

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.

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**, 1 hr., 19 min.; **Learning about the law**, 19 min.; **Preparing the worksheets and payment vouchers**, 49 min.; **Copying, assembling, and sending the payment voucher to the IRS**, 10 min. 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 both the **Internal Revenue Service**, Attention: Tax Forms Committee, PC:FP, Washington, DC 20224; and the **Office of Management and Budget**, Paperwork Reduction Project (1545-0087), Washington, DC 20503. **DO NOT** send the payment vouchers to either of these offices. Instead, see **Where To File Your Payment Voucher** on page 5.

Purpose of This Package

Use this package to figure and pay your estimated tax. Estimated tax is the method used to pay tax on income that is not subject to withholding; for example, earnings from self-employment, interest, dividends, rents, alimony, unemployment compensation, etc.

This package is primarily for first-time filers who are or may be subject to paying estimated tax. This package can also be used if you did not receive or have lost your preprinted 1040-ES package. The estimated tax worksheet on page 3 will help you figure the correct amount to pay. The payment vouchers in this package are for crediting your estimated tax payments to your account correctly. Use the **Record of Estimated Tax Payments** on page 5 to keep track of the payments you have made and the number and amount of your remaining payments.

After we receive your first payment voucher from this package, we will mail you a preprinted 1040-ES package with your name, address, and social security number on each payment voucher. Use the preprinted vouchers to make your **remaining** estimated tax payments for the year. This will speed processing, reduce processing costs, and reduce the chance of errors.

Do not use the vouchers in this package to notify the IRS of a **change of address**. If you have a new address, get **Form 8822**, Change of Address, by calling 1-800-TAX-FORM (1-800-829-3676). Send the completed form to the Internal Revenue Service Center where you filed your last tax return. The Service Center will update your record and send you new preprinted payment vouchers and envelopes.

Note: *Continue to use your old preprinted payment vouchers and envelopes to make payments of estimated tax until you receive the new vouchers and envelopes.*

Who Must Make Estimated Tax Payments

In most cases, you must make estimated tax payments if you expect to owe, after subtracting your withholding and credits, at least \$500 in tax for 1995, and you expect your withholding and credits to be less than the **smaller** of:

1. 90% of the tax shown on your 1995 tax return, or

2. 100% of the tax shown on your 1994 tax return (110% of that amount if you are not a farmer or a fisherman and the adjusted gross income shown on that return is more than \$150,000 or, if married filing separately for 1995, more than \$75,000).

However, if you did not file a 1994 tax return or that return did not cover all 12 months, item 2 above does not apply.

Exception. You do not have to pay estimated tax if you were a U.S. citizen or resident alien for all of 1994 and you had no tax liability for the full 12-month 1994 tax year.

The estimated tax rules apply to:

- U.S. citizens and residents,
- Residents of Puerto Rico, the Virgin Islands, Guam, the Commonwealth of the Northern Mariana Islands, and American Samoa, and
- Nonresident aliens (use Form 1040-ES (NR)).

If you also receive salaries and wages, you may be able to avoid having to make estimated tax payments by asking your employer to take more tax out of your earnings. To do this, file a new **Form W-4**, Employee's Withholding Allowance Certificate, with your employer.

Caution: You may not make joint estimated tax payments if you or your spouse is a nonresident alien, you are separated under a decree of divorce or separate maintenance, or you and your spouse have different tax years.

Additional Information You May Need

Most of the information you will need can be found in:

Pub. 505, Tax Withholding and Estimated Tax.

Other available information:

Pub. 553, Highlights of 1994 Tax Changes, and Instructions for the 1994 Form 1040 or 1040A.

For forms and publications, call 1-800-TAX-FORM (1-800-829-3676). For assistance, call 1-800-829-1040.

Tax Law Changes Effective for 1995

Use your 1994 tax return as a guide in figuring your 1995 estimated tax, but be sure to consider the changes noted in this section. For more information on changes that may affect your 1995 estimated tax, see Pub. 553.

