

Estimated Taxes: Pro Tips

1. Remember that estimated taxes are estimates; they're never going to be 100% accurate. Don't stress too much. Make your best estimates at the time.
2. If you miss a deadline or a payment, catch up as soon as you remember.
3. To avoid penalties, make sure you pay in at least 90% of what you're going to owe for the current year, OR 110% of your total tax liability for the prior year.
4. To check your total tax liability for last year, look at your 2021 Form 1040, Line 24: TOTAL TAX.
5. If you or your spouse also has a W-2 job, ask that employer to withhold more, to cover what you will owe for your self-employment income. It's easier and better than paying estimated taxes.
6. To calculate estimated tax payments OR to get a better idea how much to have withheld from a paycheck, use this IRS calculator:
<https://www.irs.gov/individuals/tax-withholding-estimator>
7. Make your estimated payments online if possible. It's fast and easy, and you can access your records there any time to check on what you've paid so far.
<https://www.irs.gov/payments>
8. If you're Married-Filing-Jointly, have one spouse make all the estimated payments; that way, you'll see them all on the same report when you're checking your totals for the year. *(Note: This is not necessary; it just helps reduce confusion.)*
9. Whether you pay online or mail in a voucher and check, identify what year your payment is for, and specify that it's an Estimated Tax payment.
10. Don't forget your state. If you live in a state that has income taxes of its own, they probably expect you to make estimated payments as well. Check your state's income tax website for details.

The above examples are not intended as legal advice but to illustrate certain retirement planning concepts. Always refer to your legal counsel or accountant when and as appropriate.