

# 2012 Instructions for Form 540-ES Estimated Tax For Individuals

## General Information

**Same-Sex Married Couples** – For information regarding estimate tax payments, get 2011 FTB Pub. 776, Tax Information for Same-Sex Married Couples.

**Installment Payments** – Installments due shall be thirty percent of the required annual payment for the 1st required installment, forty percent of the required annual payment for the 2nd required installment, no installment is due for the 3rd required installment, and thirty percent of the required annual payment for the 4th required installment.

You are required to remit all your payments electronically once you make an estimate or extension payment exceeding \$20,000 or you file an original return with a total tax liability over \$80,000 for any taxable year that begins on or after January 1, 2009. Once you meet the threshold, all subsequent payments regardless of amount, tax type, or taxable year must be remitted electronically. Individuals who do not send the payment electronically will be subject to a one percent noncompliance penalty. Electronic payments can be made using Web Pay on the Franchise Tax Board's (FTB's) website, electronic funds withdrawal (EFW) as part of the e-file return, or your credit card. For more information go to [ftb.ca.gov](http://ftb.ca.gov) and search for **mandatory epay**.

## A Purpose

Use Form 540-ES, Estimated Tax for Individuals, and the 2012 Estimated Tax Worksheet, to determine if you owe estimated tax for 2012 and to figure the required amounts. Estimated tax is the tax you expect to owe in 2012 after subtracting the credits you plan to take and tax you expect to have withheld.

If you need to make a payment for your 2011 tax liability or make a separate payment for any balance due on your 2011 tax return, use form FTB 3519, Payment for Automatic Extension for Individuals.

Certain taxpayers are limited in their use of the prior year's tax as a basis for figuring their estimated tax. See paragraph C below for more information. Check for estimated payments we've received at [ftb.ca.gov](http://ftb.ca.gov) and search for **myftb account**.

Increasing your withholding could eliminate the need to make a large payment with your tax return. To increase your withholding, complete Employment Development Department (EDD) Form DE 4, Employee's Withholding Allowance Certificate, and give it to your employer's appropriate payroll staff. You can get this form from your employer, or by calling EDD at 888.745.3886. You can download the Form DE 4 from EDD's website at [edd.ca.gov](http://edd.ca.gov) or go to [ftb.ca.gov](http://ftb.ca.gov) and search for **de 4**.

Form DE 4 specifically adjusts your California state withholding and is not the same as the federal Form W-4, Employee's Withholding Allowance Certificate.

## B Who Must Make Estimated Tax Payments

Generally, you must make estimated tax payments if you expect to owe at least \$500 (\$250 if married/RDP filing separately) in tax for 2012 (after subtracting withholding and credits) and you expect your withholding and credits to be less than the **smaller** of:

1. 90% of the tax shown on your 2012 tax return.
2. The tax shown on your 2011 tax return including AMT.

### Note:

- You do not have to make estimated tax payments if you are a nonresident or nonresident of California in 2012 and did not have a California tax liability in 2011, see Section C for more information.
- If you are a military servicemember not domiciled in California, do not include your military pay in your computation of estimated tax payments. If you are the nonmilitary spouse of a servicemember you may or may not need to include your pay in your computation of estimated tax payments. For more information, get FTB Pub. 1032, Tax Information for Military Personnel.

If you and your spouse/RDP paid joint estimated tax payments, but are now filing separate income tax returns, either of you may claim all of the amount paid, or you may each claim part of the joint estimated payments. If you want the estimated tax payments to be divided, notify the FTB before you file the income tax returns so that the payments can be applied to the proper account. The FTB will accept in writing, any divorce agreement (or court ordered settlement) or a statement showing the allocation of the payments along with a notarized signature of both taxpayers. The statements should be sent to:

JOINT ESTIMATE CREDIT ALLOCATION MS F225, TAXPAYER SERVICES CENTER, FRANCHISE TAX BOARD, PO BOX 942840, SACRAMENTO CA 94240-0040

## C Limit on the Use of Prior Year's Tax

Individuals who are required to make estimated tax payments, and whose 2011 California adjusted gross income is more than \$150,000 (or \$75,000 if married/RDP filing separately), must figure estimated tax based on the lesser of 90% of their tax for 2012 or 110% of their tax for 2011 including AMT. This rule does not apply to farmers or fishermen.

Taxpayers with 2012 California adjusted gross income equal to or greater than \$1,000,000 (or \$500,000 if married/RDP filing separately), must figure estimated tax based on their tax for 2012.

