

Sample article for organizations to use to reach customers

Customize and post the following article on your websites and/or other communication vehicles to encourage your customers to invest in their financial future with their federal tax refund.

Do you need to pay estimated taxes? Find out here!

You may need to pay estimated taxes if you are self-employed, have income other than your salary or you receive income that is not subject to withholding, such as:

- Self-employed income
- Rent
- Interest
- Dividends
- Alimony
- Gains from sales of assets
- Prizes and awards

You also may have to pay estimated tax if not enough income tax is being withheld from your salary, pension or other income.

Farmers and commercial fishermen have special criteria to meet and may pay less in estimated taxes. You are considered a qualified farmer or fisherman if you earn more than two thirds of your gross income from farming or commercial fishing. Refer to [Publication 505, Tax Withholding and Estimated Tax](#) for more information.

Who must pay estimated taxes depends on one's situation. In most cases, you must pay estimated tax for 2011 if both of the following apply:

- You expect to owe at least \$1,000 in tax for 2011 after subtracting your withholding and credits, and
- You expect your withholding and credits to be less than the smaller of:
 - 90% of the tax to be shown on your 2011 tax return, or
 - 100% of the tax shown on your 2010 tax return. Your 2010 tax return must cover all 12 months.

Estimated tax is not required for 2011 if all three of the following conditions apply:

- You have no tax liability for 2010.
- You were a U.S. citizen or resident for the whole year.
- Your 2010 tax year covered a 12-month period.

Refer to [Publication 505, Tax Withholding and Estimated Tax](#) for more information.

To determine your estimated tax, complete the worksheet accompanying [Form 1040-ES](#). To determine what your estimated tax payments should be, obtain copies of the following:

- *Your 2010 return.* Use your 2010 federal tax return as a check to ensure you included all the income and deductions you expect to take on your 2011 tax return. You should also look at the total tax you paid if you are going to base your estimated tax payments on 100 or 110 percent of your 2010 taxes.
- *Records of estimated tax payments you have already made for 2010.* You need to take those payments into account in determining how much tax you still owe.

Estimated tax payments are generally paid in four equal installments. However, you may have unequal payments in some circumstances:

- If your 2009 overpayment was credited to your 2010 estimated tax payments.
- If you didn't compute your estimated payments until after April after the first one was due.
- If you unexpectedly received a higher than normal amount of money during one quarter.

To determine **when to pay estimated taxes**, refer to the [quarterly payment due dates](#). You could be charged a penalty if you fail to pay or do not pay enough tax each payment period, even if you are due a refund.

You can pay estimated tax by check or money order using the [Estimated Payment Voucher](#). You can also pay electronically using a credit or debit card, Electronic Funds Withdrawal or you can pay through the [Electronic Federal Tax Payment System \(EFTPS\)](#).

NOTE TO EDITOR: *Below are links to more information about paying estimated taxes.*

- www.irs.gov
- [Estimated Taxes](#)