2010

Massachusetts Department of Revenue

Form 1-ES
Massachusetts Estimated Income Tax

General Information

What is the purpose of estimated tax payment vouchers? The purpose of the payment vouchers is to provide a means for paying any taxes due on income which is not subject to withholding. This is to ensure that taxpayers are able to meet the statutory requirement that taxes due are paid periodically as income is received during the year. Generally, you must make estimated tax payments if you expect to owe more than $400 in taxes on income not subject to withholding.

Who must make estimated tax payments on Form 1-ES?

- Individual residents and nonresidents who expect to owe more than $400 in taxes on income not subject to withholding.
- Recipients of unemployment compensation who do not choose voluntary state withholding on those payments.
- Pass-through withholding. For tax years beginning on or after January 1, 2009, pass-through entity withholding of personal income tax under M.G.L. c. 62 and corporate excise under M.G.L. c. 63 may be required on behalf of members of a pass-through entity. For more information, see Pass-Through Entity Withholding Regulation, 830 CMR 62B.2.2. Members subject to withholding by a pass-through entity may reduce their estimated payment by amounts previously withheld and paid by the pass-through entity, as described in 830 CMR 62B.2.2(6)(b).
- Composite payments of estimated tax. The filing agent responsible for filing on behalf of nonresident pass-though members who elect to file on a composite basis must make estimated tax payments electronically under the identification number of the pass-through entity and should no longer use a paper Form 1-ES. For more information, see Non-Resident Income Tax Regulation, 830 CMR 62.5A.1(11). Nonresidents who have elected to participate in a composite return must make estimated payments on income not included on a composite return.
- For tax years beginning on or after January 1, 2009, Massachusetts has adopted business entity classification rules that broadly conform to the federal “check-the-box” rules requiring companies to be classified as the same type of legal entity for state and federal tax purposes. Taxpayers affected by the adoption of the “check-the-box” rules should consult TIR 08-15 to determine their estimated tax payment obligations.
- Resident grantors treated as an owner of a grantor-type trust.
- Resident beneficiaries subject to tax at the beneficiary level pursuant to M.G.L. c. 62, sec. 10(h).
- Trustees or other fiduciaries required to deduct and withhold payments under M.G.L. c. 62, sec. 10(g) on behalf of a nonresident individual beneficiary. The Form 1-ES prepared by the trustee or other fiduciary must include only the Social Security number of the beneficiary on whose behalf the payment is being made. The employer identification number of the trust or estate of which the nonresident individual is a beneficiary is not to be included. For more information, see Directive 07-4.

Are there penalties for failing to pay estimated taxes? Yes. An additional charge is imposed on the underpayment of any installment of estimated tax for the period of that underpayment. Use Form M-2210 when filing your annual return to determine the amount of any penalty due or if you qualify for the exceptions that avoid the penalty.

When and where do I file estimated tax payments? Generally, your estimated tax may be paid in full on or before April 15, 2010, or in equal installments on or before April 15, 2010; June 15, 2010; September 15, 2010; and January 15, 2011. Make your check or money order payable to the **Commonwealth of Massachusetts**. Please write your Social Security number in the lower left corner on your check or money order. Send a completed voucher with each payment to ensure accurate crediting to your account. Vouchers should be mailed to **Massachusetts Department of Revenue, PO Box 7007, Boston, MA 02204**. Do not mail your payment with your prior year’s annual return.

If you pay your full estimated tax with your first payment voucher, you need not file the remaining payment vouchers unless your income increased during the year and you need to increase your estimated payment amount.

Are there exceptions to the due date? Whenever a due date falls on a Saturday, Sunday or legal holiday, the filing and payment may be made on the next succeeding business day. If your tax year is not on a calendar year basis, enter due dates on each voucher to correspond with your fiscal year. Your due dates will be the 15th day of the fourth, sixth and ninth months of your fiscal year and the 15th day of your next fiscal year.

What if my tax liability changes during the year? Even though you may not expect to owe estimated tax payments, your income or deduction(s) may change during the year so that you will be required to make estimated tax payments. In such case, the payment dates are as follows: June 15, if the change occurs between April 1 and May 31; September 15, if the change occurs between June 1 and August 31; next January 15, if the change occurs after August 31. Use the enclosed Amended Computation Worksheet if, during the year, you find that your estimated tax is substantially increased or decreased. The estimated tax may be paid in full at the time of filing your first payment voucher or in equal installments on the remaining payment dates. Be sure to use the appropriate voucher for each date.

What if we want to make joint payments? A husband and wife may make joint payments of estimated tax as long as they are married at the time when the payments are due and not separated by a decree of divorce or separate maintenance. If a joint payment is made but a joint return is not filed for the taxable year, they may treat the payment for such year as the estimated tax payment of either spouse, or it may be divided between them in such a manner as they may agree. The combined total cannot exceed 100% of the estimated tax payments.

