ANNUALIZED INCOME METHOD

PA FIDUCIARY INCOME TAX FOR ESTATES AND TRUSTS ONLY

PART 1. WHO MUST MAKE ESTIMATED TAX PAYMENTS?
Fiduciaries of estates and trusts must make PA estimated tax payments if they reasonably expect that the estate or trust will earn, receive, or realize income of $8,000 ($246 in tax) for 2009, and they reasonably expect the credits will be less than the smaller of:

- 90% of the tax to be shown on the estate or trust’s 2009 tax return;
- 100% of the product of multiplying the net PA taxable income shown on the 2008 PA-41 return by 3.07% (0.0307).

NOTE: Fiduciaries may follow federal rules in determining the amount of quarterly estimated payments due.

The Department only requires that estates (or trusts that receive the residue of a probate estate) make estimated payments beginning with taxable years ending two or more years after the decedent’s death.

NOTE: An estate or trust that receives its income unevenly throughout the year may be able to lower or eliminate the amount of estimated payment penalty. The Department only requires that estates (or trusts that receive the residue of a probate estate) make estimated payments in the year in which estimated payments are due and no exceptions are met for that period, even if the calculated annualized income for those periods is less than an annualized income amount of $8,000. Underpayment penalties will accrue for those periods until such estimated tax payments are received.

CAUTION: Fiduciaries cannot use the prior year PA-41 tax liability as this year’s estimated tax to avoid underpayment penalty. The estimated tax rules apply to:

- Resident estates or trusts;
- Nonresident estates or trusts that expect to have taxable income from sources within Pennsylvania.

Use these instructions and Form REV-414(F), Estates and Trusts Worksheet, in the Declaration of Estimated Personal Income Tax, to determine if you owe or do not owe Estimated Underpayment Penalties for all estimated payment periods in which an estimated payment is not made, is underpaid, and no exceptions are met for that period, even if the calculated annualized income for those periods is less than an annualized income amount of $8,000. Underpayment penalties will accrue for those periods until such estimated tax payments are received.

ANNUALIZED INCOME METHOD

<table>
<thead>
<tr>
<th>Fiscal year filers</th>
<th>Calendar year filers</th>
<th>The number of required installments is:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Before the 1st day of the 3rd month of the tax year</td>
<td>Before March 1, 2009</td>
<td>4 25% 25% 25% 25%</td>
</tr>
<tr>
<td>After the last day of the 2nd month and before the 1st day of the 5th month of the tax year</td>
<td>After February 28, 2009 and before May 1, 2009</td>
<td>3 50% 25% 25%</td>
</tr>
<tr>
<td>After the last day of the 4th month and before the 1st day of the 8th month of the tax year</td>
<td>After April 30, 2009 and before August 1, 2009</td>
<td>2 75% 25%</td>
</tr>
<tr>
<td>After the last day of the 7th month and before the 1st day of the 12th month</td>
<td>After July 31, 2009 and before December 1, 2009</td>
<td>1 100%</td>
</tr>
</tbody>
</table>

And you pay the following percentages of the estimated tax by the date shown or the next business day if the due date falls on a Saturday, Sunday, or holiday.

- 15th day of the 4th month or Apr. 15, 2009
- 15th day of the 6th month or Jun. 15, 2009
- 15th day of the 9th month or Sep. 15, 2009
- 15th day of the 1st month of the next year or Jan. 15, 2010

PART 2. PAYMENT DUE DATES.
Use the table below to determine the due date and the amount of each installment. You may pay the entire amount of your estimated tax for the estate or trust with the first payment or pay in installments when due.

PART 3. FORMS PA-40ES FIDUCIARY AND PA-40ESR (F/C) DECLARATION OF ESTIMATED PERSONAL INCOME TAX.
Fiduciaries filing declarations for the first time should use Forms PA-40ESR (F/C). Thereafter, the PA Department of Revenue will supply preaddressed Forms PA-40ES Fiduciary. Failure to receive Department-provided forms does not relieve taxpayers from filing and paying the tax.

