

INSTRUCTIONS FOR 2024 PIT-ES

NEW MEXICO ESTIMATED TAX PAYMENT VOUCHER

Who Must Pay Estimated Taxes?

Every individual who must file a personal income tax return under the Income Tax Act also must pay estimated income tax. This occurs through withholding taxes or by making estimated tax payments using the Personal Income Estimated Tax Payment Voucher (PIT-ES). You can also pay by check or credit card using the Taxation and Revenue Department's (Department)website.

There is a penalty for underpayment or non-payment of estimated tax, unless:

- You are a first-year resident;
- Your tax for the current year, less amounts withheld, is under \$1,000; or
- You are a full-year New Mexico resident whose previous tax year was a 12-month tax year and you owed zero tax for that tax return.

Tax Estimation Methods

To calculate estimated taxes, you can use the standard method (described next) and, if you qualify, exception methods (described later in these instructions). Taxpayers who qualify for an exception may be able to reduce the amount of underpayment penalty owed by completing and submitting Form RPD-41272, *Calculation of Estimated Personal Income Tax Underpayment Penalty*, for the tax year of the return along with the PIT-1 return. Do not submit Form RPD-41272 unless it reduces the amount of underpayment penalty due under the standard method of computing underpayment penalty.

How Much Do You Need To Pay?

To calculate your estimated tax, start with the required annual payment or the total amount of estimated tax to pay during the tax year. Then determine the amount and due date for each estimated tax payment.

The required annual payment is the lesser of:

- 90% of the tax on the current year's return (or, if no return is filed, the tax for the taxable year), *or*
- 100% of the tax on the prior year's return, if you filed a return during the prior year for a full 12-month year.

To determine the required annual payment, calculate your 2024 tax by:

1. Totaling these items on PIT-1:
 - Rebates and credits claimed (line 24)
 - Working families tax credit claimed (line 25)
 - New Mexico income tax withheld (lines 27, 28, and 29)
2. Subtracting this total from 2024 Net New Mexico Income Tax (line 22).

NOTE: Always use the instructions specifically written for the tax year you are filing because the line numbers and the calculation of estimated tax may change from year to year.

When Are Calendar Year Or Fiscal Year Estimated Payments Due?

For most calendar-year taxpayers, four installments of the required annual payment are due (postmark or delivery service date) by April 15, June 15, September 15, and January 15, of the following year.

For taxpayers reporting on a fiscal year basis, other than a calendar year, payments are due on or before the 15th day of the fourth, sixth, and ninth months of the tax year and on or before the 15th day of the first month of the following year. Sometimes a due date for an estimated payment is a Saturday or a Sunday, or a state or national legal holiday. The estimated payment is on time when the postmark bears the date of the next business day. Delivery by a private delivery service is on time if the pick-up date is on or before the required due date.

Exceptions For Estimated Payment Amounts And Timing

Special rules for determining the amount and timing of each estimated payment apply to taxpayers who qualify for exceptions.

If any of the following exceptions applies to you, you may be able to reduce the underpayment penalty due by completing and submitting RPD-41272, *Calculation of Estimated Personal Income Tax Underpayment Penalty* for the tax year you are filing along with your PIT-1 return:

- You want to use the actual dates withholding tax was withheld for the applicable tax year to calculate your estimated payments.
- Your income varied during the year so you do not need to pay estimated personal income tax until after March 31 of the tax year.
- You are a farmer or rancher who expects to receive 2/3 of gross income for the tax year from farming or ranching, or who has received at least 2/3 of gross income for the previous tax year from farming or ranching.

Descriptions Of Exceptions And Number To Enter In Box On Line 35, PIT-1

Read these descriptions to see if you qualify for an exception. If you qualify, enter the number noted in the last paragraph of the specific description.

Exception for applying actual tax withholding dates.

This exception applies to taxpayers who wish to compute estimated payments according to the actual dates when all amounts of withholding tax were withheld for the applicable tax year.

Unless you establish on Form RPD-41272 the dates on which all amounts were actually withheld, the Department considers an equal amount of tax withheld as tax paid on each installment due date. This provision may apply separately to wage and pension withholding and any other amounts withheld under the Withholding Tax Act.

