

# Form 40ES Instructions

## Who Must Pay Estimated Tax

If you owe additional tax for 2014, you may have to pay estimated tax for 2015.

You can use the following general rule as a guide during the year to see if you will have enough withholding, or if you should increase your withholding or make estimated tax payments.

**General Rule.** In most cases, you must pay estimated tax for 2015 if both of the following apply.

1. You expect to owe at least \$500 in tax for 2015, after subtracting your withholding and credits.
2. You expect your withholding plus your credits to be less than the smaller of:
  - a. 90% of the tax to be shown on your 2015 tax return, or
  - b. 100% of the tax shown on your 2014 tax return. Your 2014 tax return must cover all 12 months.

## Special Rule for Higher Income Taxpayers

If your Alabama AGI for 2014 was more than \$150,000 (\$75,000 if your filing status for 2015 is Married Filing a Separate Return) substitute 110% for 100% in (2b) under General Rule, above.

## When and Where to File Estimated Tax

Your estimated tax must be filed on or before April 15, 2015, or on such later dates as specified under "Farmers." It should be mailed to the Alabama Department of Revenue, Individual Estimates, P.O. Box 327485, Montgomery, AL 36132-7485.

## Payment of Estimated Tax

Your estimated tax may be paid in full or in equal installments on or before April 15, 2015, June 15, 2015, September 15, 2015 and January 15, 2016. If the 15th falls on a Saturday, Sunday, or State holiday, the due date will then be considered the following

business day. Checks or money orders should be made payable to the Alabama Department of Revenue.

## Changes In Tax

Even though your situation on April 15 is such that you are not required to file estimated tax at that time, your expected tax may change so that you will be required to file estimated tax later. In such case, the time for filing is as follows: June 15, if the change occurs after April 1 and before June 2; September 15, if the change occurs after June 1 and before September 2; January 15, if the change occurs after September 1. If, after you have filed a voucher, you find that your estimated tax is substantially increased or decreased as the result of a change in your tax, you should increase or decrease the amounts on your June 15, 2015, September 15, 2015, January 15, 2016 vouchers.

## Farmers

If at least 2/3 of your estimated gross income for the taxable year is derived from farming, you may pay estimated tax at any time on or before January 15, 2016 instead of April 15, 2015. If you wait until January 15, 2016, you must pay the entire balance of the estimated tax. However, if farmers file their final tax return on or before March 2, 2015, and pay the total tax at that time, they need not file estimated tax.

## Fiscal Year

If you file your income tax return on a fiscal year basis, you will substitute for the dates specified in the above instructions the months corresponding thereto.

## Penalties for Underpayment

Penalties are provided for underpaying the Alabama income tax by at least \$500.00.