Form **1041-ES**

Department of the Treasury
Internal Revenue Service

Estimated Income Tax for Estates and Trusts

Section references are to the Internal Revenue Code.

OMB No. 1545-0971

2005

Purpose of Form

Use this package to figure and pay estimated tax for an estate or trust. Estimated tax is the amount of tax an estate or trust expects to owe for the year after subtracting the amount of any tax withheld and the amount of any credits.

This package is primarily for first-time filers. After the IRS receives the first payment voucher, the estate or trust will receive a 1041-ES package with the name, address, and employer identification number (EIN) preprinted on the vouchers for the next tax year. Use the preprinted vouchers unless the Electronic Federal Tax Payment System (EFTPS) is used. If you, as fiduciary, did not receive any 2005 preprinted vouchers, use the vouchers in this package. However, do not use the vouchers to notify the IRS of a change of address. If the fiduciary has moved, complete Form 8822, Change of Address, and send it to the service center where you file the estate's or trust's tax return.

Who Must Make Estimated Tax Payments

Generally, a fiduciary of an estate or trust must pay estimated tax if the estate or trust is expected to owe, after subtracting its withholding and credits, at least $1,000 in tax for 2005 and can expect its withholding and credits to be less than the smaller of:

1. 90% of the tax shown on the 2005 tax return, or

2. The tax shown on the 2004 tax return (110% of that amount if the estate's or trust's adjusted gross income (AGI) on that return is more than $150,000, and less than ⅔ of gross income for 2004 or 2005 is from farming or fishing). To figure the estate's or trust's AGI, see the instructions for line 15b of Form 1041, U.S. Income Tax Return for Estates and Trusts.

However, if a return was not filed for 2004 or that return did not cover a full 12 months, item 2 does not apply.

For this purpose, include household employment taxes when figuring the tax shown on the tax return, but only if:

- The estate or trust will have federal income tax withheld from any income, or
- The estate or trust would be required to make estimated tax payments (to avoid a penalty) even if it did not include household employment taxes when figuring its estimated tax.

Exceptions. Estimated tax payments are not required from:

1. An estate of a domestic decedent or a domestic trust that had a full 12-month 2004 tax year and had no tax liability for that year;

2. A decedent's estate for any tax year ending before the date that is 2 years after the decedent's death; or

3. A trust that was treated as owned by the decedent if the trust will receive the residue of the decedent's estate under the will (or if no will is admitted to probate, the trust primarily responsible for paying debts, taxes, and expenses of administration) for any tax year ending before the date that is 2 years after the decedent's death.

How To Figure Estimated Tax

Use the 2005 Estimated Tax Worksheet and 2005 Tax Rate Schedule on page 3 and the estate's or trust's 2004 tax return and instructions as a guide for figuring the 2005 estimated tax.

If the estate or trust receives its income unevenly throughout the year, it may be able to lower or eliminate the amount of its required estimated tax payment for one or more periods by using the annualized income installment method. See Pub. 505, Tax Withholding and Estimated Tax, for details.

Instructions for 2005 Estimated Tax Worksheet

Line 4—Exemption

Decedents' estates. A decedent's estate is allowed a $600 exemption.

Trusts required to distribute all income currently. A trust whose governing instrument requires that all income be distributed currently is allowed a $300 exemption, even if it distributed amounts other than income during the tax year.

Qualified disability trusts. A qualified disability trust is allowed a $3,200 exemption if the trust's modified AGI is less than or equal to $145,950. If its modified AGI (as defined in the Instructions for Form 1041) exceeds $145,950, complete the Exemption Worksheet for Qualified Disability Trusts Only on page 4 to figure the amount of the trust's exemption.

A qualified disability trust is any trust:

1. Described in 42 U.S.C. 1396p(c)(2)(B)(iv) and established solely for the benefit of an individual under 65 years of age who is disabled, and

2. All of the beneficiaries of which are determined by the Commissioner of Social Security to have been disabled for some part of the tax year within the meaning of 42 U.S.C. 1382c(a)(3).

A trust will not fail to meet 2 above just because the trust's corpus may revert to a person who is not disabled after the trust ceases to have any disabled beneficiaries.

Qualified funeral trusts. No exemption is allowed to a qualified funeral trust.

All other trusts. A trust not described above is allowed a $100 exemption.

Line 7—Tax

Electing Alaska Native Settlement Trusts. Multiply line 6 by 10% to figure the amount of tax to enter on line 7, unless the trust is expected to have qualified dividends or net capital gain for 2005. If the trust is expected to have qualified dividends or net capital gain, use Part IV of Schedule D of Form 1041-N as a worksheet to figure the tax for 2005.

Line 10—Credits

For details on credits the estate or trust may claim, see the instructions for line 2, Schedule G, Form 1041.