Payment of Employment Taxes for Household

Employees. If you employ household employees, new rules apply to the reporting and payment of employment taxes. The rules eliminate the quarterly filing and employment tax payment requirements and raise the \$50 per quarter threshold to \$1,000 per year.

For wages paid after 1994, you will be required to report social security, Medicare, Federal unemployment, and withheld Federal income taxes for household employees on your 1995 Federal income tax return (similar rules will apply for household employers in the U.S. possessions).

Household employers are not required to include these taxes when figuring their estimated tax payments until 1998. But they are encouraged to do so (or to increase their income tax withholding) to avoid a large balance due when they file their returns. For details on other changes to the employment tax rules for household employers, get **Pub. 926**, Employment Taxes for Household Employers.

Gifts of Appreciated Stock to Private Nonoperating

Foundations. At the time this package went to print, the

special rule allowing a deduction for the fair market value of qualified appreciated stock donated to certain private nonoperating foundations was scheduled to expire December 31, 1994, for gifts made after that date. For details on this rule, see Internal Revenue Code section 170(e)(5).

Expiration of Jobs and Research Credits. At the time this package went to print, the jobs credit was scheduled to expire December 31, 1994, for employees who begin work after that date. Also, the credit for increasing research activities is scheduled to expire June 30, 1995, for amounts paid or incurred after that date.

Standard Deduction for 1995. If you do not itemize your deductions, you may take the 1995 standard deduction listed below:

Filing Status	Standard Deduction
Married filing jointly or	
Qualifying widow(er)	\$6,550
Head of household	\$5,750
Single	\$3,900
Married filing separately	\$3,275

Caution: If you can be claimed as a dependent on another person's 1995 return, your standard deduction is the greater of \$650 or your earned income, up to the standard deduction amount.

An additional amount is added to the standard deduction if:

1. You are an unmarried individual (single or head of household) and are:

65 or older or blind	\$950
65 or older and blind	\$1,900

2. You are a married individual (filing jointly or separately) or a qualifying widow(er) and are:

65 or older or blind	\$750
65 or older and blind	\$1,500
Both spouses 65 or older	\$1,500*
Both spouses 65 or older and blind	\$3,000*

* If married filing separately, these amounts apply only if you can claim an exemption for your spouse.

To Figure Your Estimated Tax Use

- The **1995 Estimated Tax Worksheet** on page 3.
- The instructions on page 4 for the worksheet on page 3.
- The **1995 Tax Rate Schedules** below.
- Your 1994 tax return and instructions as a guide to figuring your income, deductions, and credits (but be sure to consider the tax law changes noted earlier).

If you receive your income unevenly throughout the year (e.g., you operate your business on a seasonal basis), you may be able to lower or eliminate the amount of your required estimated tax payment for one or more periods by using the annualized income installment method. See Pub. 505 for details.

To amend or correct your estimated tax, see **Amending Estimated Tax Payments** on page 4.

1995 Tax Rate Schedules

Caution: Do not use these Tax Rate Schedules to figure your 1994 taxes. Use only to figure your 1995 estimated taxes.

Single—Schedule X				Head of household—Schedule Z			
If line 5 is:	But not over—	The tax is:	of the amount over—	If line 5 is:	But not over—	The tax is:	of the amount over—
\$0	\$23,350	.....15%	\$0	\$0	\$31,250	.....15%	\$0
23,350	56,550	\$3,502.50 + 28%	23,350	31,250	80,750	\$4,687.50 + 28%	31,250
56,550	117,950	12,798.50 + 31%	56,550	80,750	130,800	18,547.50 + 31%	80,750
117,950	256,500	31,832.50 + 36%	117,950	130,800	256,500	34,063.00 + 36%	130,800
256,500	.....	81,710.50 + 39.6%	256,500	256,500	.....	79,315.00 + 39.6%	256,500
Married filing jointly or Qualifying widow(er)—Schedule Y-1				Married filing separately—Schedule Y-2			
If line 5 is:	But not over—	The tax is:	of the amount over—	If line 5 is:	But not over—	The tax is:	of the amount over—
\$0	\$39,000	.....15%	\$0	\$0	\$19,500	.....15%	\$0
39,000	94,250	\$5,850.00 + 28%	39,000	19,500	47,125	\$2,925.00 + 28%	19,500
94,250	143,600	21,320.00 + 31%	94,250	47,125	71,800	10,660.00 + 31%	47,125
143,600	256,500	36,618.50 + 36%	143,600	71,800	128,250	18,309.25 + 36%	71,800
256,500	.....	77,262.50 + 39.6%	256,500	128,250	.....	38,631.25 + 39.6%	128,250

