

1040-ES

# ESTIMATED TAXES



2023

Did you owe taxes or make estimates in prior year?

**NO**

**YES**

- No major changes to income or income sources
- No changes to withholding
- Loss of dependents

- Investment income
- Rentals
- Etc.

## OPTION 1

## OPTION 2

## OPTION 3

Prepay your prior tax year's tax in full to avoid penalty.  
Prepayment amount is:

- Income < \$150k (MFJ)  
= 100% PY Tax
- Income > \$150k(MFJ)  
= 110% PY Tax
- 1040ES Payments to be made evenly over four (4) quarters

Estimate your income & tax

- Current year income (x) effective tax rate (prior year)
- Keep in mind that increased income can mean a higher tax bracket
- Need help estimating? Contact us to help

Increase Withholding

- Increase W-2 withholding by updating W-4 with employer
- Request additional withholding on IRA/401k distributions with advisor

## PENALTY AMOUNTS

The penalty rate (%) increases with fed interest rates

Current rate: 8% of underpaid tax

IRS now aggressively pursuing this penalty

On extension? It is highly advised that you make a payment at extension if you think you'll owe!

## WHAT TO DO NEXT

Make 1040-ES payments online & keep records!  
[www.irs.gov/payments](http://www.irs.gov/payments)

Mail 1040-ES vouchers via certified mail, keep records!

Monitor your changes in income and prepare accordingly