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SC INFORMATION LETTER #87-3

TO: Vickie Jinnette  
Public Information Officer

FROM: John Swearingen, Manager  
Policy and Special Procedures Department

DATE: August 12, 1987

SUBJECT: Declaration of Estimated Tax

The adoption of the Federal penalty provisions in the Appropriations Bill raises the estimated tax payment requirements to 90% for tax years beginning after 12/31/1986 (1987 tax year for individuals).

Individuals and corporations must pay in 90% of their estimated 1987 tax liability to avoid a penalty. The penalty has been reduced to simple interest to conform with the Federal penalty. Previously, only 70% of estimated tax was required to be paid; however, the penalty was 5% and simple interest.

Individuals who (1) pay in 90% of their final tax liability, (2) had no liability during the prior tax year, (3) pay in as estimated tax 100% of prior years tax, or (4) owe less than \$100 when they file their tax return will not be subject to a penalty.

Taxpayers who receive at least two-thirds of their gross income from farming or fishing are not required to pay annual estimated tax.

NOTE: Taxpayers should increase their payments for September and January to meet the 90% requirement.