

Sample article for national organizations to use when communicating to their affiliates

Please encourage your local affiliates to post this information on their Web pages and use in other communication vehicles.

Do You Need to Pay Estimated Tax? If you have income from which no tax is withheld, you may need to. Here's how you know.

The IRS is seeking assistance from [name of organization or title of position, i.e., United Way, Extension Agents] in reaching out and providing local communities with information on paying estimated tax. This outreach will raise awareness of a process the IRS has for paying taxes ahead of time to avoid owing taxes at the end of the year. It's called estimated tax and is used to pay tax on income that is not subject to withholding. This could include such income sources as:

- Self-employment Income
- Interest or dividends
- Alimony
- Rent
- Gains from the sale of assets
- Prizes
- Awards

You may also want to pay estimated tax on your wages, salaries, pension or other income if your withholdings are insufficient.

If either of the conditions below applies to you, you may wish to consider paying estimated tax:

1. You expect to owe at least \$1,000 in tax after subtracting your withholdings and refundable credits.
2. You expect your withholding and refundable credits to be less than the smaller of:
 - 90% of the tax on your current tax return
 - 100% of the tax on your previous year tax return. Your previous year's return must cover all 12 months.

Estimated tax payments are due quarterly: April 15, June 15, September 15 and the following January 15. To determine how much to pay, see [instructions for completing Form 1040 – ES](#).

NOTE TO EDITOR:

- To increase your withholding from salaries or wages, adjust your [Form W-4, Employee's Withholding Allowance Certificate](#).
- Additional information can be found in [Publication 505, Tax Withholding and Estimated Taxes](#).