Publication 505

Tax Withholding and Estimated Tax

For use in **2024**

Volume 3 of 4

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To figure your expected fuel tax credit, don't include fuel tax for the first 3 quarters of the year that you expect to have refunded to you.

The result of Steps 1 through 6 is your total estimated tax for 2024 (line 11c).

Required Annual Payment— Line 12c

On lines 12a through 12c, figure the total amount you must pay for 2024, through withholding and estimated tax payments, to avoid paying a penalty.

General rule. The total amount you must pay is the smaller of:

1. 90% of your total expected tax for 2024, or
2. 100% of the total tax shown on your 2023 return. Your 2023 tax return must cover all 12 months.

Special rules. There are special rules for higher income taxpayers and for farmers and fishers.

Higher income taxpayers. If your AGI for 2023 was more than $150,000 ($75,000 if your filing status for 2024 is married filing separately), substitute 110% for 100% in (2) above. This rule does not apply to farmers and fishers.

For 2023, AGI is the amount shown on Form 1040 or 1040-SR, line 11.

Example. Your total tax on the 2023 return was $42,581, and the expected tax for 2024 is $71,253. Your 2023 AGI was $180,000. Because you had more than $150,000 of AGI in 2023, you figure the required annual payment as follows. You determine that 90% of the expected tax for 2024 is $64,128 (90% (0.90) × $71,253). Next, you determine that 110% of the tax shown on the 2023 return is $46,839 (110% (1.10) x $42,581). Finally, you determine that the required annual payment is $46,839, the smaller of the two.

Farmers and fishers. If at least two-thirds of your gross income for 2023 or 2024 is from

farming or fishing, your required annual payment is the smaller of:

1. $66^2/3\%$ (0.6667) of your total tax for 2024, or
2. 100% of the total tax shown on your 2023 return. (Your 2023 tax return must cover all 12 months.)

For definitions of "gross income from farming" and "gross income from fishing," see Farmers and Fishers, earlier, under *Special Rules*.

Total tax for 2023—line 12b. Your 2023 total tax is the amount on line 24 **reduced by** the following.

1. Unreported social security and Medicare tax or RRTA tax from Forms 4137 or 8919 included on Schedule 2 (Form 1040), lines 5 and 6.
2. Amounts from Form 5329, Parts III through IX only.

3. The following amounts from Schedule 2 (Form 1040).

   a. Excise tax on excess golden parachute payments (Schedule 2, line 17k).

   b. Excise tax on insider stock compensation from an expatriated corporation (Schedule 2, line 17m).

   c. Look-back interest due under section 167(g) (Schedule 2, line 17n).

   d. Look-back interest due under section 460(b) (Schedule 2, line 17n).

   e. Recapture of federal mortgage subsidy (Schedule 2, line 17b).

   f. Uncollected social security and Medicare tax or RRTA tax on tips or group-term life insurance (Schedule 2, line 13).

4. Any refundable credit amounts on Form 1040 or 1040-SR, line 27, 28, and 29, and Schedule 3 (Form 1040), lines 9, and 12, 13b and Schedule H lines 8e and 8f.

Total Estimated Tax Payments Needed—Line 14a

Use lines 13 and 14a to figure the total estimated tax you may be required to pay for 2024. Subtract your expected withholding from your required annual payment (line 12c). You must usually pay this difference in four equal installments. See *When To Pay Estimated Tax* and *How To Figure Each Payment*, later. You don't have to pay estimated tax if:

- Line 12c minus line 13 is zero or less, or
- Line 11c minus line 13 is less than $1,000.

Withholding—line 13. Your expected withholding for 2024 (line 13) includes the income tax you expect to be withheld from all sources (wages, pensions and annuities, etc.). It includes excess social security and tier 1 railroad retirement tax you expect to be withheld from your wages and compensation. For this purpose, you will have excess social security or tier 1 railroad retirement tax withholding for 2024 only if your wages and compensation from two or more employers are more than $168,600.