Enter 1 if you want to calculate estimated payments based on the actual dates on which all amounts of withholding tax were withheld for the applicable tax year. (If you qualify for the exception for varying income or the exception for farmers and ranchers, enter a number from 2 to 5 as indicated in the next descriptions.)

Exception for income that varies during the year. This exception applies to taxpayers who receive seasonal income. You may **only** use this method if actual income through March 31 is too small to require an estimated payment. When your base income increases in later periods, you must make higher estimated payments to balance your account.

No payment is due for the first quarter, because actual income through March 31 is too small to require an estimated payment. Subsequent test dates to check income for estimated payments are May 31, August 31, and December 31.

If your income varies, enter 2, 3, or 4 to show the quarter you are required to begin making estimated payments.

Exception for farmers and ranchers. The law provides a special rule, identical to the federal rule, for farmers and ranchers who expect to receive *at least* 2/3 of their gross income from farming or ranching, or who received *at least* 2/3 of their gross income from farming or ranching in the prior year. Farmers and ranchers who meet the gross income test may:

- Make one estimated payment in the amount of the required annual payment on or before January 15 of the year following the tax year of the return, or
- File and pay taxes in full on or before March 1 of the year following the tax year of the return.

For joint returns, the farmer or rancher must count the spouse's gross income to determine whether the couple meets the two-thirds-of-gross income test.

Enter 5 if you are a farmer or rancher and meet these requirements. Make this entry, even if you do not owe an underpayment penalty because you filed and paid the tax in full on or before March 1 of the year following the tax year of the return.

Penalty For Underpayment Or Non-Payment Of Estimated Tax Payments

The penalty for underpayment or non-payment of estimated tax is based on the difference between the estimated tax payment and the actual amount of estimated tax due. Penalty accumulates from the due date of the estimated tax payment until the earlier of:

- The date the payment is made, or
- The 15th day of the fourth month following the close of the tax year.

New Mexico calculates the penalty (in the form of interest) on underpayment of estimated tax at the same rate as interest on an underpayment of tax. The penalty is calculated on a daily basis at the interest rate established by the U.S.

Internal Revenue Code (IRC) for individual income tax purposes.

The IRC rate, which changes quarterly, is announced by the IRS in the last month of the previous quarter. The annual and daily interest rates for each quarter are posted on our website at <https://www.tax.newmexico.gov/individuals/file-your-taxes-overview/penalty-interest-rates/>.

A special rule applies for calculating the underpayment or non-payment penalty for personal estimated income tax. The interest rate that applies to the 1st quarter following the tax year also applies to the first 15 days of April following the tax year.

This is the formula to calculate the amount of a standard daily penalty:

$$\text{penalty due} = \text{estimated tax payment} \times \text{daily interest rate} \times \text{number of days late}$$

NOTE: The penalty for underpayment of estimated tax may exceed the maximum 20% that applies to an underpayment penalty for tax.

To help calculate the underpayment penalty, you may use Form RPD-41272, *Calculation of Estimated Personal Income Tax Underpayment Penalty*. But do not submit the form unless:

- You qualify for an exception method of determining the amount and timing of the estimated tax payment, **and**
- You will owe less penalty by using the exception method.

Only taxpayers who may lower their penalty using the exception method submit RPD-41272.

To calculate an underpayment or non-payment penalty using the exception method for estimated personal income tax, you must enter 1, 2, 3, 4, or 5 in the box on line 35, PIT-1. If the box is blank, the penalty is calculated using the standard method.

How To Avoid A Penalty

If you file a return and pay the full amount on or before January 31 of the next year, no penalty applies to the 4th quarter payment. If the balance due is \$1,000 or more, the Department determines whether the required annual payment was made in timely installments. If the payment was made on time, there is no penalty.

If you believe an assessment is in error, you can protest the assessment and provide more information.

More Information And Help

For more information, see FYI-320, *PIT-ES: Personal Income Estimated Tax Payments* at <https://www.tax.newmexico.gov/forms-publications/>. Select **FYIs** from the **Publications** folder. Open the **300 Series-Income Taxes** folder to access *FYI-320*. Download a copy of the publication, or send an e-mail to TRD.taxreturnhelp@tax.nm.gov for more information.

