

Estimated Income Tax for Fiduciaries*(Section references are to the Internal Revenue Code.)*

Paperwork Reduction Act Notice.—We ask for the information on this form 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 taxpayers are complying with these laws and to allow us to figure and collect the right amount of tax.

The time needed to complete and file this form will vary depending on individual circumstances. The estimated average time is:

Recordkeeping	20 min.
Learning about the law or the form	10 min.
Preparing the form	1 hr., 23 min.
Copying, assembling, and sending the form to the IRS	20 min.

If you have comments concerning the accuracy of these time estimates or suggestions for making this form more simple, we would be happy to hear from you. You can write to both the **Internal Revenue Service**, Washington, DC 20224, Attention: IRS Reports Clearance Officer, T:FP; and the **Office of Management and Budget**, Paperwork Reduction Project (1545-0971), Washington, DC 20503. DO NOT send payment vouchers to either of these offices. Instead, see the instructions on page 2 for information on where to file.

Items You Should Note

- The tax rates for 1992 have been adjusted for inflation.
- For 1992, certain taxpayers may not be able to use the 100% of the preceding year's tax "safe harbor" to avoid the penalty for underpayment of estimated tax.

Purpose of Form

Use this form to figure and pay estimated tax for an estate or trust. *Estimated tax* is the amount of tax the fiduciary of 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 form 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 pre-printed on the vouchers for the next tax year. Unless the fiduciary is a financial institution subject to the magnetic tape filing requirement, use the pre-printed vouchers. If you, as fiduciary, did not receive any 1992 pre-printed vouchers, use these vouchers. Do not use the vouchers in this package for notifying the IRS of a change of address. If the fiduciary has moved, use **Form 8822**, Change of Address, and send it to the service center where you file the estate's or trust's tax return.

A. 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 \$500 in tax for 1992 and can expect its withholding and credits to be less than the smaller of:

1. 90% of the tax shown on the 1992 tax return; or
2. 100% of the tax shown on the 1991 tax return (assuming the return covered all 12 months and a return was filed).

Limitations on Use of Preceding Year's Tax.—Certain estates or trusts must make a special computation (discussed below) to figure the estimated tax payments.

Although these estates and trusts may use 100% of the 1991 tax to figure the amount of the first payment, they may not be able to use that amount to figure the remaining payments. Before completing line 14c of the Worksheet on page 3, determine if the special computation applies to the estate or trust.

The special computation applies ONLY if conditions 1, 2, AND 3, below apply. If any one condition does not apply, DO NOT make the special computation. Instead, use exception 1 or 2 above. The conditions are if:

1. The estate or trust made an estimated tax payment (or was assessed a penalty for failure to pay estimated tax) in any of the 3 preceding tax years;
2. The adjusted gross income for 1992 is expected to exceed \$75,000; AND
3. The "modified adjusted gross income" (defined below) for 1992 is expected to exceed the adjusted gross income for 1991 by more than \$40,000.

Special Computation.—If all of the above conditions apply, use the 1992 Estimated Tax Worksheet Limiting Use of Prior Year's Tax in **Pub. 505**, Tax Withholding and Estimated Tax, to figure your estimated tax payments.

For this purpose, the term "modified adjusted gross income" means the current year's adjusted gross income (as defined in section 62) modified as follows:

1. Any "qualified pass-thru items" (discussed below) shown on the 1991 Form 1041 are treated as shown on the 1992 Form 1041; and
2. Disregard any gain from any involuntary conversion for the current year.

For this purpose only, a "qualified pass-thru item" is any item of income, gain, loss, deduction, or credit attributable to an interest in a partnership or S corporation; and does not include any gain or loss from the disposition of an interest in a partnership or S corporation.

Exceptions.—Generally, no estimated tax is due if:

1. the income tax return for 1992 will show a tax balance due of less than \$500; or
2. the estate of a domestic decedent or a domestic trust had no tax liability in the preceding tax year and the preceding tax year was a full 12 months.