It also includes Additional Medicare Tax you expect to be withheld from your wages or compensation. Your employer is responsible for withholding the 0.9% Additional Medicare Tax on Medicare wages or RRTA compensation it pays to you in excess of $200,000.

When To Pay Estimated Tax

For estimated tax purposes, the year is divided into four payment periods. Each period has a specific payment due date. If you don't pay enough tax by the due date of each of the payment periods, you may be charged a penalty even if you are due a refund when you file your income tax return.

If a payment is mailed, the date of the U.S. postmark is considered the date of payment. The general payment periods and due dates for estimated tax payments are shown next. For exceptions to the dates listed, see *Saturday, Sunday, holiday rule*.

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For the period:	General due date:	Tax year 2024 due date:
Jan. 1[1] – March 31 . . .	April 15	April 15, 2024
April 1 – May 31	June 15	June 17, 2024
June 1 – Aug. 31	Sept. 15	Sept. 16, 2024
Sept. 1 – Dec. 31	Jan. 15, next year[2]	Jan. 15, 2025

[1] If your tax year does not begin on January 1, see *Fiscal-year taxpayers*, later.
[2] See *January payment*, later.

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Saturday, Sunday, holiday rule. If the due date for an estimated tax payment falls on a Saturday, Sunday, or legal holiday, the payment will be on time if you make it on the next day that isn't a Saturday, Sunday, or a holiday. See Pub. 509 for a list of all legal holidays.

January payment. If you file your 2024 Form 1040 or 1040-SR by January 31, 2025, and pay the rest of the tax you owe, you don't need to make the payment due on January 15, 2025.

Example. You do not pay any estimated tax for 2024. You file the 2024 income tax return and pay the balance due shown on the return on January 26, 2025.

Your estimated tax for the fourth payment period is considered to have been paid on time. However, you may owe a penalty for not making the first three estimated tax payments, if required. Any penalty for not

making those payments will be figured up to January 26, 2025.

Fiscal-year taxpayers. If your tax year does not start on January 1, your payment due dates are:

1. The 15th day of the 4th month of your fiscal year,
2. The 15th day of the 6th month of your fiscal year,
3. The 15th day of the 9th month of your fiscal year, and
4. The 15th day of the 1st month after the end of your fiscal year.

You don’t have to make the last payment listed above if you file your income tax return by the last day of the first month after the end of your fiscal year and pay all the tax you owe with your return.

When To Start

You don’t have to make estimated tax payments until you have income on which you will owe income tax. If you have income subject to estimated tax during the first payment period, you must make your first payment by the due date for the first payment period.

You have several options when paying estimated taxes. You can:

- Apply an overpayment from the previous tax year,
- Pay all your estimated tax by the due date of your first payment, or
- Pay it in installments.

If you choose to pay in installments, make your first payment by the due date for the first payment period. Make your remaining installment payments by the due dates for the later periods.

To avoid any estimated tax penalties, all installments must be paid by their due date and for the required amount.

No income subject to estimated tax during first period. If you don't have income subject to estimated tax until a later payment period, you must make your first payment by the due date for that period. You can pay your entire estimated tax by the due date for that period or you can pay it in installments by the due date for that period and the due dates for the remaining periods. Table 2-1 shows the general due dates for making installment payments when the due date does not fall on a Saturday, Sunday, or holiday.

Table 2-1. **General Due Dates for Estimated Tax Installment Payments**

If you first have income on which you must pay estimated tax:	Make a payment by:*	Make later installments by:*
Before April 1	April 15	June 15 Sept. 15 Jan. 15 next year
April 1–May 31	June 15	Sept. 15 Jan. 15 next year
June 1–Aug. 31	Sept. 15	Jan. 15 next year
After Aug. 31	Jan. 15 next year	(None)

*See *January payment* and *Saturday, Sunday, holiday rule*, earlier.

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How much to pay to avoid penalty. To deter-mine how much you should pay by each pay-ment due date, see *How To Figure Each Pay-ment*, later.