Line 12—Other Taxes

Enter any other taxes such as:

- Tax from recapture of investment credit, low-income housing credit, qualified electric vehicle credit, the Indian employment credit, the new markets credit, or the credit for employer-provided child care facilities.
- Tax on accumulation distribution of trusts.
- Tax figured under section 641(c) on income attributable to S corporation stock held by an electing small business trust. For details, see Electing Small Business Trusts in the 2004 Instructions for Form 1041.

Include household employment taxes on line 12 if:

- The estate or trust will have federal income tax withheld from any income, or
- The estate or trust would be required to make estimated tax payments (to avoid a penalty) even if it did not include household employment taxes when figuring its estimated tax.

When To Make Estimated Tax Payments

Trusts. The trust may pay all of its estimated tax by April 15, 2005, or in four equal installments due by the following dates:

1st installment	April 15, 2005
2nd installment . . .	June 15, 2005
3rd installment . . .	Sept. 15, 2005
4th installment	Jan. 17, 2006

If the trust has a short tax year, see Notice 87-32, 1987-1 C.B. 477, for the estimated tax due dates and other information.

TIP The trust does not have to make the payment due on January 17, 2006, if it files the 2005 Form 1041 by January 31, 2006, and pays the entire balance due with the return.

Estates. If the estate has adopted a calendar year as its tax year, file using the rules listed under Trusts above.

If the estate has adopted a fiscal year, it may pay all of its estimated tax by the 15th day of the 4th month of its 2005 tax year or in four equal installments due on the 15th day of the 4th, 6th, and 9th month of the 2005 tax year, and the 1st month of the following tax year.

TIP The estate does not have to make the payment due on the 15th day of the 1st month following the close of the fiscal year if it files the 2005 Form 1041 by the last day of the 1st month following the close of the fiscal year, and pays the entire balance due with the return.

If any date falls on a Saturday, Sunday, or legal holiday, the installment is due on the next business day.

If, after March 31, 2005, or after the last day of the 3rd month of the fiscal tax year, the estate or trust has a large enough change in income to require the payment of estimated tax, figure the amount of each installment by using the annualized income installment method, as explained in Pub. 505.

Farmers and fishermen. If at least ⅔ of gross income for 2004 or 2005 is from farming or fishing, do one of the following:

- Pay the total estimated tax (line 16 of the Worksheet) by January 17, 2006, or
- File Form 1041 for 2005 by March 1, 2006, and pay the total tax due. In this case, do not make estimated tax payments for 2005.

For fiscal year estates, pay the total estimated tax by the 15th day of the 1st month following the close of the tax year, or file Form 1041 by the 1st day of the 3rd month following the close of the tax year and pay the total tax due.

How To Complete and Use the Payment Vouchers

Each payment voucher has the date when the voucher is due for calendar year estates and trusts. Be sure to use the correct voucher. Complete and send in the voucher only if you are making a payment. To complete your voucher:

- Enter the estate's or trust's name and EIN, and the fiduciary's name, title, and address in the spaces provided on the payment voucher.
- Enter in the payment box of the voucher only the amount the estate or trust is sending in. When making payments of estimated tax, be sure to take into account any 2004 overpayment that the estate or trust chose to credit against its 2005 tax, but do not include the overpayment amount in this box.
- Enclose, but do not staple or attach, a check or money order with the payment voucher. Make the check or money order payable to "United States Treasury." Write the estate's or trust's EIN and "2005 Form 1041-ES" on the check or money order. Do not include any balance due on the Form 1041 with the check for 2005 estimated tax. Fill in the Record of Estimated Tax Payments on page 3 for your files.

Electronic Deposits

A financial institution that maintains a Treasury Tax and Loan (TT&L) account, and administers at least 200 taxable trusts that are required to pay estimated tax, may be required to deposit the estimated tax payments electronically using the Electronic Federal Tax Payment System (EFTPS). The electronic deposit requirement applies in 2005 if:

- The total deposits of depository taxes (such as estimated, employment, or excise tax) in 2003 were more than $200,000, or
- The fiduciary (on behalf of a trust) was required to use EFTPS in 2004.

If the fiduciary is required to use EFTPS on behalf of a trust and fails to do so, it may be subject to a 10% penalty.

A fiduciary that is not required to make electronic deposits of estimated tax on behalf of a trust may either use the payment vouchers or voluntarily participate in EFTPS. To enroll in or get more information about EFTPS, call 1-800-555-4477 or 1-800-945-8400.

Where To File

Mail the payment voucher to:

Internal Revenue Service
P.O. Box 105401
Atlanta, GA 30348-5401

Do not send the payment voucher to the Internal Revenue Service Center where you file Form 1041.

