

# COLORADO 2008

## Estimated Tax Vouchers for Individuals INSTRUCTIONS

1. **Who must pay estimated tax.** Every resident of Colorado and every nonresident with income from Colorado sources must pay estimated income tax if it can reasonably be expected that the net Colorado income tax liability for the current taxable year will exceed the Colorado sales tax refund and withholding credits by \$1,000 or more. See FYI Income 51 for more information.
2. **Due date for filing.** Estimated tax payments are due in four equal installments on April 15, 2008, June 15, 2008, September 15, 2008 and January 15, 2009. Payments will be credited against the earliest quarterly installment that is due for the tax year regardless of when the payment is received. If the due date is a Saturday, Sunday or legal holiday, payment on the next business day is accepted as having been made on the due date.
3. **Joint Returns.** Any estimated tax payment submitted by a married couple that will be filing a joint tax return must list the same spouse first on both Form 104-EP and Form 104.
4. **How to compute your estimated tax for 2008.** You should compute your 2008 estimated tax in the worksheet provided in this booklet using the 2007 individual income tax instruction booklet as a guide.
5. **Annualized income installment method.** Taxpayers who do not receive income evenly during the year (for example, taxpayers who own a seasonal business or receive a lump sum payment late in the year) may elect to use the annualized income installment method to compute their estimated tax payments if they elect this method for their federal payments. This method allows taxpayers to pay estimated tax based on income actually received during the preceding portion of the tax year.
6. **Application of 2007 overpayment.** An estimated tax credit resulting from an overpayment of tax on your 2007 income tax return must be applied to the first estimated tax payments due.
7. **Required estimated payments.** The required annual amount to be paid is the lesser of:
  - 70% of the actual net Colorado tax liability
  - 100% of the preceding year's net Colorado tax liability (This amount only applies if the preceding year was a 12-month tax year, the individual filed a Colorado return and the federal adjusted gross income for the preceding year was \$150,000 or less, \$75,000 or less if married separate)
- 110% of the preceding year's net Colorado tax liability (This amount only applies if the preceding year was a 12-month tax year, and the individual filed a Colorado return.)

The net Colorado tax liability for purposes of estimated tax computation is the total Colorado tax, alternative minimum tax and recapture of prior year credits reported on the Colorado individual income tax return Form 104 less all credits other than the state sales tax refund, withholding credits, and estimated tax credits.
8. **Penalty for failure to pay estimated tax.** The estimated tax penalty will be assessed if the required estimated payments are not paid in a timely manner. The penalty will be the appropriate Colorado income tax interest rate times the underpayment for each quarter times the underpayment period. This penalty is computed on Form 204.

The estimated tax penalty will not be assessed if one of the following conditions is met:

  - No penalty is due if the net Colorado tax liability minus any prepayments and credits, other than the estimated tax payments and credits, is less than \$1,000.
  - No penalty is due if the taxpayer is a farmer or fisherman and files a return with full payment of any tax due by March 1 of the following tax year.
9. **Refund of estimated tax.** The 2008 estimated tax payments and/or credits may only be claimed as prepayment credits on the 2008 income tax return. Such payments and/or credits are not subject to refund except by the filing of such a return.
10. **Where to file.** File estimated tax vouchers with the Colorado Department of Revenue, Denver, Colorado 80261-0008. Make checks or money orders payable to the Colorado Department of Revenue.
11. **Additional Information.** All forms, FYIs, the Tax Information Index and other information are available at: [www.TaxColorado.com](http://www.TaxColorado.com) or you can call for information at (303) 238-SERV (7378).



### ONLINE TAX PAYMENTS

Pay your estimated income tax by echeck or credit card. This service will be available during 2008. Please note that there is an additional fee if you decide to use this electronic payment method. This fee is paid to a third party that provides these services for Colorado.gov. For credit card transactions, the administrative processing fee is the amount due plus \$.75 multiplied by 2.25%. However, if you choose to pay with cash in the form of an echeck, the administrative processing fee is discounted to \$1.00 per transaction. Make your online payment using a credit card or electronic check at [www.colorado.gov/taxpay](http://www.colorado.gov/taxpay)