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and/or making quarterly estimated tax payments.

Sep. 10, 2020



American workers who are self-employed, investors, retirees or receive other income not subject to withholding, should make their third quarter estimated tax payments for 2020 by Sept. 15.

Taxes are paid **as income is received** during the year through withholding from pay, pension or certain government payments such as Social Security or unemployment; and/or making quarterly estimated tax payments.

**Who should pay quarterly?**

Individuals, including sole proprietors, partners and S corporation shareholders,

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[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.

In general, taxpayers don't have to pay a penalty if they meet any of these conditions:

- They owe less than \$1,000 in tax with their tax return.
- Throughout the year, they paid the smaller of these two amounts:
  - at least 90% (however, see 2018 Penalty Relief, below) of the tax for the current year
  - 100% of the tax shown on their tax return for the prior year – this can increase to 110% based on adjusted gross income

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.
- an individual became disabled during a tax year when estimated tax payments applied.

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#### 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 2020 estimated tax payment is due Jan. 15, 2021.

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