Publication 505

Tax Withholding and Estimated Tax

For use in **2023**

Volume 2 of 3

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Information to give payer. If the payer asks, you must give the payer all the following information.

- Your name, address, and SSN.
- Whether you made identical wagers (explained below).
- Whether someone else is entitled to any part of the winnings subject to withholding. If so, you must complete Form 5754, Statement by Person(s) Receiving Gambling Winnings, and return it to the payer. The payer will use it to prepare a Form W-2G for each of the winners.

Identical wagers. You may have to give the payer a statement of the amount of your winnings, if any, from identical wagers. If this statement is required, the payer will ask you for it. You provide this statement by signing Form W-2G or, if required, Form 5754.

Identical wagers include two bets placed in a pari-mutuel pool on one horse to win a particular race. However, the bets are not identical if one bet is “to win” and one bet is “to place.” In addition, they are not identical if the bets were placed in different pari-mutuel pools. For example, a bet in a pool conducted by the racetrack and a bet in a separate pool conducted by an offtrack betting establishment in which the bets are not pooled with those placed at the track are not identical wagers.

Backup withholding on gambling winnings. If you have any kind of gambling winnings and don’t give the payer your SSN, the payer may have to withhold income tax at a flat 24% rate. This rule also applies to winnings of at least $1,200 from bingo or slot machines or $1,500 from keno, and to certain other gambling winnings of at least $600.

Unemployment Compensation

You can choose to have income tax withheld from unemployment compensation. To make this choice, fill out Form W-4V (or a similar form provided by the payer) and give it to the payer.

All unemployment compensation is taxable. So, if you don’t have income tax withheld, you may have to pay estimated tax. See chapter 2.

If you don’t pay enough tax, either through withholding or estimated tax, or a combination of both, you may have to pay a penalty.

Form 1099-G. If you receive $10 or more in unemployment compensation, you will receive a Form 1099-G, Certain Government Payments. Box 1 will show the amount of unemployment compensation you got for the year. Box 4 will show the amount of federal income tax withheld, if any.

Federal Payments

You can choose to have income tax withheld from certain federal payments you receive. These payments are the following.

1. Social security benefits.
2. Tier 1 railroad retirement benefits.
3. Commodity credit corporation loans you choose to include in your gross income.
4. Payments under the Agricultural Act of 1949 (7 U.S.C. 1421 et seq.), as amended, or title II of the Disaster Assistance Act of 1988 that are treated as insurance proceeds and that you received because:
    a. Your crops were destroyed or dam-aged by drought, flood, or any other natural disaster; or
    b. You were unable to plant crops because of a natural disaster described in (a).

5. Dividends and other distributions from Alaska Native Corporations to their shareholders.
6. Any other payment under federal law as determined by the Secretary.

To make this choice, fill out Form W-4V (or a similar form provided by the payer) and give it to the payer.

If you don’t choose to have income tax withheld, you may have to pay estimated tax. See chapter 2.

If you don’t pay enough tax, either through withholding or estimated tax, or a combination of both, you may have to pay a penalty.

More information. For more information about the tax treatment of social security and railroad retirement benefits, see Pub. 915, Social Security and Equivalent Railroad Retirement Benefits. Get Pub. 225, Farmer's Tax Guide, for information about the tax treatment of commodity credit corporation loans or crop disaster payments.

Payment to shareholders of Alaska Native Corporations (ANCs). If you are a shareholder of an ANC, you can request to have income tax withheld from dividends and other distributions you receive from the ANC. To make this request, fill out Form W-4V (or a similar form provided by the payer) and give it to the payer. A request for withholding isn’t effective until the ANC indicates in writing that it accepts the request or begins withholding. Contact the payer if it isn’t clear that the payer has accepted your Form W-4V.

If you don’t choose to have income tax withheld, or the ANC doesn’t accept your request, you may have to pay estimated tax. See chapter 2.

If you don’t pay enough tax, either through withholding or estimated tax, or a combination of both, you may have to pay a penalty.

Backup Withholding

Banks or other businesses that pay you certain kinds of income must file an information return (Form 1099) with the IRS. The information return shows how much you were paid during the year. It also includes your name and taxpayer identification number (TIN). TINs are explained later in this discussion.

These payments are generally not subject to withholding. However, “backup” withholding is required in certain situations.

Payments subject to backup withholding. Backup withholding can apply to most kinds of payments that are reported on Form 1099.

These include:

- Interest payments (Form 1099-INT);
- Government payments (Form 1099-G);
- Dividends (Form 1099-DIV);

- Patronage dividends, but only if at least half the payment is in money (Form 1099-PATR);
- Rents, profits, or other gains (Form 1099-MISC);
- Commissions, fees, or other payments for work you do as an independent contractor (Form 1099-NEC);
- Payments by brokers (Form 1099-B);
- Payments by fishing boat operators, but only the part that is in money and that represents a share of the proceeds of the catch (Form 1099-MISC); and
- Royalty payments (Form 1099-MISC).

Backup withholding may also apply to gambling winnings. See *Backup withholding on gambling winnings* under *Gambling Winnings*, earlier.

Payments not subject to backup withholding. Backup withholding does not apply to payments reported on Form 1099-MISC (other than payments by fishing boat operators and royalty payments) unless at least one of the following three situations applies.

- The amount you receive from any one payer is $600 or more.
- The payer had to give you a Form 1099 last year.
- The payer made payments to you last year that were subject to backup withholding.

Form 1099 and backup withholding are generally not required for a payment of less than $10.

Withholding rules. When you open a new account, make an investment, or begin to receive payments reported on Form 1099, the bank or other business will give you Form W-

9, Request for Taxpayer Identification Number and Certification, or a similar form. You must enter your TIN on the form and, if your account or investment will earn interest or dividends, you must also certify (under penalties of perjury) that your TIN is correct and that you are not subject to backup withholding.

The payer must withhold at a flat 24% rate in the following situations.

