

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**, 18 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 simpler, we would be happy to hear from you. You can write to the Tax Forms Committee, Western Area Distribution Center, Rancho Cordova, CA 95743-0001. **DO NOT** send the payment vouchers to this address. Instead, see **Where To File Your Payment Voucher** on page 4.

Purpose of This Package

Use this package to figure and pay your estimated tax. If you are not required to make estimated tax payments for 1996, you may discard this package. 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, unemployment compensation, etc.

The estimated tax worksheet on page 3 will help you figure the correct amount to pay. The payment vouchers in this package are for crediting your estimated tax payments to your account correctly. Use the **Record of Estimated Tax Payments** on page 4 to keep track of the payments you have made and the number and amount of your remaining payments.

The payment vouchers are preprinted with your name, address, and social security number. If your **name** or **social security number** is not correct, please make the needed changes on the vouchers. Cross out the name and social security number of a deceased or divorced spouse.

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-TAX-FORM (1-800-829-3676). Send the completed form to the Internal Revenue Service Center where you filed your last tax return. The Service Center will update your record and send you new preprinted payment vouchers.

Note: *Continue to use your old preprinted payment vouchers to make payments of estimated tax until you receive the new vouchers. Please do not correct the address on the old vouchers.*

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 1996, and you expect your withholding and credits to be less than the **smaller** of:

1. 90% of the tax shown on your 1996 tax return, or
2. The tax shown on your 1995 tax return (110% of that amount if you are not a farmer or a fisherman and the adjusted gross income shown on that return is more than \$150,000 or, if married filing separately for 1996, more than \$75,000).

However, if you did not file a 1995 tax return or that return did not cover all 12 months, item 2 does not apply.

For this purpose, household employment taxes are not included when figuring the tax shown on your tax return and are not required to be included when figuring your estimated tax payments. However, you may choose to include these taxes when paying estimated tax to avoid a large balance due at the time your tax return is due.

Exception. You do not have to pay estimated tax if you were a U.S. citizen or resident alien for all of 1995 and you had no tax liability for the full 12-month 1995 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 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.

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 1995 Tax Changes, and

Instructions for the 1995 Form 1040, 1040A, or 1040-T.

To order forms and publications, call 1-800-TAX-FORM (1-800-829-3676). If you have a personal computer and a modem, you can also get forms and publications electronically. For details, see page 34 of the Instructions for Form 1040, page 58 of the Instructions for Form 1040A, or page 41 of the Instructions for Form 1040-T.

If you have tax questions, call 1-800-829-1040 for assistance.

Tax Law Changes Effective for 1996

Use your 1995 tax return as a guide in figuring your 1996 estimated tax, but be sure to consider the changes noted in this section.

Earned Income Credit. You will not be eligible for the credit if your total income from interest (including tax-exempt interest), dividends, and net income from rents and royalties not received in the ordinary course of a trade or business exceeds \$2,350 in 1996.

Standard Deduction for 1996. If you do not itemize your deductions, you may take the 1996 standard deduction listed below:

Filing Status	Standard Deduction
Married filing jointly or Qualifying widow(er)	\$6,700
Head of household	\$5,900
Single	\$4,000
Married filing separately	\$3,350