Farmers and Fishers

If at least two-thirds of your gross income for 2023 or 2024 is from farming or fishing, you have only one payment due date for your 2024 estimated tax: January 15, 2025. The due dates for the first three payment periods, discussed under *When To Pay Estimated Tax*, earlier, don't apply to you.

If you file your 2024 Form 1040 or 1040-SR by March 3, 2025, and pay all the tax you owe at that time, you don't need to make an estima-ted tax payment.

Fiscal year farmers and fishers. If you are a farmer or fisher, but your tax year does not start on January 1, you can either:

- Pay all your estimated tax by the 15th day after the end of your tax year, or
- File your return and pay all the tax you owe by the 1st day of the 3rd month after the end of your tax year.

How To Figure Each Payment

After you have figured your total estimated tax, figure how much you must pay by the due date of each payment period. You should pay enough by each due date to avoid a penalty for that period. If you don't pay enough during any payment period, you may be charged a penalty even if you are due a refund when you file your tax return. The penalty is discussed in the In-structions for Form 2210.

Regular Installment Method

If your first estimated tax payment is due April 15, 2024, you can figure your required payment for each period by dividing your annual estima-ted tax due (line 14a of the 2024 Estimated Tax Worksheet (Worksheet 2-1)) by 4. Enter this amount on line 15. However, use this method only if your income is basically the same throughout the year.

Change in estimated tax. After you make an estimated tax payment, changes in your in-come, adjustments, deductions, or credits may make it necessary for you to refigure your esti-mated tax. Pay the unpaid balance of your amended estimated tax by the next payment due date after the change or in installments by that date and the due dates for the remaining payment periods.

If you don't receive your income evenly throughout the year, your required estimated tax payments may not be the same for each period. See *Annualized Income Installment Method*, later.

Amended estimated tax. If you refig-ure your estimated tax during the year, or if your first estimated tax payment is due after April 15, 2024, figure your required payment for each remaining payment period us-ing Worksheet 2-10.

Example. Early in 2024, you figure estima-ted tax due of $1,800. You make estimated

tax payments on April 15 and June 17 of $450 each ($1,800 ÷ 4).

On July 10, you sell investment property at a gain. Your refigured estimated tax is $4,100. The required estimated tax payment for the third payment period is $2,175.

If your estimated tax does not change again, the required estimated tax payment for the fourth payment period will be $1,025.

Underpayment penalty. The penalty is figured separately for each payment period. If you figure your payments using the regular install-ment method and later refigure your payments because of an increase in income, you may be charged a penalty for underpayment of estima-ted tax for the period(s) before you changed your payments. To see how you may be able to avoid or reduce this penalty, see *Sched-ule AI—Annualized Income Installment Method* in the Instructions for Form 2210.

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Worksheet 2-10. **Amended Estimated Tax Worksheet**

Keep for Your Records

1. Amended total estimated tax due . . . . . **1.** _____

2. Multiply line 1 by:
50% (0.50) if next payment is due June 17, 2024
75% (0.75) if next payment is due September 16, 2024
100% (1.00) if next payment is due January 15, 2025 . . . . . **2.** _____

3. Estimated tax payments for all previous periods . . . . . **3.** _____

4. **Next required payment**: Subtract line 3 from line 2 and enter the result (but not less than zero) here and on your payment voucher for your next required payment . . . . . **4.** _____

Note. If the payment on line 4 is due January 15, 2025, **stop here**. Otherwise, go to line 5.

5. Add lines 3 and 4 . . . . . **5.** _____

6. Subtract line 5 from line 1 and enter the result (but not less than zero) . . . . . **6.** _____

7. **Each following required payment**: If the payment on line 4 is due June 17, 2024, enter one-half of the amount on line 6 here and on the payment vouchers for your payments due September 16, 2024, and January 15, 2025. If the amount on line 4 is due September 16, 2024, enter the amount from line 6 here and on the payment voucher for your payment due January 15, 2025 . . . . . **7.** _____

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Annualized Income Installment Method

If you don't receive your income evenly throughout the year (for example, your income from a repair shop you operate is much larger in the summer than it is during the rest of the year), your required estimated tax payment for one or more periods may be less than the amount figured using the regular installment method.