If you do not receive the preprinted Forms PA-40ES Fiduciary or they are lost or damaged, use Form PA-40ESR (F/C) and request preprinted forms by writing to:

PA DEPARTMENT OF REVENUE
BUREAU OF INDIVIDUAL TAXES
PIT DELINQUENT TAX DIVISION
PO BOX 280510
HARRISBURG PA 17128-0510

PART 4. HOW TO COMPLETE AND USE THE DECLARATION OF ESTIMATED PERSONAL INCOME TAX FORM.

PA-40ESR (F/C):
Complete the name and identification information on the left-hand side of the coupon. In the middle column, fill in the oval to indicate the account is a fiduciary account. In the right-hand column, enter the fiscal year information if applicable, as well as the amount of payment or declaration of tax (see instructions in the following paragraph for specific information about how to complete these lines).

PA-40ES:
There is a separate Form PA-40ES Fiduciary for each due date. The due date is in the upper right corner. Please use the Form PA-40ES Fiduciary with the correct due date. Complete and submit the form only when making a payment. To complete the declaration form and pay the estimated tax due:

- Enter the amount computed on line 24 of Form REV-414 (F), Estates and Trusts Worksheet, in the Declaration of Estimated Tax Block;
The Department will notify you with a preassessment notice if the estate or trust is subject to Estimated Underpayment Penalty. You can calculate the correct amount of the penalty on PA Form REV-1630F if you disagree with the amount on the notice.

SAFE HARBOR RULES

The Department will not impose the penalty when:

1. The total timely estimated payments and credits are at least equal to an amount calculated using the current year’s tax rate times the net taxable income on its prior year’s Form PA-41 (NOTE: This exception does not apply if no return was filed in the prior year); or

2. For each installment period, the timely estimated payments and credits are at least 90% of the actual tax due on the income earned or received for each installment period.

Exception: The Department only requires that estates (or trusts that receive the residue of a probate estate) make estimated payments beginning with taxable years ending two or more years after the decedent’s death.

NOTE: An estate or trust that receives its income unevenly throughout the year may be able to lower or eliminate the amount of its required estimated tax payment for one or more periods by using the annualized income installment method.

PART 7. FORMS ORDERING.

If the estate or trust did not receive its preprinted forms or they were lost or damaged, order a replacement Form PA-40ESR (F/C) from one of the telephone numbers below or in writing to one of the addresses below. You may also copy Form PA-40ESR (F/C) from the Department's Web site.

For answers to common questions or to obtain tax forms, schedules and instructions from the Department, you may:

• Call our toll-free FACT Line at 1-888-PATAXES (1-888-728-2937) -- Within the local Harrisburg area, call (717) 772-9739;

• Use the FACT Line to access the Fax Response system to request tax forms;

• Log onto the Department’s Web site at www.revenue.state.pa.us;

• Send e-mail requests for forms to the Department at ra-forms@state.pa.us; or

Send written requests for Forms PA-40ESR (F/C) to:

PA DEPARTMENT OF REVENUE
BUREAU OF INDIVIDUAL TAXES
PIT DELINQUENT TAX DIVISION
PO BOX 280510
HARRISBURG PA 17128-0510

To control costs and provide better service, the Department will only provide new estimated forms when you make a change to the taxpayer’s identification number or name. The Department will make address changes on the next year’s estimated forms.

PART 5. AMENDING ESTIMATED TAX PAYMENTS.

The estate or trust may have a change in income, credits, or its distribution deduction during the year that requires it to change or amend the estimated tax and payments. To change or amend estimated tax liability and subsequent payments, first refigure the estimated tax using Form REV-414(F), Estates and Trusts Worksheet. Then subtract any estimated payments already paid. Make the remaining installment payments using the instructions for payment due dates shown on the form.

PART 6. WHEN A PENALTY IS APPLIED.

In some cases, an estate or trust may owe an interest penalty. PA law imposes this penalty on each underpayment for the number of days that it remains unpaid, but not beyond the due date for the tax return.

• PA law imposes the penalty when the estate or trust did not make the payments on time and/or in the required amount.

• PA law imposes the penalty even if the estate or trust has an overpayment on its PA-41 tax return.