



Enclose this form with your IA 1040.

Underpayment of Estimated Tax by Farmers and Fishers

Name(s) as shown on IA1040 Social Security Number

How to Figure Your Underpayment (See Instruction C)

Table with 12 rows for calculating underpayment, including items like 2013 Tax from form IA 1040, Out-of-state Tax Credit, and Total Add lines 2 through 5.

Exception Which Avoids the Penalty (See Instruction D)

Table with 1 row for Exception: Tax on 2012 return.

How to Compute the Penalty (See Instruction E)

Table with 2 rows for computing penalty, including Number of days from January 15, 2014, and Penalty calculation.

INSTRUCTIONS

Note: If any date shown falls on a weekend, federal holiday, or legal holiday as defined in Iowa Code section 4.1(34), substitute the next regular workday.

A. Purpose of This Form: Persons whose gross income from farming or fishing is at least two-thirds of their gross annual income from all sources should use this form to determine if their income tax was sufficiently paid throughout the year by withholding and/or installment payments.

B. Filing an Estimate and Paying the Tax: If you file returns on a calendar-year basis and you are required to file form IA 1040ES, you are generally required to pay the tax in four installments with the first installment due by April 30.

C. How to Compute Underpayment: Complete lines 1 through 12. If line 12 results in an underpayment, refer to Instruction D and go to line 13 to see if the exception will avoid the penalty.

D. Exception which Avoids the Penalty: No penalty will be imposed if your tax payments (amount on line 11) were made on or before the prescribed dates for payment and equal or exceed the amount determined under the following exception.

Exception: Prior Year's Tax: If your tax payments equal or exceed the tax on your 2012 tax return, no penalty will be imposed. Your 2012 return must have covered a period of 12 months.

E. How to Figure the Penalty: If your tax payments (amount on line 11) do not equal or exceed the amount determined under the exception on line 13, complete lines 14 and 15 to determine the amount of penalty.

To Compute Penalty: Use the following formula:

Penalty = daily percentage rate x number of days x underpayment

The percentage rate is: 5% per annum = 0.013699% per day

Waiver of Penalty: The underpayment of estimated tax penalty may be waived if the underpayment was due to casualty, disaster, or other unusual circumstances. The penalty may also be waived if the taxpayer retired at age 62 or later, or became disabled in the tax year for which the estimated payments were required, and such underpayment was due to reasonable cause and not to willful neglect.

Questions? Call 1-800-367-3388 (Iowa, Omaha, Rock Island, Moline) or 515-281-3114; e-mail: idr@iowa.gov.