The annualized income installment method annualizes your tax at the end of each period based on a reasonable estimate of your income, deductions, and other items relating to events that occurred from the beginning of the tax year through the end of the period. To see whether you can pay less for any period, complete the 2024 Annualized Estimated Tax Worksheet (Worksheet 2-7).

You first must complete the 2024 Estimated Tax Worksheet (Worksheet 2-1) through line 14b.

Use the result you figure on line 32 of Worksheet 2-7 to make your estimated tax payments and complete your payment vouchers.

Note. If you use the annualized income installment method to figure your estimated tax payments, you must file Form 2210 with your 2024 tax return. See *Schedule AI—Annualized Income Installment Method* in the Instructions for Form 2210 for more information.

Instructions for the 2024 Annualized Estimated Tax Worksheet (Worksheet 2-7)

Use Worksheet 2-7 to help you follow these instructions.

The purpose of this worksheet is to determine your estimated tax liability as your income accumulates throughout the year, rather than dividing your entire year's estimated tax liability by 4 as if your income was earned equally throughout the year. The top of the worksheet shows the dates for each payment period. The periods build; that is, each period includes all previous periods. After the end of each payment period, complete the corresponding worksheet column to figure the payment due for that period.

Line 1. Enter your AGI for the period. This is your gross income for the period, including your share of partnership or S corporation income or loss, minus your adjustments to income for that period. See *Expected AGI—Line 1*, earlier.

Self-employment income. If you had self-employment income, first complete Section B of this worksheet. Use the amounts on line 41

when figuring your expected AGI to enter in each column of Section A, line 1.

Line 4. Be sure to consider deduction limits figured on Schedule A (Form 1040), such as the $10,000 limit on state and local taxes. Figure your deduction limits using your expected AGI in the corresponding column of line 1 (2024 Annualized Estimated Tax Worksheet (Worksheet 2-7)).

Line 7. If you won't itemize your deductions, use Worksheet 2-4 to figure your standard deduction.

Line 12. Generally, you will use the Tax Rate Schedules to figure the tax on your annualized income. However, see below for situations where you must use a different method to figure your estimated tax.

Tax on child's investment income. You must use a special method to figure tax on the income of the following children who have more than $2,600 of investment income.

1. Children under age 18 at the end of 2024.
2. The following children if their earned income isn't more than half their support.
    a. Children age 18 at the end of 2024.
    b. Children who are full-time students at least age 19 but under age 24 at the end of 2024.

Tax on net capital gain. The regular income tax rates for individuals don't apply to a net capital gain. Instead, your net capital gain is taxed at a lower maximum rate.

The term "net capital gain" means the amount by which your net long-term capital gain for the year is more than your net short-term capital loss.

Tax on qualified dividends and capital gains. For 2024, your capital gain and dividends rate will depend on your income.

Tax on capital gain or qualified dividends. If the amount on line 1 includes a net capital gain or qualified dividends, use Worksheet 2-8 to figure the amount to enter on line 10.

Tax if excluding foreign earned income or excluding or deducting foreign housing. If you expect to claim the foreign earned income exclusion or the housing exclusion or deduction on Form 2555, use Worksheet 2-9 to figure the amount to enter on line 10.

Line 13. Add the tax from Forms 8814, 4972, and 6251 for the period. Also, include any recapture of an education credit for each period. You may owe this tax if you claimed an education credit in an earlier year and you received either tax-free educational assistance or a refund of qualifying expenses

for the same student after filing your 2023 return.

Use the 2023 forms or worksheets to see if you will owe any of the taxes just discussed. Figure the tax based on your income and deductions during the period shown in the column headings. Multiply this amount by the annualization amounts shown for each column on line 2 of the 2024 Annualized Estimated Tax Worksheet (Worksheet 2-7). Enter the result on line 13 of this worksheet.