## D When to Make Your Estimated Tax Payments

Pay your estimated payments by the dates shown below:

1st payment . . . . April 17, 2012\*      2nd payment . . . . June 15, 2012  
3rd payment . . . . September 17, 2012      4th payment . . . . January 15, 2013

\*Due to the Emancipation Day holiday on April 16, 2012, tax returns filed and payments mailed or submitted on April 17, 2012, will be considered timely.

**Filing an Early Return in Place of the 4th Installment.** If you file your 2012 tax return by January 31, 2013, and pay the entire balance due, you do not have to make your last estimated tax payment. In addition, you will not owe a penalty for the fourth installment.

**Annualization Option.** If you do not receive your taxable income evenly during the year, it may be to your advantage to annualize your income. This method allows you to match your estimated tax payments to the actual period when you earned the income. You may use the annualization schedule included with the 2011 form FTB 5805, Underpayment of Estimated Tax by Individuals and Fiduciaries. Substitute the percentages on line 15 with 27%, 63%, 63%, and 90%.

**Farmers and Fishermen.** If you are a farmer or fisherman, and at least two-thirds of your 2011 and 2012 gross income is from farming or fishing, you may do either of the following:

- Pay all of your estimated tax by January 15, 2013.
- File your tax return for 2012 on or before March 1, 2013, and pay the total tax due. In this case, you need not make estimated tax payments for 2012. Use the 2011 form FTB 5805F, Underpayment of Estimated Tax by Farmers and Fishermen, to determine if you paid the required estimated tax. If the estimated tax is underpaid, attach the completed form FTB 5805F to the back of your return.

**Fiscal Year.** If you file your return on a fiscal year basis, your due dates will be the 15th day of the 4th, 6th, and 9th months of your fiscal year and the 1st month of the following fiscal year. If the due date falls on a weekend, or legal holiday, use the next business day.

**Mental Health Services Tax.** If your taxable income or nonresident CA source taxable income is more than \$1,000,000, complete the worksheet below.

A. Taxable income from Forms 540/540A, line 19, or Long Form 540NR, line 35	
B. Less: . . . . .	\$(1,000,000)
C. Subtotal . . . . .	
D. Tax rate – 1% . . . . .	x .01
E. <b>Mental Health Services Tax</b> – Multiply line C by line D. Enter this amount here and on line 17 of the 2012 CA Estimated Tax Worksheet, on the next page. . . . .	

## E How to Use Form 540-ES Payment Form

Use the CA Estimated Tax Worksheet and your 2011 California income tax return as a guide for figuring your 2012 estimated tax. Be sure that the amount shown on line 21 of the CA Estimated Tax Worksheet has been reduced by any overpaid tax on your 2011 tax return which you chose to apply toward your 2012 estimated tax payment.

### Note:

- If you filed Form 540 2EZ for 2011, **do not** use the Form 540 2EZ instructions to figure amounts on this worksheet. Instead, get the 2011 California 540/540A Personal Income Tax Booklet.

There is a separate payment form for each due date. Please be sure you use the form with the correct due date shown in the top margin of the form. Complete Form 540-ES using black or blue ink:

1. Print your name, address, and social security number (SSN) or individual taxpayer identification number (ITIN) in the space provided on Form 540-ES. If you have a foreign address, enter the information in the following order: City, Country, Province/Region, and Postal Code. Follow the country's practice for entering the postal code. **Do not** abbreviate the country name.
2. Complete the amount of payment line of the form by entering the amount of the payment that you are sending.
3. Paying your tax:  
**Web Pay** – To make a payment online or to schedule a future payment (up to one year in advance), go to [ftb.ca.gov](http://ftb.ca.gov) and search for **web pay**. **Do not mail** Forms 540-ES to us.  
**Credit card** – Go to [ftb.ca.gov](http://ftb.ca.gov) and search for **pay by credit card** or call 800.272.9829. You will be charged a fee for this service.  
**Do not mail** Forms 540-ES if you pay by credit card.  
**Check or money order** – Using black or blue ink, make your check or money order payable to the “**Franchise Tax Board**.” Write your SSN or ITIN and “2012 Form 540-ES” on it and mail to the address on the form.  
Make all checks and money orders payable in U.S. dollars and drawn against a U.S. financial institution.
4. Complete the Record of Estimated Tax Payments on the next page for your files.
5. **Fiscal year filers:** Enter the month of your fiscal year end (located directly below the form's title).

## F Failure to Make Estimated Tax Payments

If you do not make the required estimate payments, if you pay an installment after the date it is due, or if you underpay any installment, a penalty may be assessed on the portion of estimated tax that was underpaid from the due date of the installment to the date of payment or the due date of your tax return, whichever is earlier. Get the 2011 form FTB 5805 for more information.