

701—308.1(422) Who must pay estimated income tax.

308.1(1) General rule. For tax years beginning on or after January 1, 1990, estimated payments are required if the taxpayer's income tax liability attributable to incomes not subject to withholding is expected to be \$200 or more. The amount of estimated tax paid must be used as a credit on the taxpayer's individual income tax return.

308.1(2) Joint estimate payments by married taxpayers. A husband and wife may make a joint estimate tax payment on one form as if they were one taxpayer. If a joint estimate payment is made, but the husband and wife elect to file separate returns or separately on the combined return form, the estimate tax paid for the tax year by the husband and wife shall be allocated between the spouses on their returns in the proportion that each spouse's net income not subject to withholding tax relates to the combined net income of both spouses not subject to withholding tax.

308.1(3) Separate estimate tax payments by married taxpayers. A husband and wife may each make separate estimate payments. If separate estimate payments are made by married taxpayers, each spouse is to claim only the estimate payments made by that spouse.

308.1(4) Examples of types of taxpayers who may be required to make estimate payments. Listed below are examples of various types of taxpayers who may be required to make estimated tax payments. The list is for illustrative purposes and is not deemed to be all-inclusive.

1. *Self-employed.* An individual having taxable income from a trade or business where the individual has control of the work, the services rendered, and the fees and charges for services rendered or merchandise sold.

2. *Retiree.* An individual receiving pensions, annuities, and social security benefits or other incomes not subject to withholding after the taxpayer has withdrawn from active employment.

3. *Farmers and fishers.* Individuals deriving at least two-thirds of yearly income from farming or fishing activities.

4. *Nonresident.* Any individual who resides out of state and receives taxable income from an Iowa source which is not subject to withholding.

5. *Beneficiaries of estates and trusts.* Any resident or nonresident individual who is the recipient of income from an estate or trust from an Iowa source.

6. *Taxpayers with income in addition to wages.* An individual drawing salary or wages subject to withholding tax, having additional taxable income from an Iowa source which is not subject to withholding, such as interest, dividends, capital gains, rents, royalties, business income, or farm income.

7. *Agricultural worker.* Any worker receiving a wage or salary for agricultural labor which is excluded by law for withholding tax purposes.

This rule is intended to implement Iowa Code section 422.16.

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