Line 15. Include all the nonrefundable credits you expect to claim because of events that will occur during the period.

Note. When figuring your credits for each period, annualize any item of income or deduction to figure each credit. For example, if you need to use your AGI to figure a credit, use line 3 of Worksheet 2-7 to figure the credit for each column.

Line 18. Add your expected other taxes. Other taxes include the following.

1. Additional tax on early distributions from:

    a. An IRA or other qualified retirement plan,

    b. A tax-sheltered annuity, or

    c. A modified endowment contract entered into after June 20, 1988.

2. Household employment taxes if:

    a. You will have federal income tax withheld from wages, pensions, annuities, gambling winnings, or other income; or

    b. You would be required to make estimated tax payments even if you didn’t include household employment taxes when figuring your estimated tax.

3. Amounts on Schedule 2 (Form 1040), lines 14 through 16, and 17a, 17c through 17j, 17l, and 17o through 17z.

4. Repayment of the first-time homebuyer credit if the home will cease to be your main home in 2024. See Form 5405 for exceptions.

5. Additional Medicare Tax. A 0.9% Additional Medicare Tax applies to your combined Medicare wages and self-employment income and/or your RRTA compensation that exceeds the amount listed in the following chart, based on your filing status.

Filing Status	**Threshold Amount**
Married filing jointly	$250,000
Married filing separately	$125,000

Single	$200,000
Head of household	$200,000
Qualifying surviving spouse	$200,000

Medicare wages and self-employment income are combined to determine if your income exceeds the threshold. A self-employment loss should not be considered for purposes of this tax. RRTA compensation should be separately compared to the threshold.

Your employer is responsible for withholding the 0.9% Additional Medicare Tax on Medicare wages or RRTA compensation it pays you in excess of $200,000 in 2024. You should consider this withholding, if applicable, in determining whether you need to make an estimated payment.

6. Net Investment Income Tax (NIIT). The NIIT is 3.8% of the lesser of your net investment income or the excess of your MAGI over a specified threshold amount. Threshold amounts:

Filing Status	Threshold Amount
Married filing jointly	$250,000
Married filing separately	$125,000
Single	$200,000
Head of household	$200,000
Qualifying surviving spouse	$250,000

Line 20. Include all the refundable credits (other than withholding credits) you can claim because of events that occurred during the

period. These include the earned income credit, additional child tax credit, fuel tax credit, net premium tax credit, refundable American opportunity credit, and section 1341 credit.

Note. When figuring your refundable credits for each period, annualize any item of income or deduction used to figure each credit.

Line 29. If line 28 is smaller than line 25 and you are not certain of the estimate of your 2024 tax, you can avoid a penalty by entering the amount from line 25 on line 29.

Line 31. For each period, include estimated tax payments made and any excess social security and railroad retirement tax.

Also, include estimated federal income tax withholding. One-fourth of your estimated withholding is considered withheld on the due date of each payment period. To figure the amount to include on line 31 for each period,

multiply your total expected withholding for 2024 by:

- 25% (0.25) for the first period,
- 50% (0.50) for the second period,
- 75% (0.75) for the third period, and
- 100% (1.00) for the fourth period.

However, you may choose to include your withholding according to the actual dates on which the amounts will be withheld. For each period, include withholding made from the beginning of the period up to and including the payment due date. You can make this choice separately for the taxes withheld from your wages and all other withholding. For an explanation of what to include in withholding, see *Total Estimated Tax Payments Needed—Line 14a*, earlier.

Nonresident aliens. If you will file Form 1040-NR and you don't receive wages as an employee subject to U.S. income tax

withholding, the instructions for the worksheet are modified as follows.

1. Skip column (a).
2. On line 1, enter your income for the period that is effectively connected with a U.S. trade or business.
3. On line 21, increase your entry by the amount determined by multiplying your income for the period that isn't effectively connected with a U.S. trade or business by the following.

   a. 72% (0.72) for column (b).

   b. 45% (0.45) for column (c).

   c. 30% (0.30) for column (d).