- You don’t give the payer your TIN in the required manner.
- The IRS notifies the payer that the TIN you gave is incorrect.
- You are required, but fail, to certify that you are not subject to backup withholding.
- The IRS notifies the payer to start withholding on interest or dividends because you have underreported interest or dividends on your income

tax return. The IRS will do this only after it has mailed you four notices over at least a 210-day period.

Taxpayer identification number (TIN). Your TIN is one of the following three numbers.

- An SSN.
- An employer identification number (EIN).
- An IRS individual taxpayer identification number (ITIN). Aliens who don’t have an SSN and are not eligible to get one should get an ITIN. Use Form W-7, Application for IRS Individual Taxpayer Identification Number, to apply for an ITIN.

An ITIN is for federal tax use only. It does not entitle you to social security benefits or change your employment or immigration status under U.S. law. For more information on ITINs, see Pub. 1915, Understanding Your

IRS Individual Taxpayer Identification Number.

CAUTION *If you were assigned an ITIN before January 1, 2013, or if you have an ITIN that you haven't included on a tax return in the last 3 consecutive years, you may need to renew it. For more information, see the Instructions for Form W-7.*

How to prevent or stop backup withholding. If you have been notified by a payer that the TIN you gave is incorrect, you can usually prevent backup withholding from starting or stop backup withholding once it has begun by giving the payer your correct name and TIN. You must certify that the TIN you give is correct.

However, the payer will provide additional instructions if the TIN you gave needs to be validated by the Social Security Administration or by the IRS. This may happen if both the following conditions exist.

1. The IRS notifies the payer twice within 3 calendar years that a TIN you gave for the same account is incorrect.
2. The incorrect TIN is still being used on the account when the payer receives the second notice.

Underreported interest or dividends. If you have been notified that you underreported interest or dividends, you must request and receive a determination from the IRS to prevent backup withholding from starting or to stop backup withholding once it has begun. Your request must show that at least one of the following situations applies.

- No underreporting occurred.
- You have a bona fide dispute with the IRS about whether an underreporting occurred.
- Backup withholding will cause or is causing an undue hardship and it is

unlikely that you will underreport interest and dividends in the future.

- You have corrected the underreporting by filing an original return if you didn’t previously file one, or by filing an amended return, and by paying all taxes, penalties, and interest due for any underreported interest or dividend payments.

If the IRS determines that backup withholding should stop, it will provide you with certification and will notify the payers who were sent notices earlier.

Penalties. There are civil and criminal penalties for giving false information to avoid backup withholding. The civil penalty is $500. The criminal penalty, upon conviction, is a fine of up to $1,000 or imprisonment of up to 1 year, or both.

Worksheets for Chapter 1

Use the following worksheets to figure your correct withholding and adjustments.

Use...	To...
Worksheet 1-1 and Worksheet 1-2 Exemption From Withholding for Persons/Dependents Age 65 or Older or Blind	Figure your total expected income for 2023 to determine if you are exempt from withholding. Use Worksheet 1-1 if, in 2022, you had a right to a refund of all federal income tax withheld because of no tax liability. Use Worksheet 1-2 if you are a **dependent** for 2023 and, for 2022, you had a refund of all federal income tax withheld because of no tax liability.
Worksheet 1-3 Projected Tax for 2023	Project the taxable income you will have for 2023 and figure the amount of tax you will have to pay on that income.
Worksheet 1-4 Tax Computation Worksheets for 2023	Figure the amount of tax on your projected taxable income.
Worksheet 1-5 Projected Withholding for 2023	Project the amount of federal income tax that you will have withheld in 2023, compare your projected withholding with your projected tax, and determine whether the amount withheld each payday should be adjusted.
Worksheet 1-6 Tax Credits for 2023 Form W-4 or Form W-4P	Figure any extra amount to include in Step 3 of Form W-4 or Form W-4P to account for your projected tax credits that are not otherwise taken into consideration.

Worksheet 1-1. **Exemption From Withholding for Persons Age 65 or Older or Blind**

Caution. This worksheet does not apply if you can be claimed as a dependent. See Worksheet 1-2 instead.

1. Check the boxes below that apply to you.

65 or older ☐ Blind ☐

2. Check the boxes below that apply to your spouse's standard deduction.*

65 or older ☐ Blind ☐

3. Add the number of boxes you checked in 1 and 2 above. Enter the result ____

You **can** claim exemption from withholding if:

Your filing status is:	and the number on line 3 above is:	and your 2023 total income will be no more than:
Single	1 2	$15,700 17,550
Head of household	1 2	$22,650 24,500
Married filing separately for both 2022 and 2023	1 2 3 4	$15,350 16,850 18,350 19,850
Other married status ** Include both spouses' income whether you will file separately or jointly.	1 2 3 4	$29,200** 30,700** 32,200** 33,700**
Qualifying surviving spouse	1 2	$29,200 30,700

You **can't** claim exemption from withholding if your total income will be **more than** the amount shown for your filing status.

* You can check the appropriate boxes for your spouse if your filing status is married filing jointly. You can check the appropriate boxes for your spouse if your filing status is married filing separately and your spouse had no income, isn't filing a return, and can't be claimed as a dependent on another person's return.

Worksheet 1-2. **Exemption From Withholding for Dependents Age 65 or Older or Blind**

*Use this worksheet only if, for **2023**, you are a dependent and if, for **2022**, you had a right to a refund of **all** federal income tax withheld because you had **no** tax liability.*

1. Enter your expected earned income plus $400	**1.**	
2. Minimum amount	**2.**	$ 1,250
3. Compare lines 1 and 2. Enter the **larger** amount	**3.**	
4. Limit	**4.**	13,850
5. Compare lines 3 and 4. Enter the **smaller** amount	**5.**	
6. Enter the appropriate amount from the following table	**6.**	

Single	
Either 65 or older or blind	$1,850
Both 65 or older and blind	3,700
Married filing separately	
Either 65 or older or blind	1,500
Both 65 or older and blind	3,000

7. Add lines 5 and 6. Enter the result	**7.**	
8. Enter your total expected income	**8.**	

You **can** claim exemption from withholding if line 7 is equal to or more than line 8. You **can't** claim exemption from withholding if line 8 is more than line 7.

