records — DO NOT Send to the Hawaii Department of Taxation)

PART I. TAX COMPUTATION FOR CALENDAR YEAR OR FISCAL YEAR BEGINNING IN THE CURRENT CALENDAR YEAR

1. Enter the amount of Federal taxable income expected for this tax year	
ADJUSTMENTS TO ARRIVE AT ESTIMATED TAXABLE INCOME FOR HAWAII TAX PURPOSES	
ADD:	
2. Amount of capital gains and losses for HAWAII tax purposes:	
(a) Net short-term gain	
(b) Net long-term capital gain	
(c) Net gain (or loss) from sale or exchange of property other than capital assets	
3. Deduction allowable for federal tax purposes but not allowable or allowable only in part for Hawaii tax purposes - itemize below:	
(a)	
(b)	
(c)	
4. Other adjustments	
5. Total of items 1 to 4 inclusive	
DEDUCT:	
6. Dividends from national banks	
7. 70% of dividends (other than national bank dividends)	
8. Interest on obligations of the United States	
9. Excess of income from sources outside Hawaii received by a foreign or domestic corporation over deductions attributable to or connected with such income	
10. Amount of net capital gains and losses as reported on FEDERAL return (this eliminates the Federal capital gain — see line 2 above for Hawaii)	
11. Amortization of casualty losses where election is made to amortize for HAWAII purposes under section 235-7(f), HRS	
12. Net operating loss deduction	
13. Other deductions or adjustments	
14. Total of items 6 to 13 inclusive	
15. ESTIMATED TAXABLE INCOME OR LOSS FOR HAWAII TAX PURPOSES (Line 5 minus line 14)	

PART II. TAX COMPUTATION WORKSHEET FOR CALENDAR YEAR OR FISCAL YEAR BEGINNING IN THE CURRENT CALENDAR YEAR

1. Enter the amount of taxable income for Hawaii tax purposes expected in this tax year (from line 15, PART I)	
2. Enter the amount of net long-term capital gain over net short-term capital loss as shown on line 2(b). (If line 2(b) exceeds line 15, enter an amount equal to that shown on line 15. However, if line 15 shows a loss, enter zero.)	
3. Line 1 minus line 2	
4. a. Tax on capital gain — 4% of the amount shown on line 2	
b. Tax on all other taxable income if amount on line 3 is:	
(1) Not over \$25,000 — enter 4.4% of line 3	
(2) Over \$25,000 but not over \$100,000 — Enter 5.4% of line 3	
Subtract \$250 and enter the difference	(250)
(3) Over \$100,000 — Enter 6.4% of line 3	
Subtract \$1,250 and enter difference	(1,250)
c. Recapture of capital goods excise tax credit, low-income housing tax credit, important agricultural land qualified agricultural cost tax credit, or capital infrastructure tax credit	
5. Total estimated tax liability (Add lines 4a, 4b, and 4c)	
6. Less: Tax credits	
7. Total estimated tax due (line 5 minus line 6)	
8. All or part of overpayment from prior year tax return credited to estimated tax and payments to date	
9. Unpaid balance of estimated tax (line 7 minus line 8)	
10. Amount of first installment . Enter this amount also on payment voucher 1	
11. All or part of overpayment from prior year tax return credited to estimated tax and payments through the first installment .	
12. Unpaid balance of estimated tax (line 7 minus line 11)	
13. Amount of second installment . Enter this amount also on payment voucher 2	
14. All or part of overpayment from prior year tax return credited to estimated tax and payments through the second installment	
15. Unpaid balance of estimated tax (line 7 minus line 14)	
16. Amount of third installment . Enter this amount also on payment voucher 3	
17. All of overpayment from prior year tax return credited to estimated tax and payments through the third installment	
18. Unpaid balance of estimated tax (line 7 minus line 17)	
19. Amount of fourth installment . Enter this amount also on payment voucher 4	

PART III. Amended Computation		PART IV. Record of Estimated Tax Payments				
(Used if your estimated tax substantially changes after you file your first payment voucher.)		Voucher Number	Date	Amount Paid	Prior year overpayment credit applied to installment	Total amount paid and credited from the 1st day of the taxable year through the installment date shown. Add (b) and (c)
			(a)	(b)	(c)	(d)
1.	Amended estimated tax					
2.	Less:					
(a)	Amount of last year's overpayment elected for credit to current year's estimated tax and applied to date	1				
(b)	Estimated tax payments to date.....	2				
(c)	Total of lines 2(a) and 2(b)	3				
3.	Unpaid balance (line 1 minus line 2(c)).....	4				
4.	Amount to be paid (line 3 divided by number of remaining installments). Enter here and on payment voucher	Total.....	➤			

ESTIMATED TAX COMPUTATION WORKSHEET FOR ESTATES AND TRUSTS

1. Enter the total expected current year taxable income of the fiduciary (Form N-40)	1	00
2. Net capital gain taxable to the estate or trust. If this line is zero, go to line 9.....	2	00
3. Difference — line 1 minus line 2	3	00
4. Enter the greater of line 3 or \$20,000	4	00
5. Tax on amount on line 4. If line 4 is \$20,000, enter \$1,128.00. See Tax Rate Schedule below	5	00
6. Difference — line 1 minus line 4	6	00
7. Multiply the amount on line 6 by 7.25% ..	7	00
8. Tax — add lines 5 and 7	8	00
9. Tax on the amount on line 1.....	9	00
10. Enter the smaller of line 8 or line 9	10	00
11. Estimated available tax credits	11	00
12. Estimated tax due — line 10 minus line 11	12	00
13. If the first required payment voucher is due April 20 of the current tax year, enter 1/4 of the amount on line 12 here and on the payment voucher	13	00

TAX RATE SCHEDULE FOR ESTATES AND TRUSTS

If the taxable income is:	The tax shall be:
Not over \$2,000.....	1.4% of taxable income
Over \$2,000 but not over \$4,000.....	\$28.00 plus 3.2% of excess over \$2,000
Over \$4,000 but not over \$8,000.....	\$92.00 plus 5.5% of excess over \$4,000
Over \$8,000 but not over \$12,000.....	\$312.00 plus 6.4% of excess over \$8,000
Over \$12,000 but not over \$16,000.....	\$568.00 plus 6.8% of excess over \$12,000
Over \$16,000 but not over \$20,000.....	\$840.00 plus 7.2% of excess over \$16,000
Over \$20,000 but not over \$30,000.....	\$1,128.00 plus 7.6% of excess over \$20,000
Over \$30,000 but not over \$40,000.....	\$1,888.00 plus 7.9% of excess over \$30,000
Over \$40,000	\$2,678.00 plus 8.25% of excess over \$40,000