O'NEIL & STEINER, PLLC
ESTIMATED PAYMENT INFORMATION SHEET

Estimated Tax Payments in general:

The tax code includes a provision to assist in collecting taxes evenly throughout the year from those that receive income not subject to normal withholding. This also impacts those that owe $1,000 or more in a given tax year. Each taxpayer that falls into this category has the option to:

1. Make adequate, timely estimated payments while maintaining prior withholding levels,
2. Increase withholding enough to not be required to make estimated payments, or
3. Pay the penalty associated with underpayment of estimated taxes if necessary upon filing their next tax return.

In most cases, you must pay estimated tax for 2024 if both of the following apply.

1. You expect to owe at least $1,000 for 2024, after subtracting your withholding and refundable credits.
2. You expect your withholding and refundable credits to be less than the smaller of:
   a. 90% of the tax to be shown on your 2024 tax return, or
   b. 100% of the tax on your 2023 tax return. (110% if your Adjusted Gross Income {AGI} exceeds $150,000, or $75,000 for Married Filing Separately)

Another Option - Increase Your Withholding:

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.

Generally, if you receive a pension or annuity you can use Form W-4P, Withholding Certificate for Pension or Annuity Payments, to start or change your withholding from these payments.

You will not be subject to estimated tax payment requirements if your withholding is increased enough to reduce the amount of tax you owe in 2024 below $1,000, or to make the total of withholding and refundable credits greater than the smaller of:

a. 90% of the tax to be shown on your 2024 tax return, or
b. 100% of the tax on your 2023 tax return. (110% if your Adjusted Gross Income {AGI} exceeds $150,000, or $75,000 for Married Filing Separately)

Penalty for Underpayment/Late payment of Estimated Taxes:

In some cases, you may owe a penalty when you file your return. The penalty is imposed if you must pay estimated tax and failed to do so according to the required federal schedule:

Four equal payments on:	April 15, 2024
	June 17, 2024
	September 16, 2024
	January 15, *2025*

The penalty is calculated on each underpayment based on the size of the underpayment and the number of days it remains unpaid. A penalty may be assessed if you did not pay enough estimated tax for the year or you did not make the payments on time or in equal installments. A penalty may apply even if you have an overpayment on your tax return.