Worksheet 1-3. **Projected Tax for 2023** *Keep for Your Records*

Use this worksheet to figure your projected tax for 2023. **Note**. Enter combined amounts if married filing jointly.

1. Enter amount of adjusted gross income (AGI) you expect in 2023. (To determine this, you may want to start with the AGI on your last year's return, and add or subtract your expected changes. Also, take into account items listed under *What's New for 2023*, earlier.) **Note**. If self-employed, first complete Worksheet 2-3 to figure your expected deduction for self-employment tax. Subtract the amount from Worksheet 2-3, line 11, to figure the line 1 entry	1.	
2. If you: • Don't plan to itemize deductions on Schedule A (Form 1040), use Worksheet 2-4 to figure your expected standard deduction. • Plan to itemize deductions, enter the amount of your estimated itemized deductions. • Qualify for the deduction for qualified business income, enter the estimated amount of the deduction you are allowed on your qualified business income from a qualified trade or business. Add this amount to your expected standard deduction or estimated itemized deductions and enter the total here	2.	
3. Expected taxable income. Subtract line 2 from line 1. (If zero or less, enter -0- here and on line 4, then go to line 5.)	3.	
4. If the amount on line 1: • Doesn't include a net capital gain or qualified dividends and you didn't exclude foreign earned income or exclude or deduct foreign housing in arriving at the amount on line 1, use Worksheet 1-4 to figure the tax to enter here. • Includes a net capital gain or qualified dividends, use Worksheet 2-5 to figure the tax to enter here. • Was figured by excluding foreign earned income or excluding or deducting foreign housing, use Worksheet 2-6 to figure the tax to enter here	4.	
5. Enter any expected additional taxes from an election to report your child's interest and dividends, lump-sum distributions (Form 4972), and alternative minimum tax	5.	
6. Add lines 4 and 5	6.	
7. Enter the amount of any expected tax credits. See Table 1-2	7.	
8. Subtract line 7 from line 6 (if zero or less, enter -0-)	8.	
9. Self-employment tax. Enter the amount from Worksheet 2-3, line 10. (If you expect to file jointly and both of you are self-employed, figure the self-employment tax for each of you separately and enter the total on line 9.)	9.	
10. Enter the total of any other expected taxes*	10.	
11. Projected tax for 2023. Add lines 8 through 10. Enter the total here and on Worksheet 1-5, line 1	11.	

* Use the 2022 Instructions for Form 1040 to determine if you expect to owe, for 2023, any of the taxes that would have been entered on your 2022 Schedule 2 (Form 1040), lines 7 through 17z.

Worksheet 1-4. **Tax Computation Worksheets for 2023**

Note. If you are figuring the tax on an amount from Worksheet 2-5 (line 1 or 14), or Worksheet 2-6 (line 2 or 3), enter theamount from that worksheet in column (a) of the row that applies to that amount of income. Enter the result on theappropriate line of the worksheet you are completing.

Keep for Your Records

a. Single. Use this worksheet to figure the amount to enter on Worksheet 1-3, line 4, if you expect your filing status for 2023 to be **Single**.

Expected Taxable Income If Worksheet 1-3, line 3* is — *Over*	*But not over*	**(a)** Enter amount from Worksheet 1-3, line 3*	**(b)** Multiplication amount	**(c)** Multiply (a) by (b)	**(d)** Subtraction amount	**(e)** Subtract (d) from (c). Enter the result here and on Worksheet 1-3, line 4*
$0	$11,000		× 10% (0.10)		$0	
11,000	44,725		× 12% (0.12)		220.00	
44,725	95,375		× 22% (0.22)		4,692.50	
95,375	182,100		× 24% (0.24)		6,600.00	
182,100	231,250		× 32% (0.32)		21,168.00	
231,250	578,125		× 35% (0.35)		28,105.50	
578,125	-----		× 37% (0.37)		39,668.00	

* If you are using Worksheet 2-5, for column (a) above, use the amount from line 1 or line 14 and enter the result (from column (e)) on line 37 or line 39, as appropriate.
If you are using Worksheet 2-6, for column (a) above, use the amount from line 2 or line 3 and enter the result (from column (e)) on line 4 or line 5, as appropriate.

b. Head of Household. Use this worksheet to figure the amount to enter on Worksheet 1-3, line 4, if you expect your filing status for 2023 to be **Head of Household**.

Expected Taxable Income If Worksheet 1-3, line 3* is — *Over*	*But not over*	**(a)** Enter amount from Worksheet 1-3, line 3*	**(b)** Multiplication amount	**(c)** Multiply (a) by (b)	**(d)** Subtraction amount	**(e)** Subtract (d) from (c). Enter the result here and on Worksheet 1-3, line 4*
$0	$15,700		× 10% (0.10)		$0	
15,700	59,850		× 12% (0.12)		314.00	
59,850	95,350		× 22% (0.22)		6,299.00	
95,350	182,100		× 24% (0.24)		8,206.00	
182,100	231,250		× 32% (0.32)		22,774.00	
231,250	578,100		× 35% (0.35)		29,711.50	
578,100	-----		× 37% (0.37)		41,273.50	

* If you are using Worksheet 2-5, for column (a) above, use the amount from line 1 or line 14 and enter the result (from column (e)) on line 37 or line 39, as appropriate.
If you are using Worksheet 2-6, for column (a) above, use the amount from line 2 or line 3 and enter the result (from column (e)) on line 4 or line 5, as appropriate.

c. Married Filing Jointly or Qualifying Surviving Spouse. Use this worksheet to figure the amount to enter on Worksheet 1-3, line 4, if you expect your filing status for 2023 to be **Married Filing Jointly or Qualifying Surviving Spouse**.