Methods Of Payment

You can make an electronic payment online or mail a check or money order.

Pay Online. You may submit a payment with the payment voucher by mail or pay estimated personal income taxes online at no charge by electronic check through Taxpayer Access Point (TAP). Go to <https://tap.state.nm.us> and under **GENERAL TASKS**, click **Make a Payment**, then **Individual**. The electronic check authorizes the Department to debit your checking account in the amount and on the date you specify.

You may also use a credit card for your online payment. A convenience fee is applied for using a credit card. The State of New Mexico uses this fee, calculated on the transaction amount, to pay charges from the credit card companies.

Pay By Mail. Mail your payment voucher and your check or money order to the Department, following the mailing requirements in step 7.

Paying With A Check. When you provide a check as payment, you authorize the Department to use information from your check to make a one-time electronic fund transfer from your account. When we use information from your check to make an electronic fund transfer, funds may be withdrawn from your account as soon as the same day you make your payment.

Where To Get The Voucher

You can get the PIT-ES payment voucher from your personal income tax packet, the Department website, one of the Department's district offices, or your tax return preparation software. To avoid misapplication of your payment, make sure the tax year is correct on the voucher.

Use Only Blue Or Black Ink. Type or print all entries in blue or black ink. **Do not** use pencil.

Completing And Submitting The Voucher And Payment

Follow the next steps to complete and submit your voucher and payment.

1. Check the year and enter date.
2. For the Department to apply your estimated payment to the correct tax year, the PIT-ES voucher must show the tax year for which you are making payment. On the payment voucher from the Department website, write in the tax year. Make sure all payment vouchers show the correct tax year.
3. If you are a calendar-year filer making an estimated payment for a 2025 tax return due in 2026, make sure the date on your PIT-ES payment voucher indicates that the last day of the tax year is 2025.
4. Enter identification information.
5. Enter your name and social security number. If you expect to file a joint return, enter your spouse's name and social security number. To speed processing, enter the names and social security numbers in the same order as shown on your tax return.

6. Calculate the estimated payment.
7. Using the tax rate tables for the applicable tax year, determine the amount of estimated tax you owe and the amount of payments, if any, made to date. Include any overpayments from the prior year's return you want to apply to the current year's estimated tax payments. If you need help calculating the estimated payments, see Form RPD-41272, Calculation of Estimated Personal Income Tax Underpayment Penalty, or FYI-320, PIT-ES: Personal Income Tax Estimated Payments.
8. Mark quarter and enter amount.
9. Mark the box for the quarter of your estimated payment. If you are a fiscal year filer, mark the box for the quarter that compares to a calendar year.
10. Using whole dollars only, enter the amount you are submitting with the PIT-ES. Do not enter or pay cents.
11. Cut on the voucher's dotted line.
12. The high-speed scanners at the Department can read only one page size to process payment vouchers. Make sure to cut directly on the dotted line.
13. Keep a copy in a safe place.
14. To prepare your personal income tax return, you need a copy or record of each PIT-ES payment. Place your copy in a safe place where you can easily find it.
15. Follow our mailing requirements.
16. If you mail your payment, make your check or money order payable to New Mexico Taxation and Revenue Department. Write your social security number, PIT-ES, and the tax year on the check or money order. Using your own envelope, enclose the check or money order and the completed PIT-ES payment voucher. Mail the envelope to:

NM Taxation and Revenue Dept.
P.O. Box 8390
Santa Fe, NM 87504-8390

IMPORTANT: For proper credit on your account, **do not** combine a payment of estimated personal income tax with any other payment.

A taxpayer who does not make sufficient payments for a tax year may receive an assessment of penalty for underpayment of New Mexico personal income tax, even if the full tax amount owed is paid on time with the annual income tax return. To avoid underpayment penalty you may be required to make estimated tax payments. Read these instructions for more information.

Calendar-year taxpayers: The first estimated payment due for tax year 2025 is April 15, 2025. The next payments are due June 15, 2025; September 15, 2025; and January 15, 2026. Fiscal-year taxpayers: Dates vary.