   However, if you can use a treaty rate lower than 30%, use the percentages determined by multiplying your treaty rate by 2.4, 1.5, and 1, respectively.

4. On line 26, enter one-half of the amount from line 14c of the Form 1040-ES (NR) 2023 Estimated Tax Worksheet in column (b), and one-fourth in columns (c) and (d) of Worksheet 2-7.
5. On lines 24 and 27, skip column (b).
6. On line 31, if you don’t use the actual withholding method, include one-half of your total expected withholding in column (b) and one-fourth in columns (c) and (d).

See Pub. 519 for more information.

Estimated Tax Payments Not Required

You don’t have to pay estimated tax if your withholding in each payment period is at least as much as:

- One-fourth of your required annual payment, or

- Your required annualized income installment for that period.

You also don’t have to pay estimated tax if you will pay enough through withholding to keep the amount you will owe with your return under $1,000.

How To PayEstimated Tax

There are several ways to pay estimated tax.

- Credit an overpayment on your 2023 return to your 2024 estimated tax.
- Pay by direct transfer from your bank account, or pay by debit or credit card using a pay-by-phone system or the Internet.
- Send in your payment (check or money order) with a payment voucher from Form 1040-ES.

Credit an Overpayment

If you show an overpayment of tax after completing your Form 1040 or 1040-SR for 2023, you can apply part or all of it to your estimated tax for 2024. On Form 1040 or 1040-SR, enter the amount you want credited to your estimated tax rather than refunded. Take the amount you have credited into account when figuring your estimated tax

payments. If you timely file your 2023 return, treat the credit as a payment made on April 15, 2024.

If you are a beneficiary of an estate or trust, and the trustee elects to credit 2024 trust payments of estimated tax to you, you can treat the amount credited as paid by you on January 15, 2025.

If you choose to have an overpayment of tax credited to your estimated tax, you can't have any of that amount refunded to you until you file your tax return for the following year. You also can't use that overpayment in any other way.

Example. When you finished filling out the 2023 tax return, the result was an overpayment of $750. You knew additional tax would be owed in 2024. You credited $600 of the overpayment to the 2024 estimated tax and had the remaining $150 issued as a refund.

In September, you amended the 2023 return by filing Form 1040-X, Amended U.S. Individual Income Tax Return. It turned out that you owed $250 more in tax than was originally thought. This reduced the 2023 overpayment from $750 to $500. Because the $750 had already been applied to the 2024 estimated tax or refunded, the IRS billed you for the additional $250 owed, plus penalties and interest. You could not use any of the $600 that had been credited to the 2024 estimated tax to pay this bill.

Pay Online

Paying online is convenient and secure and helps make sure we get your payments on time. To pay your taxes online or for more information, go to *IRS.gov/Payments.* You can pay using any of the following methods.

- **Your Online Account.** You can now make tax payments through your online account, including balance payments, estimated tax payments, or other types. You can also see your payment history and other tax records there. Go to *IRS.gov/Account.*
- **IRS Direct Pay.** For online transfers directly from your checking or savings account at no cost to you, go to *IRS.gov/Payments*.
- **Pay by Card or Digital Wallet.** To pay by debit or credit card or digital wallet, go to *IRS.gov/Payments*. There is a fee charged by these service

providers. You can also pay by phone with a debit or credit card. See *Debit or credit card* under *Pay by Phone*, later.

- **Electronic Funds Withdrawal (EFW)** is an integrated *e-file*/e-pay option offered when filing your federal taxes electronically using tax preparation software, through a tax professional, or the IRS at *IRS.gov/Payments.*

- **Online Payment Agreement.** If you can't pay in full by the due date of your tax return, you can apply for an online monthly installment agreement at *IRS.gov/OPA*. Once you complete the online process, you will receive immediate notification of whether your agreement has been approved. A user fee is charged.

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