Expected Taxable Income If Worksheet 1-3, line 3* is — *Over*	*But not over*	**(a)** Enter amount from Worksheet 1-3, line 3*	**(b)** Multiplication amount	**(c)** Multiply (a) by (b)	**(d)** Subtraction amount	**(e)** Subtract (d) from (c). Enter the result here and on Worksheet 1-3, line 4*
$0	$22,000		× 10% (0.10)		$0	
22,000	89,450		× 12% (0.12)		440.00	
89,450	190,750		× 22% (0.22)		9,385.00	
190,750	364,200		× 24% (0.24)		13,200.00	
364,200	462,500		× 32% (0.32)		42,336.00	
462,500	693,750		× 35% (0.35)		56,211.00	
693,750	- - - - -		× 37% (0.37)		70,086.00	

* If you are using Worksheet 2-5, for column (a) above, use the amount from line 1 or line 14 and enter the result (from column (e)) on line 37 or line 39, as appropriate.
If you are using Worksheet 2-6, for column (a) above, use the amount from line 2 or line 3 and enter the result (from column (e)) on line 4 or line 5, as appropriate.

d. Married Filing Separately. Use this worksheet to figure the amount to enter on Worksheet 1-3, line 4, if you expect your filing status for 2023 to be **Married Filing Separately**.

Expected Taxable Income If Worksheet 1-3, line 3* is — *Over*	*But not over*	**(a)** Enter amount from Worksheet 1-3, line 3*	**(b)** Multiplication amount	**(c)** Multiply (a) by (b)	**(d)** Subtraction amount	**(e)** Subtract (d) from (c). Enter the result here and on Worksheet 1-3, line 4*
$0	$11,000		× 10% (0.10)		$0	
11,000	44,725		× 12% (0.12)		220.00	
44,725	95,375		× 22% (0.22)		4,692.50	
95,375	182,100		× 24% (0.24)		6,600.00	
182,100	231,250		× 32% (0.32)		21,168.00	
231,250	346,875		× 35% (0.35)		28,105.50	
346,875	- - - - -		× 37% (0.37)		35,043.00	

* If you are using Worksheet 2-5, for column (a) above, use the amount from line 1 or line 14 and enter the result (from column (e)) on line 37 or line 39, as appropriate.
If you are using Worksheet 2-6, for column (a) above, use the amount from line 2 or line 3 and enter the result (from column (e)) on line 4 or line 5, as appropriate.

Worksheet 1-5. **Projected Withholding for 2023** *Keep for Your Records*

Use this worksheet to figure the amount of your projected withholding for 2023, compare it to your projected tax for 2023, and, if necessary, figure any adjustment to the amount you have withheld each payday.

Note. If married filing jointly, enter combined amounts.

1. Enter your **projected tax for 2023** from Worksheet 1-3, line 13	**1.**	
2. Enter your total federal income tax withheld to date in 2023 from all sources of income. (For wages, you should be able to find the withholding-to-date on your last pay slip or statement.)	**2.**	
3. Enter the federal tax withholding you expect for the rest of 2023.		
a. For each source of wages, multiply the amount of federal income tax now being withheld each payday by the number of paydays remaining in the year and enter the combined amount for all jobs	**3a.**	
b. For all other sources of recurring taxable income, multiply the withholding amount by the remaining number of times the income is expected. For example, if you have federal income tax withheld from your monthly pension and you will receive nine more payments this year, multiply your monthly withholding amount by 9	**3b.**	
4. Add lines 2, 3a, and 3b. This is your **projected withholding for 2023**	**4.**	
5. Compare the amounts on lines 1 and 4. • If line 1 is more than line 4, subtract line 4 from line 1. You need to increase your withholding. Enter the result here and go to line 6. • If line 4 is more than line 1, subtract line 1 from line 4. You may want to decrease your withholding. Enter the result here and go to line 6.	**5.**	
6. Divide line 5 by the number of paydays (or other withholding events) remaining in 2023 and enter the result. This is the additional amount you should use to either increase or decrease the amount you have withheld from each remaining payday (or other withholding event). Follow the instructions for line 6 for your situation for completing a 2023 Form W-4. The instructions are different if your withholding so far this year was based on a 2019 (or earlier) Form W-4 or a 2023 Form W-4	**6.**	

Instructions for line 6—If your withholding to date was figured based on a 2019 (or earlier) Form W-4.

Use the following instructions to **increase** your withholding.

How do you increase your withholding? Follow these steps to increase your withholding by completing a 2023 Form W-4.

Step 1:	• If your filing status was "Single" or "Married, but withhold at higher Single rate," check "Single." • If your filing status was "Married," check "Married filing jointly." **Note.** Head of household filing status was not a choice on the 2019 (or earlier) Form(s) W-4.
Step 4(a):	• If your filing status was "Single" or "Married, but withhold at higher Single rate," enter $9,400 (the equivalent of 2 allowances) on Step 4(a). • If your filing status was "Married," enter $14,100 (the equivalent of 3 allowances) on Step 4(a).
Step 4(b):	• If there was an entry on line 5 (number of allowances), multiply each claimed allowance by $4,700 and enter the result on Step 4(b).
Step 4(c):	• If there is an amount on line 6, add it to the amount on line 6 of Worksheet 1-5 above, and enter the result on Step 4(c).

Instructions for line 6—If your withholding to date was figured based on a 2019 (or earlier) Form W-4.

Use the following instructions to **decrease** your withholding.

How do you decrease your withholding? Follow these steps to decrease your withholding by completing a 2023 Form W-4.

Step 1:	• If your filing status was "Single" or "Married, but withhold at higher Single rate," check "Single." • If your filing status was "Married," check "Married filing jointly." **Note.** Head of household filing status was not a choice on the 2019 (or earlier) Form(s) W-4.
Step 3:	Multiply the amount on line 6 of Worksheet 1-5 by the number of paydays in 2023 and enter this amount on Step 3.
Step 4(a):	• If your filing status was "Single" or "Married, but withhold at higher Single rate," enter $9,400 (the equivalent of 2 allowances) on Step 4(a). • If your filing status was "Married," enter $14,100 (the equivalent of 3 allowances) on Step 4(a).
Step 4(b):	• If there was an entry on line 5 (number of allowances), multiply each claimed allowance by $4,700 and enter the result on Step 4(b).
Step 4(c):	• If there was an amount on line 6, add it to the amount on Step 4(c).