What if I credited my 2009 overpayment to 2010 estimated taxes? If you overpaid your 2009 income tax and elected to apply it as a credit to your 2010 estimated income tax, the amount of overpayment may be applied in whole or in part to any installment period. If any overpayment credit remains, apply it to the next installment.

Be sure to enter the overpayment credit in col. c of the enclosed Record of Estimated Tax Payments. If the credit equals or exceeds your full estimated tax liability for 2010, you need not file the payment vouchers. Send a payment voucher to the Department only when you are making a payment.

Specific Instructions

1. Complete the enclosed Estimated Tax Worksheet to determine your estimated tax.

2. Enter your name, address, Zip code and Social Security number on the payment voucher.

3. Enter the correct due dates.

4. Enter in line 1 of the voucher the amount due from line 12 of the worksheet.

5. Complete the Record of Estimated Tax Payments. Detach voucher at perforations.

6. Mail the voucher with check or money order payable to the **Commonwealth of Massachusetts**. Write your Social Security number in the lower left corner of your check.

If you must amend your estimated tax:

1. Complete the Amended Computation Worksheet.

2. Complete lines 1 through 3 of the appropriate voucher.

3. Mail with required payment.

Estimated Tax Worksheet. Explanations of your deductions, exemptions and credits appear in the tax form instructions.

Note: If first voucher is due on April 15, 2010, June 15, 2010, September 15, 2010, or January 15, 2011, enter 25%, 33%, 50% or 100%, respectively, of line 11b (less any overpayment that you are applying to this installment) on line 12 of the worksheet and on line 1 of your payment voucher.

		a. Taxable income	Tax rate	b. Amount
1. Taxable 5.3% income* (after deductions and exemptions)	**1**		x .053	
2. Taxable 12% income (after exemptions, if any). 12% income includes any income associated with short-term capital gains and long-term gains on collectibles or pre-1996 installment sales. **See note above**	**2**		x .12	
3. Taxable long-term capital gain income (after deductions and exemptions, if any). Long-term capital gain income includes any income associated with long-term capital gains excluding collectibles or pre-1996 installment sales. **See note above**	**3**		x .053	
4. Total tax. Add col. b of lines 1 through 3	**4**			
5. Limited Income Credit (if any)	**5**			
6. Other credits	**6**			
7. Total credits. Add lines 5 and 6	**7**			
8. Your estimate of 2010 income tax. Subtract line 7 from line 4.	**8**			
9. Amount of this tax expected to be withheld during 2010 (include any withholding made on your behalf by a pass-through entity)	**9**			
10. 2009 overpayment applied to 2010 estimated tax.	**10**			
11. **Estimated tax** for 2010. Subtract the total of lines 9 and 10 from line 8. If less than $400 you are not required to make estimated payments	**11**			
12. **Amount of payment. See note above.** Using the amount from line 11, make appropriate calculation and enter result here and on line 1 of your payment voucher ▸	**12**			

*5.3% income includes: wages, salaries, tips, business income, partnership and S corporation income, trust income, rental income, unemployment compensation, alimony, pensions and annuity income, IRA/Keogh distributions, winnings, fees, long-term capital gain income not taxed at the 12% rate, interest and dividend income and other taxable income not taxed at the 12% rate.

Amended Computation Worksheet. Use if your estimated tax changes substantially after you file your first payment voucher.

1. a Amended estimated tax on 5.3% income	**1a**	
b Amended estimated tax on 12% income	**1b**	
c Amended estimated tax on long-term capital gain income taxed at 5.3%	**1c**	
d Total amended estimated tax	**1d**	
2. a Amount of last year's overpayment elected for credit to 2010 estimated tax and applied to date	**2a**	
b Payments made on 2010 vouchers	**2b**	
c Limited Income Credit (if any)	**2c**	
e Other credits	**2d**	
e Amount of this tax expected to be withheld during 2010	**2e**	
f Add lines 2a through 2e	**2f**	
3. Unpaid balance. Subtract line 2f from line 1d	**3**	
4. Amount to be paid. Divide line 3 by number of remaining installments. Enter here and on line 1 of payment voucher	**4**	

Please submit the enclosed vouchers, with your payments, when due. Make all checks payable to **Commonwealth of Massachusetts** and write your Social Security number in the lower left corner on each check.

2010 Record of Estimated Tax Payments. Please mark your calendar as a reminder to mail each payment voucher.

Voucher number	a. Date	b. Amount paid	c. 2009 overpayment credit applied to installment	Total amount paid and credited from Jan. 1 through the installment date shown. Add b and c
1				
2				
3				
4				
Total ▸				

If you have any questions, contact the Massachusetts Department of Revenue, Customer Service Bureau, PO Box 7010, Boston, MA 02204. Telephone: (617) 887-MDOR or toll-free in-state at 1-800-392-6089. **Practitioners**: You must obtain prior approval if you plan to use substitute vouchers.