

IRS: Deadline for third quarter estimated tax payments is Sept. 15

IRS YouTube Video:

Estimated Tax Payments - [English](#)

IR-2021-177, Sept. 7, 2021

WASHINGTON – The Internal Revenue Service reminds people that Sept. 15, 2021, is the deadline for third quarter estimated tax payments. This generally applies to people who are self-employed and some investors, retirees and those who may not normally have taxes withheld from their paycheck by their employers.

The U.S. tax system operates on a pay-as-you-go basis. This means taxpayers are to pay most of their tax during the year, as they earn or receive income. Therefore, individuals not subject to withholding may need to make quarterly estimated tax payments.

Who should pay quarterly?

In most cases, taxpayers should make [quarterly estimated tax payments](#) for 2021 if both of the following apply:

- Individuals expect to owe at least \$1,000 in tax for 2021 after subtracting their withholding and tax credits.
- They expect their withholding and tax credits to be less than the smaller of:
 - 90% of the tax to be shown on their 2021 tax return or
 - 100% of the tax shown on their 2020 tax return. Their 2020 tax return must cover all 12 months.

Taxpayers with income not subject to withholding, including interest, dividends, capital gains, [alimony](#), cryptocurrency and rental income, normally make estimated tax payments.

Special rules apply to some groups of taxpayers, such as farmers, fishermen, casualty and [disaster victims](#), those who recently became disabled, recent retirees and those who receive income unevenly during the year. [Publication 505](#), Tax Withholding and Estimated Tax, provides more information on estimated tax rules. The worksheet in [Form 1040-ES](#), Estimated Tax for Individuals, or [Form 1120-W](#), Estimated Tax for Corporations, has details on who must pay estimated tax.

Penalty for underpayment

If a taxpayer underpaid their taxes, they may have to pay a penalty. This applies whether they paid through withholding or through estimated tax payments. A penalty may also apply for late estimated tax payments even if someone is due a refund when they file their tax return.

To see if they owe a penalty, taxpayers should use [Form 2210](#). The IRS may waive the penalty if someone underpaid because of unusual circumstances and not willful neglect. Examples include:

- casualty, disaster or another unusual situation,
- an individual retired after reaching age 62 during a tax year when estimated tax payments applied and
- an individual became disabled during a tax year when estimated tax payments applied.

How to figure estimated tax

To figure estimated tax, an individual must figure their expected adjusted gross income (AGI), taxable income, taxes, deductions and credits for the year. When figuring 2021 estimated tax, it may be helpful to use income, deductions and credits for 2020 as a starting point. Use the 2020 federal tax return as a guide. Taxpayers can use Form 1040-ES to figure their estimated tax. Nonresident aliens use [Form 1040-ES \(NR\)](#) to figure estimated tax.



Taxpayers must make adjustments both for changes in their own situation and for recent changes in the tax law. For instance, tax provisions in the American Rescue Plan of 2021 may impact an individual taxpayer's situation. For more information, see [Publication 505 under What's New for 2021 \(.pdf\)](#).

For information about these and other changes in the law, visit IRS.gov. The instructions for Form 1040-ES include a worksheet to help taxpayers figure their estimated tax. Keep the worksheet for records.

The [Tax Withholding Estimator](#) on IRS.gov offers taxpayers a clear, step-by-step method to have the right amount of tax withheld from wages and pensions. It also has instructions to file a new [Form W-4](#) to give to their employer to adjust the amount withheld each payday.

Other IRS.gov resources

- The [Pay](#) tab on the front page of IRS.gov provides complete tax payment information, how and when to pay, payment options and more.
- [Form 2210, Underpayment of Estimated Tax by Individuals, Estates, and Trusts](#)
- [Form 2220, Underpayment of Estimated Tax by Corporations](#)
- [IRS: Unemployment compensation is taxable; have tax withheld now and avoid a tax-time surprise](#)

The fourth and final 2021 estimated tax payment is due Jan. 17, 2022.