Instructions for line 6—If your withholding to date was figured based on a 2023 Form W-4.

Use the following instructions to either **increase** or **decrease** your withholding.

How do you increase your withholding? Follow these steps to increase your withholding by completing a 2023 Form W-4.

- Complete your new 2023 Form W-4 through Step 4(b) in the same way you completed your previous Form W-4.
- Add the amount, if any, on Step 4(c) of your previous Form W-4 to the amount on line 6 of Worksheet 1-5 above and enter the result on Step 4(c) of your new Form W-4.

How do you decrease your withholding?

- Complete Steps 1, 2(c), 4(a), 4(b), and 4(c) in the same way as you completed your previous Form W-4.
- Add the amount, if any, on Step 3 of your previous Form W-4 to the product of line 6 of Worksheet 1-5 multiplied by the total number of paydays in 2023 and enter the result on Step 3 of your new Form W-4.

CAUTION

If you make a mid-year change to your withholding, you should complete and give to your employer a new Form W-4 in January. The later in the year you change your Form W-4, the more important it is that you submit a new form the following January.

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Worksheet 1-6. **Tax Credits for 2023 Form W-4 or Form W-4P**

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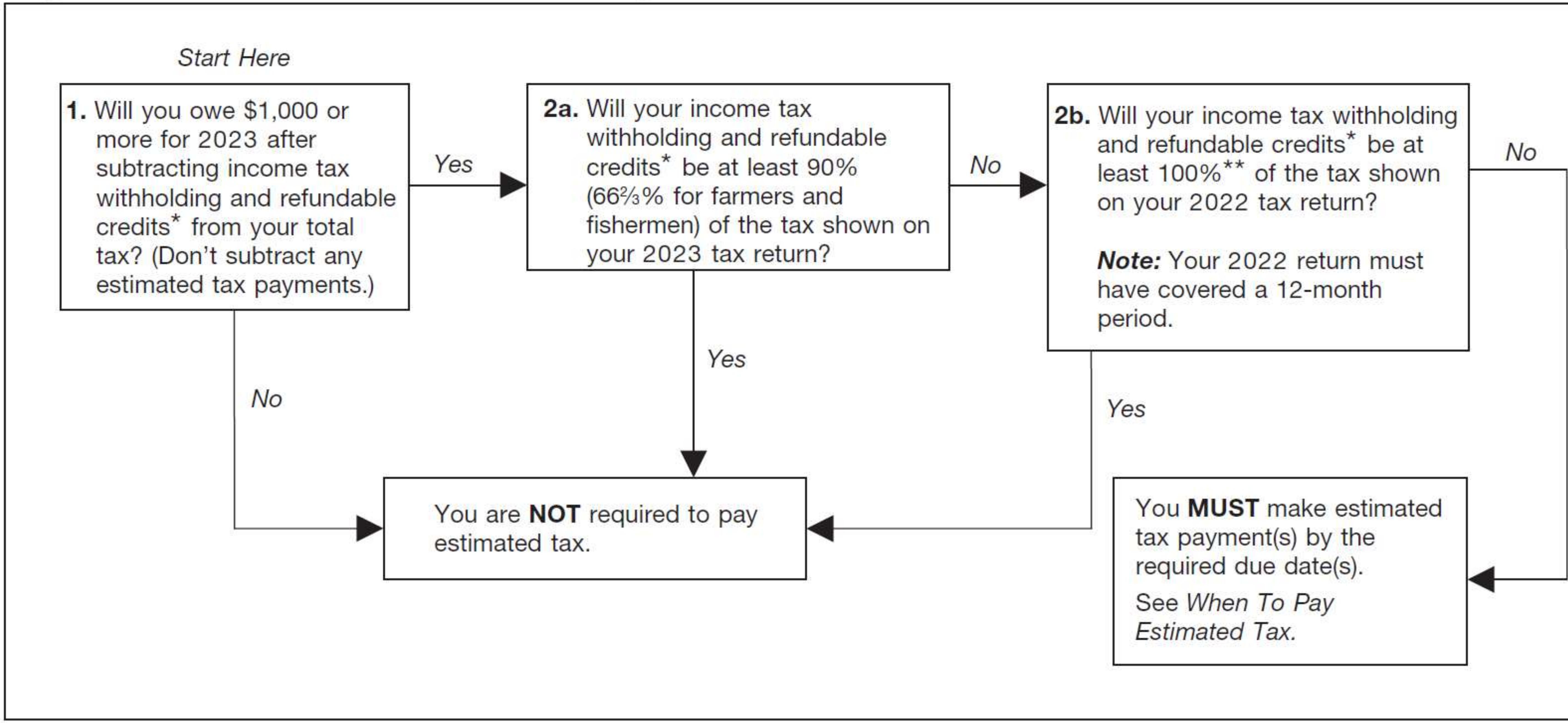
Use this worksheet to figure any extra amount to enter in Step 3 of Form W-4 or Form W-4P. For more information on these credits, see *Tax Credits*, earlier.

Caution. The child tax credit and the credit for other dependents are already figured in Step 3 of Form W-4 or Form W-4P.

Enter the projected amount for each credit you expect to take (other than the child tax credit or credit for other dependents).		
1. Credit for the elderly or the disabled	**1.**	
2. Credit for child and dependent care expenses	**2.**	
3. Education credits	**3.**	
4. Adoption credit	**4.**	
5. Foreign tax credit	**5.**	
6. Retirement savings contributions credit	**6.**	
7. Earned income credit	**7.**	
8. Premium tax credit	**8.**	
9. Other credits (see Table 1-2)	**9.**	
10. Add lines 1 through 9. This is your total estimated tax credits. Include this amount in the total entered on Form W-4, Step 3	**10.**	

Figure 2-A. **Do You Have To Pay Estimated Tax?**



* Use the refundable credits shown on the 2023 Estimated Tax Worksheet, line 11b.

