

**New Hampshire Department of Revenue Administration  
109 Pleasant Street, Concord, NH 03301**

**TECHNICAL INFORMATION RELEASE  
TIR 2009-013 Date: September 11, 2009**

A Technical Information Release is designed to provide immediate information regarding tax laws administered by the Department or the policy positions of the Department as a service to taxpayers and practitioners. A Technical Information Release represents the position of the Department on the limited issues discussed herein based on current law and Department interpretation. For the current status of any tax law, practitioners and taxpayers should consult the source documents (i.e., Revised Statutes Annotated, Rules, Case Law, Session Laws, etc.). Questions should be directed to Customer Service at (603) 271-2191.

**Interest and Dividends Tax Changes, Affect on Estimated Tax Payments**

Effective July 1, 2009, for tax periods ending on or after December 31, 2009, owners and interest-holders of partnerships, limited liability companies, and associations, the beneficial interest of which is not represented by transferable shares, are liable for Interest and Dividends Tax (I&D) on certain distributions made by their entities. See, NH Laws of 2009, Chapter 144, Sections 275 – 280. Further, partnerships, limited liability companies, and associations, which in the past paid I&D tax on interest and dividends received, may no longer be taxpayers for I&D purposes. *Id.* Additionally, interest and dividend income that was previously exempt from the Business Profits Tax (BPT) under RSA 77-A:4, I, prior to the passage of NH Laws of 2009, Chapter 144, is subject to the BPT for tax periods ending on or after December 31, 2009.

Taxpayers whose estimated I&D tax liability exceeds \$500 for the 2009 tax year are required, under RSA 77:18, III, to make estimated quarterly payments. Taxpayers are required to make estimated payments if their BPT liability exceeds \$200 under RSA 77-A:6, II. The Department recognizes that many taxpayers have a new or increased I&D or BPT liability as a result of the changes to I&D tax and may be unsure as to the amount of estimated payments that should be made in order to avoid underpayment of estimates penalties under RSA 21-J:32. Taxpayers are required to make estimated tax payments in accordance with RSA 77:18 and RSA 77-A:7.

In order to avoid the penalty for the underpayment of estimated payments for either the BPT or I&D liability, taxpayers may rely upon the safe-harbor exceptions to the penalty found in RSA 21-J:32, IV. Pursuant to RSA 21-J:32, IV(a), if a taxpayer had an I&D tax liability last year, and prior year's tax period was a full twelve months, then no penalty will be due if the taxpayer timely pays 25% of prior year's tax liability with the first quarter estimated payment, 50% by the second quarter estimated payment due date, 75% by the third quarter estimated payment due date, and 100% by the fourth quarter estimated payment due date. However, if the taxpayer had a tax liability, but the taxpayer was below the \$500 minimum requirement to file estimated payments for I&D in the prior year, but is above the minimum in the current year, the taxpayer still must make estimated payments in the amounts described above in order to avoid the imposition of the penalty for the underpayment of estimated payments. Also, if the taxpayer did not have a tax liability in a prior year there will be no penalty assessed for the underpayment of estimated payments. RSA 21-J:32, IV(d). The other exemptions set forth in RSA 21-J:32, IV may also apply. Please refer to the statute or the form and instructions for Form DP-2210/2220.

***Individuals who need auxiliary aids for effective communication in programs and services of the Department of Revenue Administration are invited to make their needs and preferences known to the N.H. Department of Revenue Administration, 109 Pleasant Street, Concord, NH 03301 or by contacting them at (603) 271-2318.***