

Addendum – Estimated Tax Payments: Mississippi Follows the National Pass-Through Entity Tax Election Trend — Start Now to Make a 2022 Tax Election

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Addendum – Estimated Tax Payments: Just after [our article went to press](#), we received some informal guidance from the [DOR](#) regarding estimated tax payments that presents a bit of a conundrum for those considering the PTE election. As explained below, it may be necessary to make duplicate estimated payments at both the entity and partner/member level to avoid estimated tax penalties.

If an entity is contemplating making the election for the 2022 tax year (due no later than March 15, 2023 for most entities), the PTE needs to be making estimated payments now at the entity level to avoid estimated tax penalties. At this time, however, many of those eligible companies have not decided whether to make the election, don't have the benefit of the full year's financial results to enable them to quantify any benefits, and almost certainly haven't taken the necessary internal votes to qualify.

DOR indicated informally that they will likely waive any penalties that might apply for having failed to make entity-level Q1 and Q2 estimated payments due to the effective date of the legislation and the lack of an election mechanism at that time. Penalties related to the failure to make entity-level estimates for Q3 and Q4, however, may be more difficult to abate.

The practical problem is that in the event a PTE election is not made, to avoid their own penalties the partners/members should be making their own estimated payments based on the possibility that the PTE income could be taxed at their level and included in their returns as in prior years. It is very unlikely that DOR will "move" estimated payments from an individual account to an entity account to avoid double payment and/or penalties, which means refund claims will be likely at one level or the other once the final filing position is determined and liability is calculated.

Finally, while the election form is not yet available on the DOR's site, they indicated that an online election can be made now via the company's TAP account for those interested.

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