** 110% if less than two-thirds of your gross income for 2022 or 2023 is from farming or fishing and your 2022 adjusted gross income was more than $150,000 ($75,000 if your _ling status for 2023 is married filing a separate return).

2.

Estimated Tax for 2023

Introduction

Estimated tax is the method used to pay tax on income that isn’t subject to withholding. This includes income from self-employment, interest, dividends, rent, gains from the sale of assets, prizes, and awards. You may also have to pay estimated tax if the amount of income tax being withheld from your salary, pension, or other income isn’t enough.

Estimated tax is used to pay both income tax and self-employment tax, as well as other taxes and amounts reported on your tax return. If you don’t pay enough tax, either through withholding or estimated tax, or a combination of both, you may have to pay a penalty. If you don’t pay enough by the due date of each payment period (see *When To Pay Estimated Tax*, later), you may be charged a penalty even if you are due a refund when you file your tax return. For information on when the penalty applies, see the Instructions for Form 2210.

TIP *It would be helpful for you to have a copy of your 2022 tax return and an estimate of your 2023 income nearby while reading this chapter. Also, keep in mind the items under What's New for 2023, earlier.*

Topics

This chapter discusses:

- Who must pay estimated tax,
- How to figure estimated tax (including illustrated examples),
- When to pay estimated tax,
- How to figure each payment, and
- How to pay estimated tax.

Useful Items

You may want to see:

Form (and Instructions)

- ☐ **1040-ES** Estimated Tax for Individuals

See *How To Get Tax Help* at the end of this publication for information about how to get this publication and form.

Worksheets. You may need to use several of the blank worksheets included in this chapter. See Worksheets for Chapter 2 to locate what you need.

Who Does Not Have To Pay Estimated Tax

If you receive salaries and wages, you may be able to avoid paying estimated tax by asking your employer to take more tax out of your earnings. To do this, file a new Form W-4 with your employer. See chapter 1.

Estimated tax not required. You don’t have to pay estimated tax for 2023 if you meet all three of the following conditions.

- You had no tax liability for 2022.
- You were a U.S. citizen or resident alien for the whole year.
- Your 2022 tax year covered a 12-month period.

You had no tax liability for 2022 if your total tax (defined later under *Total tax for 2022—line 12b*) was zero or you didn’t have to file an income tax return.

Who Must Pay Estimated Tax

If you owed additional tax for 2022, you may have to pay estimated tax for 2023.

You can use the following general rule as a guide during the year to see if you will have enough withholding, or should increase your withholding or make estimated tax payments.

General Rule

In most cases, you must pay estimated tax for 2023 if both of the following apply.

1. You expect to owe at least $1,000 in tax for 2023 after subtracting your withholding and tax credits.
2. You expect your withholding and tax credits to be less than the smaller of:
   a. 90% of the tax to be shown on your 2023 tax return, or
   b. 100% of the tax shown on your 2022 tax return. Your 2022 tax return must cover all 12 months.

Note. The percentages in (2a) or (2b) just listed may be different if you are a farmer, fisherman, or higher income taxpayer. See *Special Rules*, later.

If the result from using the general rule above suggests that you won't have enough withholding, complete the 2023 Estimated Tax Worksheet for a more accurate calculation.

Figure 2-A takes you through the general rule. You may find this helpful in determining if you must pay estimated tax.

If all your income will be subject to income tax withholding, you probably don't need to pay estimated tax.

Married Taxpayers

If you qualify to make joint estimated tax payments, apply the rules discussed here to your joint estimated income.

You and your spouse can make joint estimated tax payments even if you are not living together.

However, you and your spouse can’t make joint estimated tax payments if:

- You are legally separated under a decree of divorce or separate maintenance,
- You and your spouse have different tax years, or
- Either spouse is a nonresident alien (unless that spouse elected to be treated as a resident alien for tax purposes). See *Choosing Resident Alien Status* in Pub. 519.

Note. Individuals who are in registered domestic partnerships, civil unions, or other similar formal relationships that are not marriages under state law can’t make joint estimated tax payments. These individuals can take credit only for the estimated tax payments that he or she made.

If you and your spouse can’t make joint estimated tax payments, apply these rules to your separate estimated income.

Making joint or separate estimated tax payments won’t affect your choice of filing a joint tax return or separate returns for 2023.

2022 separate returns and 2023 joint return. If you plan to file a joint return with your spouse for 2023, but you filed separate returns for 2022, your 2022 tax is the total of the tax shown on your separate returns. You filed a separate return if you filed as single, head of household, or married filing separately.

2022 joint return and 2023 separate returns. If you plan to file a separate return for 2023, but you filed a joint return for 2022, your 2022 tax is your share of the tax on the joint return. You file a separate return if you file as single, head of household, or married filing separately.

To figure your share of the tax on a joint return, first figure the tax both you and your spouse would have paid had you filed separate returns for 2022 using the same filing status for 2023. Then, multiply the tax on the joint return by the following fraction.

$$\frac{\text{The tax you would have paid had you filed a separate return}}{\text{The total tax you and your spouse would have paid had you filed separate returns}}$$

Special Rules

There are special rules for farmers, fishermen, and certain higher income taxpayers.

Farmers and Fishermen

If at least two-thirds of your gross income for 2022 or 2023 is from farming or fishing, substitute $66^{2}/3\%$ for 90% in (2a) under *General Rule*, earlier.

Gross income. Your gross income is all income you receive in the form of money, goods, property, and services that isn’t exempt from tax. To determine whether two-thirds of your gross income for 2022 was from farming or fishing, use as your gross income the total of the income (not loss) amounts.

Joint returns. On a joint return, you must add your spouse's gross income to your gross income to determine if at least two-thirds of your total gross income is from farming or fishing.

Gross income from farming. This is income from cultivating the soil or raising agricultural commodities. It includes the following amounts.

- Income from operating a stock, dairy, poultry, bee, fruit, or truck farm.
- Income from a plantation, ranch, nursery, range, orchard, or oyster bed.

- Crop shares for the use of your land.
- Gains from sales of draft, breeding, dairy, or sporting livestock.