Note: *Estates (and any trust that was treated as owned by the decedent, that received the residue of a decedent's estate under the will, or if no will is admitted to probate, a trust primarily responsible for paying debts, taxes, and other expenses of administration) are only required to make estimated tax payments for any tax year ending 2 or more years after the decedent's death.*

Financial institutions that maintain a Treasury Tax and Loan (TT&L) account and administer at least 200 taxable trusts that are required to pay estimated tax, must submit the estimated tax payments on magnetic tape. See Rev. Proc. 89-49, 1989-2 C.B. 615.

B. How To Figure Estimated Tax

Use the 1992 Estimated Tax Worksheet on page 3; the 1992 Tax Rate Schedule in Instruction F; and the estate's and trust's 1991 tax return as a guide for figuring the 1992 estimated tax.

Most of the items on the Estimated Tax Worksheet on page 3 are self-explanatory. However, the instructions below provide additional information for filling out certain lines.

Line 4—Exemption.—

Note: *No exemption is allowed on the final return of an estate or trust.*

Estate.—A decedent's estate is allowed a \$600 exemption.

Trust.—A trust that is required by its governing trust instrument to distribute all its income currently is allowed a \$300 exemption.

All other trusts (i.e., complex trusts) are allowed a \$100 exemption.

Line 8—Additional taxes.—Enter any additional taxes from:

- **Form 4970**, Tax on Accumulation Distributions of Trusts;
- **Form 4972**, Tax on Lump-Sum Distributions; or
- Section 644 tax on trusts.

Line 10—Credits.—For details on credits you may claim, see **Form 1041**, U.S. Fiduciary Income Tax Return, line 2 of Schedule G, and related instructions.

Line 12—Other taxes.—Enter any other taxes such as recapture of low-income housing credit and alternative minimum tax.

C. How To Use The Payment-Vouchers

Each payment-voucher has the date when the voucher is due for calendar year taxpayers. Please use the correct voucher.

1. Enter the estate's or trust's name and employer identification number; and the fiduciary's name, title, and address in the spaces provided on the payment-voucher.

2. Enter the net amount of the payment on line 1 of the payment-voucher. If you paid too much tax on your 1991 Form 1041, you may have chosen to apply the overpayment to your estimated tax for 1992. If so, the overpayment will be applied to the first installment, unless you notify the IRS that the overpayment should be applied against another installment. **Send the payment-voucher to the IRS ONLY when you are making a payment.**

3. Enclose, but do not staple or attach, your check or money order with the payment-voucher. Make the check or money order payable to "Internal Revenue Service." Please write the estate's or trust's employer identification number and "1992 Form 1041-ES" on the check or money order. Do not include any balance due on your Form 1041 with your check for 1992 estimated tax. Please fill in the Record of Estimated Tax Payments on page 4 so you will have a record of your payments.

4. Mail the payment-voucher to:

Internal Revenue Service
P.O. Box 970002
St. Louis, MO 63197-0002

DO NOT send the payment-voucher to the Internal Revenue Service Center where you file Form 1041.

If the 1992 Form 1041 is filed by February 1, 1993, and the entire balance due is paid at that time, then you do not need to make the payment that would otherwise be due January 15, 1993.

Farmers and fishermen.—If at least two-thirds of gross income for 1991 or 1992 is from farming or fishing, do one of the following:

- Pay the total estimated tax by January 15, 1993; or
- File Form 1041 for 1992 by March 1, 1993, and pay the total tax due. In this case, do not make estimated tax payments for 1992.

Fiscal year.—If your return is on a fiscal year basis, your due dates are the 15th day of the 4th, 6th, and 9th month of your fiscal year and the 1st month of the following fiscal year. If any date falls on a Saturday, Sunday, or legal holiday, use the next regular workday.

D. Penalty for Not Paying Enough Estimated Tax

Generally, if at least: **(1)** 90% (66 $\frac{2}{3}$ % for farmers and fishermen) of the 1992 tax liability; **(2)** 100% of the tax shown on the 1991 return; or **(3)** 90% of the tax figured by annualizing the taxable income and alternative minimum taxable income, whichever is smallest, is not prepaid, a penalty for not paying enough estimated tax may be charged. To avoid the penalty, make sure your estimate is as accurate as possible. If you are unsure of the estimate, you may pay more than 90% (or 66 $\frac{2}{3}$ %) of the amount shown on line 16. See

Limitations on Use of Preceding Year's Tax to see if your required installment is affected by the 100% of preceding year's tax "safe harbor."