1995 Estimated Tax Worksheet (keep for your records)

1 Enter amount of adjusted gross income you expect in 1995 (see instructions)	1		
2 • If you plan to itemize deductions, enter the estimated total of your itemized deductions. Caution: If line 1 above is over \$114,700 (\$57,350 if married filing separately), your deduction may be reduced. See Pub. 505 for details. • If you do not plan to itemize deductions, see Standard Deduction for 1995 on page 2, and enter your standard deduction here. }	2		
3 Subtract line 2 from line 1	3		
4 Exemptions. Multiply \$2,500 by the number of personal exemptions. If you can be claimed as a dependent on another person's 1995 return, your personal exemption is not allowed. Caution: If line 1 above is over \$172,050 (\$143,350 if head of household; \$114,700 if single; \$86,025 if married filing separately), get Pub. 505 to figure the amount to enter	4		
5 Subtract line 4 from line 3	5		
6 Tax. Figure your tax on the amount on line 5 by using the 1995 Tax Rate Schedules on page 2. DO NOT use the Tax Table or the Tax Rate Schedules in the 1994 Form 1040 or Form 1040A instructions. Caution: If you have a net capital gain and line 5 is over \$94,250 (\$80,750 if head of household; \$56,550 if single; \$47,125 if married filing separately), get Pub. 505 to figure the tax	6		
7 Additional taxes (see instructions)	7		
8 Add lines 6 and 7	8		
9 Credits (see instructions). Do not include any income tax withholding on this line	9		
10 Subtract line 9 from line 8. Enter the result, but not less than zero	10		
11 Self-employment tax. Estimate of 1995 net earnings from self-employment \$.....; if \$61,200 or less , multiply the amount by 15.3%; if more than \$61,200 , multiply the amount by 2.9%, add \$7,588.80 to the result, and enter the total. Caution: If you also have wages subject to social security tax, get Pub. 505 to figure the amount to enter.	11		
12 Other taxes (see instructions).	12		
13a Add lines 10 through 12	13a		
b Earned income credit and credit from Form 4136	13b		
c Subtract line 13b from line 13a. Enter the result, but not less than zero. THIS IS YOUR TOTAL 1995 ESTIMATED TAX ▶	13c		
14a Multiply line 13c by 90% (66⅔% for farmers and fishermen)	14a		
b Enter 100% of the tax shown on your 1994 tax return (110% of that amount if you are not a farmer or a fisherman and the adjusted gross income shown on that return is more than \$150,000 or, if married filing separately for 1995, more than \$75,000)	14b		
c Enter the smaller of line 14a or 14b. THIS IS YOUR REQUIRED ANNUAL PAYMENT TO AVOID A PENALTY ▶ Caution: Generally, if you do not prepay (through income tax withholding and estimated tax payments) at least the amount on line 14c, you may owe a penalty for not paying enough estimated tax. To avoid a penalty, make sure your estimate on line 13c is as accurate as possible. Even if you pay the required annual payment, you may still owe tax when you file your return. If you prefer, you may pay the amount shown on line 13c. For more details, get Pub. 505.	14c		
15 Income tax withheld and estimated to be withheld during 1995 (including income tax withholding on pensions, annuities, certain deferred income, etc.)	15		
16 Subtract line 15 from line 14c. (Note: If zero or less, or line 13c minus line 15 is less than \$500, stop here. You are not required to make estimated tax payments.)	16		
17 If the first payment you are required to make is due April 17, 1995, enter ¼ of line 16 (minus any 1994 overpayment that you are applying to this installment) here and on your payment voucher(s)	17		

Instructions for Worksheet on Page 3

Line 1—If you are self-employed, be sure to take into account the deduction for one-half of your self-employment tax. For details on figuring your adjusted gross income, see **Expected Adjusted Gross Income** in Pub. 505.