For 2022, gross income from farming is the total of the following amounts.

- Schedule F (Form 1040), Profit or Loss From Farming, line 9.
- Form 4835, Farm Rental Income and Expenses, line 7.
- Your share of the gross farming income from a partnership, S corporation, estate or trust from Schedule K-1 (Form 1065), Schedule K-1 (Form 1120-S), or Schedule K-1 (Form 1041).
- Your gains from sales of draft, breeding, dairy, or sporting livestock shown on Form 4797, Sales of Business Property.

Wages you receive as a farm employee and wages you receive from a farm corporation are not gross income from farming.

Gross income from fishing. This is income from catching, taking, harvesting, cultivating, or farming any kind of fish, shellfish (for example, clams and mussels), crustaceans (for example, lobsters, crabs, and shrimp), sponges, seaweeds, or other aquatic forms of animal and vegetable life.

Gross income from fishing includes the following amounts.

- Schedule C (Form 1040), Profit or Loss From Business, line 7.
- Income for services as an officer or crew member of a vessel while the vessel is engaged in fishing.
- Your share of the gross fishing income from a partnership, S corporation, estate or trust from Schedule K-1

(Form 1065), Schedule K-1 (Form 1120S), or Schedule K-1 (Form 1041).

- Certain taxable interest and punitive damage awards received in connection with the Exxon Valdez litigation.
- Income for services normally performed in connection with fishing.

Services normally performed in connection with fishing include:

- Shore service as an officer or crew member of a vessel engaged in fishing; and
- Services that are necessary for the immediate preservation of the catch, such as cleaning, icing, and packing the catch.

Higher Income Taxpayers

If your AGI for 2022 was more than $150,000 ($75,000 if your filing status for 2023 is married filing a separate return), substitute

110% for 100% in (2b) under *General Rule*, earlier.

For 2022, AGI is the amount shown on Form 1040 or 1040-SR, line 11.

Note. This rule does not apply to farmers and fishermen.

Aliens

Resident and nonresident aliens may also have to pay estimated tax. Resident aliens should follow the rules in this publication, unless noted otherwise. Nonresident aliens should get Form 1040-ES (NR), U.S. Estimated Tax for Nonresident Alien Individuals.

You are an alien if you are not a citizen or national of the United States. You are a resident alien if you either have a green card or meet the substantial presence test.

For more information about withholding, the substantial presence test, and Form 1040-ES (NR), see Pub. 519.

Estates and Trusts

Estates and trusts must also pay estimated tax. However, estates (and certain grantor trusts that receive the residue of the decedent's estate under the decedent's will) are exempt from paying estimated tax for the first 2 years after the decedent's death.

Estates and trusts must use Form 1041-ES, Estimated Income Tax for Estates and Trusts, to figure and pay estimated tax.

How To Figure Estimated Tax

To figure your estimated tax, you must figure your expected AGI, taxable income, taxes, deductions, and credits for the year.

When figuring your 2023 estimated tax, it may be helpful to use your income, deductions, and credits for 2022 as a starting point. Use your 2022 federal tax return as a guide. You can use Form 1040-ES to figure your estimated tax. Nonresident aliens use Form 1040-ES (NR) to figure estimated tax.

You must make adjustments both for changes in your own situation and for recent changes in the tax law. Some of these changes are discussed earlier under *What's New for 2023*. For information about these and other changes in the law, visit the IRS website at IRS.gov.

The instructions for Form 1040-ES include a worksheet to help you figure your estimated tax. Keep the worksheet for your records.

2023 Estimated Tax Worksheet

Use Worksheet 2-1 to help guide you through the information about completing the 2023 Estimated Tax Worksheet. You can also find a copy of the worksheet in the instructions for Form 1040-ES.

Expected AGI—Line 1

Your expected AGI for 2023 (line 1) is your expected total income minus your expected adjustments to income.

Total income. Include in your total income all the income you expect to receive during the year, even income that is subject to withholding. However, don’t include income that is tax exempt.

Total income includes all income and loss for 2023 that, if you had received it in 2022, would have been included on your 2022 tax return in the total on line 9 of Form 1040 or 1040-SR.

Social security and railroad retirement benefits. If you expect to receive social security or tier 1 railroad retirement benefits during 2023, use Worksheet 2-2 to figure the amount of expected taxable benefits you should include on line 1.

Adjustments to income. Be sure to subtract from your expected total income all of the adjustments you expect to take on your 2023 tax return.

Self-employed. If you expect to have income from self-employment, use Worksheet 2-3 to figure your expected self-employment tax and your allowable deduction for self-employment tax. Include the amount from Worksheet 2-3 in your expected adjustments to income. If you file a joint return and both you and your spouse have net earnings from self-employment, each of you must complete a separate worksheet.

Expected Taxable Income—Line 2

Reduce your expected AGI for 2023 (line 1) by either your expected itemized deductions or your standard deduction.

Itemized deductions—line 2a. If you expect to claim itemized deductions on your 2023 tax return, enter the estimated amount on line 2a.

Itemized deductions are the deductions that can be claimed on Schedule A (Form 1040).

Standard deduction—line 2a. If you expect to claim the standard deduction on your 2023 tax return, enter the amount on line 2a. Use Worksheet 2-4 to figure your standard deduction.

No standard deduction. The standard deduction for some individuals is zero. Your standard deduction will be zero if you:

- File a separate return and your spouse itemizes deductions,
- Are a dual-status alien, or
- File a return for a period of less than 12 months because you change your accounting period.

Expected Taxes and Credits— Lines 4–11c

After you have figured your expected taxable income (line 3), follow the steps next to figure your expected taxes, credits, and total tax for 2023. Most people will have entries for only a few of these steps. However, you should check every step to be sure you don’t overlook anything.

Step 1. Figure your expected income tax (line 4). Generally, you will use the 2023 Tax Rate Schedules to figure your expected income tax.

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 $2,500 of investment income.