If the annualized income installment method under section 6654(d)(2) is used, one less month's income is taken into consideration for computation of estimated taxes. For example, a calendar year trust would compute its first installment due April 15, 1992, based on the annualized income for January and February.

Note: *The penalty may only be waived by the IRS under certain conditions, such as casualty, disaster, or other unusual circumstances.*

Caution: *You may be required to make payments of past due amounts to avoid further penalty. You may have to make these payments if you do not make your estimated tax payments on time, or if you did not pay the correct amount for a previous payment date.*

Example: On June 1, 1992, you find out that you should have made an estimated tax payment on April 15. You should immediately fill out the payment-voucher due April 15, 1992, and send in the required amount ($\frac{1}{4} \times 1992$ estimated tax). This amount will be applied toward your estimated tax payment due April 15, 1992. You must still fill out the payment-voucher due June 15, 1992, and send in the required amount for the second installment.

For more information, see Pub. 505.

E. Certain Payments of Estimated Tax Treated as Paid by Beneficiary

The fiduciary (or executor, under certain circumstances) may elect to treat any portion of estimated tax payments as payments made by a beneficiary (and not as payments made by the fiduciary).

Such an amount is treated as a payment of the estimated tax made by the beneficiary that would otherwise be due January 15, 1993.

Time for making election.—The fiduciary must make the election on the 1992 **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 trust's tax year. See section 643(g).

1992 Estimated Tax Worksheet (Do Not File—Keep for Your Records)

1	Enter adjusted total income you expect in 1992		1	
2	Enter income distribution deduction	2		
3	Enter estate tax deduction.	3		
4	Enter exemption (see instructions)	4		
5	Total (add lines 2 through 4)		5	
6	Taxable income of fiduciary (subtract line 5 from line 1)		6	
7	Tax (Figure your tax on line 6 by using the 1992 Tax Rate Schedule, Instruction F, in these instructions.) (If you expect a net capital gain for 1992, use the Tax Computation Using Maximum Capital Gains Rate, below, to figure your tax.)		7	
8	Additional taxes (see instructions)		8	
9	Total (add lines 7 and 8)		9	
10	Credits (see instructions)		10	
11	Balance (subtract line 10 from line 9)		11	
12	Other taxes (see instructions)		12	
13	1992 Estimated Tax. (add lines 11 and 12) (Reduce this total by any credit you expect to claim on Form 4136.)		13	
14a	Enter 90% (66 $\frac{2}{3}$ % for farmers and fishermen) of line 13	14a		
b	Enter 100% of the tax shown on your 1991 Form 1041	14b		
c	Required Annual Payment —Enter the smaller of line 14a or 14b (Caution: See <i>Limitations on Use of Preceding Year's Tax</i> before entering an amount.)		14c	
15	Income tax withheld and estimated to be withheld during 1992 and other credits		15	
16	Balance. —(subtract line 15 from line 14c) (Note: If line 13 minus line 15 is less than \$500, you are not required to make estimated tax payments.)		16	
17	Installment Amount. —If the first payment you are required to make is due April 15, 1992, enter $\frac{1}{4}$ of line 16 (less any 1991 overpayment that you are applying to this installment) here and on line 1 of your payment-voucher(s). (see instructions) You may round off cents to the nearest whole dollar		17	

1992 Tax Computation Using Maximum Capital Gains Rate (Use this computation if you expect a net capital gain for 1992.)

1	Taxable income (from line 6 of the Worksheet above).	1	
2	Net capital gain anticipated for 1992.	2	
3	Subtract line 2 from line 1, but not less than -0-	3	
4	Enter the greater of line 3 or \$10,900	4	
5	Tax on amount on line 4 from the 1992 Tax Rate Schedule. If \$10,900 enter \$2,584.00	5	
6	Subtract line 4 from line 1	6	
7	Multiply line 6 by (.28)	7	
8	Maximum capital gains tax (add lines 5 and 7)	8	
9	Regular tax on amount on line 1 from the 1992 Tax Rate Schedule	9	
10	Tax. (Enter the smaller of line 8 or line 9.) Enter here and on line 7 of the Worksheet above	10	

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Form **1041-ES**

**1992
Payment-
Voucher 4**

Department of the Treasury
Internal Revenue Service

Return this voucher with check or money order payable to the Internal Revenue Service.
Please do not send cash or staple your payment to this voucher.