Line 7—Additional Taxes. Enter the additional taxes from **Form 4970**, Tax on Accumulation Distribution of Trusts, or **Form 4972**, Tax on Lump-Sum Distributions.

Line 9—Credits. See the 1994 Form 1040, lines 41 through 45, or Form 1040A, lines 24a and 24b, and the related instructions.

Line 11—Self-Employment Tax. If you and your spouse make joint estimated tax payments and you both have self-employment income, figure the self-employment tax for each of you separately. Enter the total on line 11. When figuring your estimate of 1995 net earnings from self-employment, be sure to use only 92.35% of your total net profit from self-employment.

Line 12—Other Taxes. Enter any other taxes, such as tax on early distributions from a qualified retirement plan (including your IRA), annuity, or modified endowment contract (entered into after June 20, 1988); and alternative minimum tax. Do not include any deferral of additional 1993 taxes or recapture of a Federal mortgage subsidy. Also, do not include social security and Medicare tax on tip income not reported to your employer or uncollected employee social security and Medicare or RRTA tax on tips or group-term life insurance.

Payment Due Dates

You may pay all of your estimated tax by April 17, 1995, or in four equal amounts by the dates shown below:

1st payment	April 17, 1995
2nd payment	June 15, 1995
3rd payment	Sept. 15, 1995
4th payment	Jan. 16, 1996*

*You do not have to make the payment due January 16, 1996, if you file your 1995 Form 1040 or 1040A by January 31, 1996, **AND** pay the entire balance due with your return.

Note: *Payments are due by the dates indicated whether or not you are outside the United States and Puerto Rico.*

If, after March 31, 1995, you have a large change in income, deductions, additional taxes, or credits that requires you to start making estimated tax payments, you should figure the amount of your estimated tax payments by using the annualized income installment method, as explained in Pub. 505. Although your payment due dates will be the same as shown above, the payment amounts will vary based on your income, deductions, additional taxes, and credits for the months ending before each payment due date. As a result, this method may allow you to skip or lower the amount due for one or more payments. If you use the annualized income installment method, be sure to file **Form 2210**, Underpayment of Estimated Tax by Individuals, Estates, and Trusts, with your 1995 tax return, even if no penalty is owed.

Farmers and Fishermen. If at least two-thirds of your gross income for 1994 or 1995 is from farming or fishing, you may do one of the following:

- Pay all of your estimated tax by January 16, 1996, or
- File your 1995 Form 1040 by March 1, 1996, and pay the total tax due. In this case, 1995 estimated payments are not required.

Fiscal Year Taxpayers. You are on a fiscal year if your 12-month tax period ends on any day except December 31. Due dates for fiscal year taxpayers are the 15th day of the 4th, 6th, and 9th months for your current fiscal year and the 1st month of the following fiscal year. If any payment date falls on a Saturday, Sunday, or legal holiday, use the next business day.

Amending Estimated Tax Payments

To change or amend your estimated payments, refigure your total estimated payments due (line 16 of the worksheet on page 3). Then use the worksheets under **Amended estimated tax** in Pub. 505 to figure the payment due for each remaining payment period. If an estimated tax payment for a previous period is less than one-fourth of your amended estimated tax, you may owe a penalty when you file your return.