Only the U.S. Postal Service can deliver to the above address.

Amending Estimated Tax Payments

To change or amend the estate's or trust's estimated payments, refigure the total estimated payments due (line 16 of the worksheet on page 3). Then use the worksheets under Change in estimated tax in Pub. 505 to figure the payment due for each remaining period. If an estimated tax payment for a previous period is less than ¼ of the amended estimated tax, the estate or trust may owe a penalty when its return is filed.

When a Penalty Is Applied

In some cases, the estate or trust may owe a penalty when it files its return. The penalty is imposed on each underpayment for the number of days it remains unpaid. A penalty may be applied if the estate or trust did not pay enough estimated tax or it did not make the payments on time or in the required amount. A penalty may apply even if the estate or trust has an overpayment on its tax return.

The penalty may be waived under certain conditions. See Pub. 505 for details.

Certain Payments of Estimated Tax Treated as Paid by Beneficiary

The fiduciary (or executor, for the final year of the estate) may elect to have any portion of its estimated tax payments treated as made by a beneficiary (and not as payments made by the estate or trust).

Such an amount is treated as a payment of the estimated tax made by the beneficiary on the January 15th following the end of the tax year.

Time for making election. The fiduciary must make the election on the 2005 Form 1041-T, Allocation of Estimated Tax Payments to Beneficiaries. The election must be filed on or before the 65th day after the close of the estate's or trust's tax year. For details, see section 643(g).

Paperwork Reduction Act Notice. We ask for the information on the payment vouchers to carry out the Internal Revenue laws of the United States. You are required to give us the information. We need it to ensure that you are complying with these laws and to allow us to figure and collect the right amount of tax.

You are not required to provide the information requested on a form that is subject to the Paperwork Reduction Act unless the form displays a valid OMB control number. Books or records relating to a form or its instructions must be retained as long as their contents may become material in the administration of any Internal Revenue law. Generally, tax returns and return information are confidential, as required by section 6103.

The time needed to complete the worksheets and prepare and file the payment vouchers will vary depending on individual circumstances. The estimated average time is:

Recordkeeping	19 min.
Learning about the law or the form	15 min.
Preparing the form	1 hr., 43 min.
Copying, assembling, and sending the form to the IRS	1 hr.

If you have comments concerning the accuracy of these time estimates or suggestions for making this package simpler, we would be happy to hear from you. You can write to the Internal Revenue Service,Tax Products Coordinating Committee, SE:W:CAR:MP:T:T:SP Room 6406, 1111 Constitution Ave. NW, Washington, DC 20224. Do not send the payment vouchers to this address. Instead, see Where To File above.

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2005 Payment Voucher 3

OMB No. 1545-0971

File only if the estate or trust is making a payment of estimated tax. Return this voucher with check or money order payable to **"United States Treasury."** Write the estate's or trust's EIN and "2005 Form 1041-ES" on the check or money order. Do not send cash. Enclose, but do not staple or attach, the payment with this voucher.

Calendar year—Due Sept. 15, 2005

Amount of estimated tax you are paying by check or money order.

Dollars	Cents

Fiscal year filers–enter year ending

(month and year)

Type or print

Employer identification number

Name of estate or trust

Name and title of fiduciary

Address of fiduciary (number, street, and room or suite no.)

City, state, and ZIP code

Tear off here

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2005 Payment Voucher 2

OMB No. 1545-0971

File only if the estate or trust is making a payment of estimated tax. Return this voucher with check or money order payable to **"United States Treasury."** Write the estate's or trust's EIN and "2005 Form 1041-ES" on the check or money order. Do not send cash. Enclose, but do not staple or attach, the payment with this voucher.

Calendar year—Due June 15, 2005

Amount of estimated tax you are paying by check or money order.

Dollars	Cents

Fiscal year filers–enter year ending

(month and year)

Type or print

Employer identification number

Name of estate or trust

Name and title of fiduciary

Address of fiduciary (number, street, and room or suite no.)

City, state, and ZIP code

Tear off here

Form **1041-ES**
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2005 Payment Voucher 1

OMB No. 1545-0971

File only if the estate or trust is making a payment of estimated tax. Return this voucher with check or money order payable to **"United States Treasury."** Write the estate's or trust's EIN and "2005 Form 1041-ES" on the check or money order. Do not send cash. Enclose, but do not staple or attach, the payment with this voucher.

Calendar year—Due April 15, 2005

Amount of estimated tax you are paying by check or money order.

Dollars	Cents

Fiscal year filers–enter year ending

(month and year)

Type or print

Employer identification number

Name of estate or trust

Name and title of fiduciary

Address of fiduciary (number, street, and room or suite no.)

City, state, and ZIP code