

# HOUSE RESEARCH

## Bill Summary

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**Subject:** Individual income taxes; threshold for estimated tax payments  
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### Overview

Increases the threshold for payment of estimated taxes from \$500 to \$1,000. Makes a corresponding change in the additional tax for underpayment.

- 1 Individual income tax; requirement to pay estimated taxes.** Increases the threshold for payment of estimated taxes under the individual income tax from \$500 to \$1,000.

**Background.** Taxpayers are required to pay income tax during the taxable year, either through withholding or through estimated payments. Taxpayers who pay through estimated taxes must pay at least the lesser of

- 90 percent of the tax due for the taxable year or
- an amount equal to the previous year's liability (110 percent of the previous year's liability for taxpayers with adjusted gross income over \$150,000 in the previous year)

Taxpayers whose estimated taxes, after subtracting credits against the tax, are less than the threshold amount are relieved of the requirement to pay estimated taxes.

- 2 Addition to tax.** Increases the tax threshold at which an addition to tax is required for underpayment of estimated taxes from \$500 to \$1,000, consistent with the estimated tax threshold increase in section 1.