When a Penalty Is Applied

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

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

How To Complete and Use the Payment Voucher

There is a separate payment voucher for each due date. Please be sure you use the voucher with the correct due date shown in the upper right corner. Complete and send in the voucher **only** if you are making a payment. To complete your voucher:

- Type or print your name, address, and social security number in the space provided on the voucher. If filing a joint voucher, also enter your spouse's name and social security number. List the names and social security numbers in the same order on the joint voucher as you will on your joint return.
- Enter on the payment line of the voucher only the amount you are sending in. When making payments of estimated tax, be sure to take into account any 1994 overpayment that you choose to credit against your 1995 tax, but do not include the overpayment amount on this line.
- Enclose your payment, making the check or money order payable to: "Internal Revenue Service" (not "IRS").
- Write your social security number and "1995 Form 1040-ES" on your check or money order.
- Do not staple or attach your payment to the voucher.
- Mail your payment voucher to the address shown on page 5 for the place where you live.
- Fill in the **Record of Estimated Tax Payments** on page 5 for your files.

If you changed your name and made estimated tax payments using your old name, attach a statement to the front of your 1995 Form 1040 or 1040A. List all of the estimated tax payments you and your spouse made for 1995, the address where you made the payments, and the name(s) and social security number(s) under which you made the payments.

Record of Estimated Tax Payments (see page 4 for correct payment due dates)

Payment number	(a) Date	(b) Amount paid		(c) 1994 overpayment credit applied		(d) Total amount paid and credited (add (b) and (c))	
1							
2							
3							
4							
Total							

Where To File Your Payment Voucher

Mail your payment voucher to the Internal Revenue Service at the address shown below for the place where you live. **Do not** mail your tax return to this address. Also, do not mail your estimated tax payments to the address shown in the Form 1040 or 1040A instructions.

Note: For proper delivery of your estimated tax payment to a P.O. box, you must include the box number in the address. Also, note that only the U.S. Postal Service can deliver to P.O. boxes.

If you live in: Use this address:

New Jersey, New York (New York City and counties of Nassau, Rockland, Suffolk, and Westchester)	P.O. Box 162 Newark, NJ 07101-0162
New York (all other counties), Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island, Vermont	P.O. Box 371999 Pittsburgh, PA 15250-7999
Delaware, District of Columbia, Maryland, Pennsylvania, Virginia	P.O. Box 8318 Philadelphia, PA 19162-8318
Florida, Georgia, South Carolina	P.O. Box 105900 Atlanta, GA 30348-5900
Indiana, Kentucky, Michigan, Ohio, West Virginia	P.O. Box 7422 Chicago, IL 60680-7422
Alabama, Arkansas, Louisiana, Mississippi, North Carolina, Tennessee	P.O. Box 1219 Charlotte, NC 28201-1219

Illinois, Iowa, Minnesota, Missouri, Wisconsin	P.O. Box 970006 St. Louis, MO 63197-0006
Kansas, New Mexico, Oklahoma, Texas	P.O. Box 970001 St. Louis, MO 63197-0001
Alaska, Arizona, California (counties of Alpine, Amador, Butte, Calaveras, Colusa, Contra Costa, Del Norte, El Dorado, Glenn, Humboldt, Lake, Lassen, Marin, Mendocino, Modoc, Napa, Nevada, Placer, Plumas, Sacramento, San Joaquin, Shasta, Sierra, Siskiyou, Solano, Sonoma, Sutter, Tehama, Trinity, Yolo, and Yuba), Colorado, Idaho, Montana, Nebraska, Nevada, North Dakota, Oregon, South Dakota, Utah, Washington, Wyoming	P.O. Box 510000 San Francisco, CA 94151-5100
California (all other counties), Hawaii	P.O. Box 54030 Los Angeles, CA 90054-0030
American Samoa	P.O. Box 8318 Philadelphia, PA 19162-8318
The Commonwealth of the Northern Mariana Islands	P.O. Box 8318 Philadelphia, PA 19162-8318
Puerto Rico (or if excluding income under section 933)	P.O. Box 8318 Philadelphia, PA 19162-8318