1. Children under age 18 at the end of 2023.
2. The following children if their earned income isn't more than half their support.
   a. Children age 18 at the end of 2023.
   b. Children who are full-time students at least age 19 but under age 24 at the end of 2023.

See Pub. 929, Tax Rules for Children and Dependents. Although the ages and dollar amounts in the publication may be different in the 2022 revision, this reference will give you basic information for figuring the tax.

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 capital gain and qualified dividends. If the amount on line 1 includes a net capital gain or qualified dividends, use Worksheet 2-5 to figure your tax.

Note. The tax rate on your capital gains and dividends will depend on your income.

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 2-6 to figure your estimated tax.

Step 2. Total your expected taxes (line 6). Include on line 6 the sum of the following.

1. Your tax on line 6.
2. Your expected alternative minimum tax (AMT) from Form 6251.
3. Your expected additional taxes from Form 8814, Parents' Election To Report Child's Interest and Dividends, and Form 4972, Tax on Lump-Sum Distributions.
4. Any recapture of education credits.

Step 3. Subtract your expected credits (line 7). If you are using your 2022 return as a guide and filed Form 1040 or 1040-SR, your total credits for 2022 were shown on line 21.

If your credits on line 7 are more than your taxes on line 6, enter -0- on line 8 and go to Step 4.

Step 4. Add your expected self-employment tax (line 9). You should already have figured your self-employment tax (see <u>*Self-employed*</u> under *Expected AGI—Line 1*, earlier).

Step 5. Add your expected other taxes (line 10).

Other taxes include the following. The total of these taxes are entered on line 10.

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 entered on Schedule 2 (Form 1040), line 14 through 17z. But **don’t include** the following.
   a. Line 17b, recapture of a federal mortgage subsidy;
   b. Line 17k, tax on excess golden parachute payments;
   c. Line 17m, excise tax on insider stock compensation from an expatriated corporation; or
   d. Line 17n, look-back interest due under section 167(g) or 460(b) of the Internal Revenue Code.
4. Repayment of the first-time homebuyer credit. See Form 5405.
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 to you in excess of $200,000 in 2023. 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 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	$250,000

Step 6. Subtract your refundable credits (line 11c). 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.

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 2023 (line 11c).

Required Annual Payment— Line 12c

On lines 12a through 12c, figure the total amount you must pay for 2023, 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 2023, or
2. 100% of the total tax shown on your 2022 return. Your 2022 tax return must cover all 12 months.

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

Higher income taxpayers. If your AGI for 2022 was more than $150,000 ($75,000 if your filing status for 2023 is married filing separately), substitute 110% for 100% in (2) above. This rule does not apply to farmers and fishermen.

For 2022, AGI is the amount shown on Form 1040 or 1040-SR, line 11.

Example. Taxpayer F's total tax on the 2022 return was $42,581, and the expected tax for 2023 is $71,253. Taxpayer F’s 2022 AGI was $180,000. Because Taxpayer F had more than $150,000 of AGI in 2022, Taxpayer F figures the required annual payment as follows. Taxpayer F determines that 90% of the expected tax for 2023 is $64,128 (90% (0.90) × $71,253). Next, Taxpayer F determines that 110% of the tax shown on the 2022 return is $46,839 (110% (1.10) x $42,581). Finally, Taxpayer F determines that the required annual payment is $46,839, the smaller of the two.

Farmers and fishermen. If at least two-thirds of your gross income for 2022 or 2023 is from farming or fishing, your required annual payment is the smaller of:

1. $66^{2}/3$% (0.6667) of your total tax for 2023, or

2. 100% of the total tax shown on your 2022 return. (Your 2022 tax return must cover all 12 months.)

For definitions of “gross income from farming” and “gross income from fishing,” see *Farmers and Fishermen*, earlier, under *Special Rules*.

Total tax for 2022—line 12b. Your 2022 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. The following amounts from Form 5329 included on Schedule 2 (Form 1040), line 8.
   a. Any tax on excess contributions to an IRA, Archer MSA, Coverdell education savings account, health savings account, and ABLE account.

b. Any tax on excess accumulations in qualified retirement plans.

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, 12, 13b, 13d, and 13h.

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 2023. 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 2023 (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 2023 only if your wages and compensation from two or more employers are more than $160,200.

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*.

For the period:	**General due date:**	**Tax year 2023 due date:**
Jan. 1– March 31...	April 15	April 18, 2023

April 1 – May 31....	June 15	June 15, 2023
June 1 – Aug. 31....	Sept. 15	Sept. 15, 2023
Sept. 1 – Dec. 31....	Jan. 15, next year2	Jan. 16, 2024
1 If your tax year does not begin on January 1, see *Fiscal-year taxpayers*, later.		
2 See *January payment*, later.		

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 2023 Form 1040 or 1040-SR by January 31, 2024, and pay the rest of the tax you owe, you don’t need to make the payment due on January 16, 2024.

Example. Taxpayer G does not pay any estimated tax for 2023. Taxpayer G files the 2023 income tax return and pays the balance due shown on the return on January 26, 2024.

Taxpayer G's estimated tax for the fourth payment period is considered to have been paid on time. However, Taxpayer G 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, 2024.

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.

How much to pay to avoid penalty. To determine how much you should pay by each payment due date, see *How To Figure Each Payment*, later.

Farmers and Fishermen

If at least two-thirds of your gross income for 2022 or 2023 is from farming or fishing, you have only one payment due date for your

2023 estimated tax: January 16, 2024. 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 2023 Form 1040 or 1040-SR by March 1, 2024, and pay all the tax you owe at that time, you don't need to make an estimated tax payment.

Fiscal year farmers and fishermen. If you are a farmer or fisherman, 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 Instructions for Form 2210.

- Regular Installment Method

If your first estimated tax payment is due April 18, 2023, you can figure your required payment for each period by dividing your annual estimated tax due (line 14a of the 2023 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 income, adjustments, deductions, or credits may make it necessary for you to refigure your estimated 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 refigure your estimated tax during the year, or if your first estimated tax payment is due after April 18, 2023, figure your required payment for each remaining payment period using Worksheet 2-10.