

**422.89 Exception to penalty.**

The penalty for underpayment of any installment of estimated tax imposed under [section 422.88](#) shall not be imposed if the total amount of all payments of estimated tax made on or before the last date prescribed for the payment of such installment equals or exceeds the amount which would have been required to be paid on or before such date if the estimated tax amount at least to one of the following:

1. The tax shown on the return of the taxpayer for the preceding taxable year, if a return showing a liability for tax was filed by the taxpayer for the preceding taxable year and such preceding year was a taxable year of twelve months.

2. An amount equal to the tax computed at the rates applicable to the taxable year but otherwise on the basis of the facts shown on the return of the taxpayer for, and the law applicable to, the preceding taxable year.

3. *a.* An amount equal to one hundred percent of the tax for the taxable year computed by placing on an annualized basis the taxable income:

(1) For the first three months of the taxable year if an installment is required to be paid in the fourth month;

(2) For the first three months or for the first five months of the taxable year if an installment is required to be paid in the sixth month;

(3) For the first six months or for the first eight months of the taxable year if an installment is required to be paid in the ninth month; and

(4) For the first nine months or for the first eleven months of the taxable year if an installment is required to be paid in the twelfth month of the taxable year.

*b.* The taxable income shall be placed on an annualized basis by multiplying the taxable income as determined under [this subsection](#) by twelve and dividing the resulting amount by the number of months in the taxable year (three, five, six, eight, nine, or eleven months, as the case may be) referred to in [this subsection](#).

[C79, 81, §422.89]

[95 Acts, ch 83, §12, 36; 2011 Acts, ch 25, §143; 2012 Acts, ch 1110, §15, 17](#)

2012 amendment to subsection 3, paragraph a, unnumbered paragraph 1, applies retroactively to tax years beginning on or after January 1, 2012; 2012 Acts, ch 1110, §17