Guam: Nonpermanent residents	P.O. Box 8318 Philadelphia, PA 19162-8318
Permanent residents*	Department of Revenue and Taxation Government of Guam 378 Chalan San Antonio Tamuning, GU 96911
* You must prepare separate vouchers for estimated income tax and self-employment tax payments. Send the income tax vouchers to the Guam address and the self-employment tax vouchers to the address for Guam nonpermanent residents shown above.	
Virgin Islands: Nonpermanent residents	P.O. Box 8318 Philadelphia, PA 19162-8318
Permanent residents*	V.I. Bureau of Internal Revenue Lockhart Gardens No. 1-A Charlotte Amalie St. Thomas, VI 00802
* You must prepare separate vouchers for estimated income tax and self-employment tax payments. Send the income tax vouchers to the Virgin Islands address and the self-employment tax vouchers to the address for Virgin Islands nonpermanent residents shown above.	
All APO and FPO addresses	P.O. Box 8318 Philadelphia, PA 19162-8318
Foreign country: U.S. citizens and those filing Form 2555, Form 2555-EZ, or Form 4563	P.O. Box 8318 Philadelphia, PA 19162-8318

Tear off here

Form **1040-ES**
Department of the Treasury
Internal Revenue Service

1995 Payment Voucher 4

OMB No. 1545-0087

File only if you are making a payment of estimated tax. Return this voucher with check or money order payable to the "Internal Revenue Service." Please write your social security number and "1995 Form 1040-ES" on your check or money order. Do not send cash. Enclose, but do not staple or attach, your payment with this voucher.

Calendar year—Due Jan. 16, 1996

Amount of payment \$	Please type or print	Your first name and initial	Your last name	Your social security number	
		If joint payment, complete for spouse			
		Spouse's first name and initial	Spouse's last name	Spouse's social security number	
		Address (number, street, and apt. no.)			
		City, state, and ZIP code. (If a foreign address, enter city, province or state, postal code, and country.)			

1995 Payment Voucher 3

Calendar year—Due Sept. 15, 1995

File only if you are making a payment of estimated tax. Return this voucher with check or money order payable to the "Internal Revenue Service." Please write your social security number and "1995 Form 1040-ES" on your check or money order. Do not send cash. Enclose, but do not staple or attach, your payment with this voucher.

Amount of payment \$	Please type or print	Your first name and initial	Your last name	Your social security number
		If joint payment, complete for spouse		
		Spouse's first name and initial	Spouse's last name	Spouse's social security number
		Address (number, street, and apt. no.)		
		City, state, and ZIP code. (If a foreign address, enter city, province or state, postal code, and country.)		

For Paperwork Reduction Act Notice, see instructions on page 1.

Tear off here

1995 Payment Voucher 2

Calendar year—Due June 15, 1995

File only if you are making a payment of estimated tax. Return this voucher with check or money order payable to the "Internal Revenue Service." Please write your social security number and "1995 Form 1040-ES" on your check or money order. Do not send cash. Enclose, but do not staple or attach, your payment with this voucher.

Amount of payment \$	Please type or print	Your first name and initial	Your last name	Your social security number
		If joint payment, complete for spouse		
		Spouse's first name and initial	Spouse's last name	Spouse's social security number
		Address (number, street, and apt. no.)		
		City, state, and ZIP code. (If a foreign address, enter city, province or state, postal code, and country.)		

For Paperwork Reduction Act Notice, see instructions on page 1.

Tear off here

1995 Payment Voucher 1

Calendar year—Due April 17, 1995

File only if you are making a payment of estimated tax. Return this voucher with check or money order payable to the "Internal Revenue Service." Please write your social security number and "1995 Form 1040-ES" on your check or money order. Do not send cash. Enclose, but do not staple or attach, your payment with this voucher.

Amount of payment \$	Please type or print	Your first name and initial	Your last name	Your social security number
		If joint payment, complete for spouse		
		Spouse's first name and initial	Spouse's last name	Spouse's social security number
		Address (number, street, and apt. no.)		
		City, state, and ZIP code. (If a foreign address, enter city, province or state, postal code, and country.)		

For Paperwork Reduction Act Notice, see instructions on page 1.