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deadline, can result in IRS penalties.

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The upcoming deadline for 2023 estimated tax payments is June 15, which is approaching quickly.

- If you don't have taxes automatically deducted from a regular paycheck due to being self-employed or retired, for example, you may need to make estimated tax payments.
- The reason why is that in the United States, we have a pay-as-you-go system for taxes.

That means the IRS requires you to pay taxes as you earn your income. While most

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1. Who must make estimated tax payments

If you own a business, you generally need to make estimated tax payments. Those payments can also cover self-employment and alternative minimum tax. [Special rules](#) apply to fishers, farmers, and some taxpayers with higher incomes. There are also special estimated tax payment rules for recent retirees and individuals with disabilities.

If you are a partner, shareholder, or an individual with an expected tax liability of \$1,000 or more when you file your tax return, the IRS requires you to make estimated tax payments. For corporations, the threshold is \$500 or more. For more information, please refer to [IRS Form 1120-W](#).

The IRS has an [online interactive tax assistant](#) that can help you determine if you need to make estimated tax payments. You can also use the [IRS worksheet](#) in Form 1040-ES, *Estimated Tax for Individuals*, to get more details.

Additionally, there are reasons why you might consider making estimated tax payments. For example:

- Not enough tax is withheld from your salary or pension. (You can [estimate](#) and adjust your withholdings to help prevent this from happening.)
- You received interest, dividend, alimony, or self-employment income.
- You received prizes, awards, or unexpected capital gains.

2. When estimated tax payments are due

The first estimated tax payment for 2023 was due on April 18. That was Tax Day. However, there were some IRS extensions to that and other estimated tax deadlines for people in several states directly impacted by severe storms.

The April 18, 2023, payment was for taxes due Jan. 1 through March 31, 2023. The

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year.

What about paying estimated taxes? There are several ways to pay your estimated taxes, including by check and money order. But the [IRS says](#) the easiest way to pay is to make an electronic payment online through your IRS account or [IRS DirectPay](#).

You can use a debit or credit card, or digital wallet depending on your chosen payment option. But note that corporations are required to use electronic funds transfers for their estimated tax payments.

4. How underpayment penalties and waivers work

- If you don't pay your estimated taxes, you could end up owing more money when you file your tax return next year.
- Additionally, the IRS may impose a penalty on the amount you underpaid.

However, you may be able to avoid an underpayment penalty if you owe less than \$1,000 or by paying most of your taxes during the year. You might also qualify for a penalty waiver if you meet certain requirements. For instance, your underpayment penalty might be waived if you are a victim of a major disaster or casualty, over 62 years old and disabled, or can show that your underpayment was due to reasonable cause.

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