OMB No. 1545-0971

(Calendar year—Due Jan. 15, 1993)

Please write the trust's or estate's EIN and "1992 Form 1041-ES" on your check or money order.

1 Amount of payment \$ 2 Fiscal year filers—enter year ending (month and year)	Please type or print	Employer identification number
		Name of estate or trust
		Name and title of fiduciary
		Number, street, and room or suite no.
		City, state, and ZIP code
File only if you are making a payment of estimated tax.		

F. 1992 Tax Rate Schedule

Estates and trusts:

If line 6 of the Estimated Tax Worksheet on page 3 is:

The tax is:

Of the amount over—

Over—	But not over—		
\$0	\$3,600	15%	\$0
3,600	10,900	\$540.00 + 28%	3,600
10,900	-----	2,584.00 + 31%	10,900

Line 17—Installment amount.—Use the following table to determine the due date of each installment and the amount of each installment. If any date falls on a Saturday, Sunday, or legal holiday, substitute the next regular workday. You may either pay all of your estimated tax with your first payment or pay in installments when due. An estate or trust may have

elect to apply its 1991 overpayment against its 1992 tax. If so, the overpayment will be applied to the first installment, unless you notify the IRS that the overpayment should be applied against another installment.

Note: Use the "Amended Estimated Tax Schedule" below to figure your amended estimated tax.

If the requirement to make estimated tax payments is first met—	The number of installments to make is—	And the estate or trust should pay the following percentages of the estimated tax by the 15th day of the—			
		4th month	6th month	9th month	1st month of the next year
Before the 1st day of the 4th month of the tax year	4	25	25	25	25
After the last day of the 3rd month and before the 1st day of the 6th month of the tax year	3		50	25	25
After the last day of the 5th month and before the 1st day of the 9th month of the tax year	2			75	25
After the last day of the 8th month	1				100

Record of Estimated Tax Payments

Payment number	(a) Date	(b) Amount	(c) 1991 overpayment credit applied	(d) Total amount paid and credited (add (b) and (c))
1				
2				
3				
4				
Total				

Amended Estimated Tax Schedule (Use if estimated tax changes during the year)

1	Amended estimated tax		1	
2a	Amount of 1991 overpayment chosen for credit to 1992 estimated tax and applied to date	2a		
b	Estimated tax payments to date	2b		
c	Total (add lines 2a and 2b)		2c	
3	Unpaid balance (subtract line 2c from line 1)		3	

Return this voucher with check or money order payable to the Internal Revenue Service.
 Please do not send cash or staple your payment to this voucher.

OMB No. 1545-0971

(Calendar year—Due Sept. 15, 1992)

Please write the trust's or estate's EIN and "1992 Form 1041-ES" on your check or money order.

1 Amount of payment \$ 2 Fiscal year filers—enter year ending (month and year) File only if you are making a payment of estimated tax.	Please type or print	Employer identification number
		Name of estate or trust
		Name and title of fiduciary
		Number, street, and room or suite no.
		City, state, and ZIP code

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Return this voucher with check or money order payable to the Internal Revenue Service.
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OMB No. 1545-0971

(Calendar year—Due June 15, 1992)

Please write the trust's or estate's EIN and "1992 Form 1041-ES" on your check or money order.

1 Amount of payment \$ 2 Fiscal year filers—enter year ending (month and year) File only if you are making a payment of estimated tax.	Please type or print	Employer identification number
		Name of estate or trust
		Name and title of fiduciary
		Number, street, and room or suite no.
		City, state, and ZIP code

Tear off here

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OMB No. 1545-0971

(Calendar year—Due April 15, 1992)

Please write the trust's or estate's EIN and "1992 Form 1041-ES" on your check or money order.

1 Amount of payment \$ 2 Fiscal year filers—enter year ending (month and year) File only if you are making a payment of estimated tax.	Please type or print	Employer identification number
		Name of estate or trust
		Name and title of fiduciary
		Number, street, and room or suite no.
		City, state, and ZIP code