

# 2016

## Form 1040-ES

### Estimated Tax for Individuals



Department of the Treasury  
Internal Revenue Service

#### Purpose of This Package

Use Form 1040-ES to figure and pay your estimated tax for 2016.

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.). In addition, if you do not elect voluntary withholding, you should make estimated tax payments on other taxable income, such as unemployment compensation and the taxable part of your social security benefits.

**Change of address.** If your address has changed, file Form 8822, Change of Address, to update your record.

**Future developments.** For the latest information about developments related to Form 1040-ES and its instructions, such as legislation enacted after they were published, go to [www.irs.gov/form1040es](http://www.irs.gov/form1040es).

#### Who Must Make Estimated Tax Payments

The estimated tax rules apply to:

- U.S. citizens and resident aliens;
- Residents of Puerto Rico, the U.S. Virgin Islands, Guam, the Commonwealth of the Northern Mariana Islands, and American Samoa; and
- Nonresident aliens (use Form 1040-ES (NR)).

#### General Rule

In most cases, you must pay estimated tax for 2016 if both of the following apply.

1. You expect to owe at least \$1,000 in tax for 2016, 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 2016 tax return, or
  - b. 100% of the tax shown on your 2015 tax return.Your 2015 tax return must cover all 12 months.

**Note.** These percentages may be different if you are a farmer, fisherman, or higher income taxpayer. See *Special Rules*, later.

**Exception.** You do not have to pay estimated tax for 2016 if you were a U.S. citizen or resident alien for all of 2015 and you had no tax liability for the full 12-month 2015 tax year. You had no tax liability for 2015 if your total tax was zero or you did not have to file an income tax return.

#### Special Rules

There are special rules for farmers, fishermen, certain household employers, and certain higher income taxpayers.

**Farmers and fishermen.** If at least two-thirds of your gross income for 2015 or 2016 is from farming or fishing, substitute 66 $\frac{2}{3}$ % for 90% in (2a) under *General Rule*.

**Household employers.** When estimating the tax on your 2016 tax return, include your household employment taxes if either of the following applies.

- You will have federal income tax withheld from wages, pensions, annuities, gambling winnings, or other income.
- You would be required to make estimated tax payments to avoid a penalty even if you did not include household employment taxes when figuring your estimated tax.

**Higher income taxpayers.** If your adjusted gross income (AGI) for 2015 was more than \$150,000 (\$75,000 if your filing status for 2016 is married filing separately), substitute 110% for 100% in (2b) under *General Rule*, earlier. This rule does not apply to farmers or fishermen.

#### Increase Your Withholding

If you also receive salaries and wages, you may be able to avoid having to make estimated tax payments on your other income 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 also can choose to have federal income tax withheld from certain government payments. For details, see Form W-4V, Voluntary Withholding Request.

#### Additional Information You May Need

You can find most of the information you will need in Pub. 505, Tax Withholding and Estimated Tax.

Other available information:

- Instructions for the 2015 Form 1040 or Form 1040A.
- Important Changes. Go to [IRS.gov](http://IRS.gov), click on *Forms & Pubs*, and then on *Changes to Current Forms and Publications*.

For details on how to get forms and publications, see the 2015 Instructions for Form 1040 or Form 1040A.

#### What's New

Use your 2015 tax return as a guide in figuring your 2016 estimated tax, but be sure to consider the following.

**Standard deduction.** If you do not itemize your deductions, you can take the 2016 standard deduction listed in the following chart for your filing status.

IF your 2016 filing status is...	THEN your standard deduction is...
Married filing jointly or Qualifying widow(er)	\$12,600
Head of household	\$9,300
Single or Married filing separately	\$6,300

However, if you can be claimed as a dependent on another person's 2016 return, your standard deduction is the greater of:

- \$1,050, or
- Your earned income plus \$350 (up to the standard deduction amount).

Your standard deduction is increased by the following amount if, at the end of 2016, you are:

- An unmarried individual (single or head of household) and are:

65 or older or blind	\$1,550
65 or older and blind	\$3,100

- A married individual (filing jointly or separately) or a qualifying widow(er) and are:

65 or older or blind	\$1,250
65 or older and blind	\$2,500
Both spouses 65 or older	\$2,500*
Both spouses 65 or older and blind	\$5,000*

\* If married filing separately, these amounts apply only if you can claim an exemption for your spouse.



**CAUTION** Your standard deduction is zero if (a) your spouse itemizes on a separate return, or (b) you were a dual-status alien and you do not elect to be taxed as a resident alien for 2016.

**Personal exemption amount increased for certain taxpayers.** For tax years beginning in 2016, the personal exemption amount is increased to \$4,050 for taxpayers with adjusted gross incomes below \$155,650. The personal exemption amount for taxpayers with adjusted gross incomes above this amount may be reduced.

**Limitation on itemized deductions.** For tax year 2016, itemized deductions for taxpayers with adjusted gross income above \$155,650 may be reduced.

**Social security tax.** For 2016, the maximum amount of earned income (wages and net earnings from self-employment) subject to the social security tax is \$118,500.

## Reminders

**Health care coverage.** When you file your 2016 tax return in 2017, you will need to either (1) indicate on your return that you and your family had health care coverage throughout 2016, (2) claim an exemption from the health care coverage requirement for some or all of 2016, or (3) make a payment if you do not have coverage or an

exemption(s) for all 12 months of 2016. See Form 8965 and its instructions for more information.

**Advance payments of the premium tax credit.** If you buy health care insurance through the Health Insurance Marketplace, you may be eligible for advance payments of the premium tax credit to help pay for your insurance coverage. Receiving too little or too much in advance will affect your refund or balance due. Promptly report changes in your income or family size to your Marketplace. See Form 8962 and its instructions for more information.

## How To Figure Your Estimated Tax

You will need:

- The 2016 Estimated Tax Worksheet,
- The Instructions for the 2016 Estimated Tax Worksheet,
- The 2016 Tax Rate Schedules, and
- Your 2015 tax return and instructions to use as a guide to figuring your income, deductions, and credits (but be sure to consider the items listed under *What's New*, earlier).

**Matching estimated tax payments to income.** If you receive your income unevenly throughout the year (for example, because you operate your business on a seasonal basis or you have a large capital gain late in the year), you may be able to lower or eliminate the amount of your required estimated tax payment for one or more periods by using the annualized income installment method. See chapter 2 of Pub. 505 for details.

**Changing your estimated tax.** To amend or correct your estimated tax, see *How To Amend Estimated Tax Payments*, later.



**CAUTION** You cannot 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.

Additionally, individuals of the same sex and opposite sex who are in registered domestic partnerships, civil unions, or other similar formal relationships that are not marriages under state law cannot make joint estimated tax payments. These individuals can take credit only for the estimated tax payments that he or she made.

## Payment Due Dates

You can pay all of your estimated tax by April 18, 2016, or in four equal amounts by the dates shown below.

1st payment	April 18, 2016
2nd payment	June 15, 2016
3rd payment	Sept. 15, 2016
4th payment	Jan. 17, 2017*

\* You do not have to make the payment due January 17, 2017, if you file your 2016 tax return by January 31, 2017, and pay the entire balance due with your return.

If you mail your payment and it is postmarked by the due date, the date of the U.S. postmark is considered the date of payment. If your payments are late or you did not