

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, 20 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 easier, 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 (1545-0087), 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, 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 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 when you receive them 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 1-800-829-3676. Send the completed form to the Internal Revenue Service Center where you filed your last tax return.

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 1992, and you expect your withholding and credits to be less than the **smaller** of:

- 90% of the tax shown on your 1992 tax return, or
- 100% of the tax shown on your 1991 tax return (the return must cover all 12 months).

Caution: If 100% of your 1991 tax is the **smaller** of the two amounts, see **Limit on Use of Prior Year's Tax** on this page for special rules that may apply to you.

Generally, you do not have to pay estimated tax if you were a U.S. citizen or resident alien for all of 1991 and you had no tax liability for the full 12-month 1991 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 can 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 1991 Tax Changes

Instructions for the 1991 Forms 1040 or 1040A

For forms and publications, call 1-800-829-3676

For assistance, call 1-800-829-1040

Tax Law Changes Effective for 1992

Use your 1991 tax return as a guide for figuring your estimated tax, but be sure to consider the changes noted in this section. For other changes that may affect your 1992 estimated tax, see Pub. 553.

Expiring Tax Provisions. At the time this package went to print, several tax provisions, including the self-employed health insurance deduction, were scheduled to expire 12/31/91. See Pub. 553 to find out if these provisions were extended.

Limit on Use of Prior Year's Tax. Some individuals (other than farmers and fishermen) with income over a certain amount must make a special computation to figure their estimated tax payments. Although these individuals may use 100% of their 1991 tax to figure the amount of their first payment, they may not be able to use that amount to figure their remaining payments. To see if this special computation applies to you, first fill in the 1992 Estimated Tax Worksheet (on page 3) through line 14b. Then, answer the questions below. But if you answer NO to any question, stop and read the instructions below question 3.

1. Did you make any estimated tax payments for 1991, 1990, or 1989, **OR** were you charged an estimated tax penalty for any of those years? (If either applies, answer "Yes.") Yes No
2. Is your 1992 adjusted gross income (AGI) on line 1 of the worksheet more than \$75,000 (\$37,500 if married filing separately)? Yes No
3. Do you expect your 1992 modified AGI (defined on page 2) to exceed your 1991 actual AGI by more than \$40,000 (\$20,000 if married filing separately)? Yes No

If you answered **NO** to any of the questions above, you don't have to make the special computation. Instead, fill in the rest of the worksheet on page 3.

If you answered **YES** to all three of the questions above, you must make the special computation. Do not fill in the rest of the worksheet on page 3. Instead, use the **1992 Estimated Tax Worksheet Limiting Use of Prior Year's Tax** in Pub. 505 to figure all your estimated tax payments. That worksheet uses 100% of your 1991 tax to figure your first payment.