

Frequently Asked Questions  
**Understanding Estimated Tax Payments**

**Q:** *Do self-employment taxes need to be paid quarterly or yearly?*

**A:** Self-employment tax is paid by making quarterly estimated tax payments that include both income tax and social security tax.

**Q:** *When are the quarterly estimated tax returns due?*

**A:** The four payments are due April 15, June 15, September 15 and January 15 of the following year. If the due date for making an estimated tax payment falls on a Saturday, Sunday, or legal holiday, the payment will be considered to have been made on time if you make it on the first day following the due date that is not a Saturday, Sunday, or legal holiday.

**Q:** *How do I make estimated tax payments?*

**A:** There are five ways to pay estimated tax:

- 1) Use the Electronic Federal Tax Payment System (EFTPS). It's safe, easy and convenient. You can use the system 24 hours a day, seven days a week, from home or office, and you may schedule your payments up to 120 days in advance of the tax due date for businesses and 365 days in advance for individuals. Call 1-800-945-8400 or 1-800-555-4477 or visit [www.eftps.gov](http://www.eftps.gov) for more information.
- 2) Pay by direct debit when filing Form 1040/1040A electronically.
- 3) Use a credit card. Visit [www.irs.gov](http://www.irs.gov) for more information.
- 4) Credit an overpayment on your 2001 return to your 2002-estimated tax.
- 5) Send a payment along with [Form 1040-ES](#) payment voucher.

**Q:** *Should all the quarterly estimated tax payments be the same amount?*

**A:** Normally, you determine your tax at the first of the year and divide by four (4), but this can change if your income fluctuates for a certain quarter. If this occurs, complete the 2002 Annualized Estimated Tax Worksheet in Publication 505. Use the resulting figure for your estimated tax payments and to complete your payment vouchers.

**Q:** *Can I combine my estimated tax payment with a payment that I'm submitting with my Form 1040?*

**A:** No, estimated tax payments should be mailed separately to ensure proper credit.

**Q:** *How do I report the estimated payments I have made when I file my taxes at the end of the year?*

**A:** Enter all of your estimated tax payments for 2002 on Form 1040 or 1040A, *U.S. Individual Income Tax Return*.

**Q:** *What can I do to make sure I will not owe the IRS on my 2002 income tax return?*

**A:** Self-employed workers (filers of Form 1040 Schedule C and Schedule F) pay tax on income as it's earned during the year by using the Electronic Federal Tax Payment System (EFTPS) or by making estimated payments directly to the IRS each quarter using Form 1040-ES. The Form 1040-ES package contains an Estimated Tax Payment Worksheet to assist you in figuring out your total 2002 estimated tax.

If, in addition to your self-employment income, you or your spouse receive wages paid by an employer you may increase the amount of income tax withheld from your wages by filing a new Form W-4, *Employee's Withholding Allowance Certificate*, with your employer.