

2023

Department of the Treasury
Internal Revenue Service

Form 1041-ES (OCR)

Estimated Income Tax for Estates and Trusts

OMB No. 1545-0971

Section references are to the Internal Revenue Code unless otherwise noted.

Future Developments

For the latest information about developments related to Form 1041-ES and its instructions, such as legislation enacted after they were published, go to www.irs.gov/Form1041ES.

What's New

Capital gains and qualified dividends. The maximum tax rate for long-term capital gains and qualified dividends is 20%. For tax year 2023, the 20% rate applies to amounts above \$14,650. The 0% and 15% rates continue to apply to amounts below certain threshold amounts. The 0% rate applies to amounts up to \$3,000. The 15% rate applies to amounts between the two thresholds.

Purpose of Form

Use this package to figure and pay estimated tax for an estate or trust. Estimated tax is the amount of tax an estate or trust expects to owe for the year after subtracting the amount of any tax withheld and the amount of any credits.

Who Must Make Estimated Tax Payments

Generally, a fiduciary of an estate or trust must pay estimated tax if the estate or trust is expected to owe, after subtracting its withholding and credits, at least \$1,000 in tax for 2023 and can expect its withholding and credits to be less than the smaller of:

1. 90% of the tax shown on the 2023 tax return (66²/₃% of the tax if the estate or trust qualifies as a farmer or fisherman); or
2. The tax shown on the 2022 tax return (110% of that amount if the estate's or trust's adjusted gross income (AGI) on that return is more than \$150,000, and less than ²/₃ of gross income for 2022 and 2023 is from farming or fishing).

However, if a return wasn't filed for 2022 or that return didn't cover a full 12 months, item (2) above doesn't apply.

For this purpose, include household employment taxes when figuring the tax shown on the tax return, but only if:

- The estate or trust will have federal income tax withheld from any income, or
- The estate or trust would be required to make estimated tax payments (to avoid a penalty) even if it didn't include household employment taxes when figuring its estimated tax.

Exceptions. Estimated tax payments aren't required from:

1. An estate of a domestic decedent or a domestic trust that had a full 12-month 2022 tax year and had no tax liability for that year;

2. A decedent's estate for any tax year ending before the date that is 2 years after the decedent's death; or

3. A trust that was treated as owned by the decedent if the trust will receive the residue of the decedent's estate under the will (or, if no will is admitted to probate, is the trust primarily responsible for paying debts, taxes, and expenses of administration) for any tax year ending before the date that is 2 years after the decedent's death.

The IRS may send preprinted payment vouchers to estates or trusts that are no longer in existence or not required to file. In these cases, the fiduciary should discard the vouchers.

How To Figure Estimated Tax

Use the 2023 Estimated Tax Worksheet, the 2023 Tax Rate Schedule, and the estate's or trust's 2022 tax return and instructions as a guide for figuring the 2023 estimated tax.

If the estate or trust receives its income unevenly throughout the year, it may be able to lower or eliminate the amount of its required estimated tax payment for one or more periods by using the annualized income installment method. See Pub. 505, Tax Withholding and Estimated Tax, for details.

Instructions for 2023 Estimated Tax Worksheet

Line 4. Exemption

Decedents' estates. A decedent's estate is allowed a \$600 exemption.

Trusts required to distribute all income currently. A trust whose governing instrument requires that all income be distributed currently is allowed a \$300 exemption, even if it distributed amounts other than income during the tax year.

Qualified disability trusts. A qualified disability trust is allowed a \$4,700 exemption. This amount is not subject to phaseout.

A qualified disability trust is any trust:

1. Described in 42 U.S.C. 1396p(c)(2)(B)(iv) and established solely for the benefit of an individual under 65 years of age who is disabled, and
2. All of the beneficiaries of which are determined by the Commissioner of Social Security to have been disabled for some part of the tax year within the meaning of 42 U.S.C. 1382c(a)(3).

A trust won't fail to meet (2) above just because the trust's corpus may revert to a person who isn't disabled after the trust ceases to have any disabled beneficiaries.

Qualified funeral trusts. No exemption is allowed to a qualified funeral trust.

All other trusts. A trust not described above is allowed a \$100 exemption.

Line 7. Tax

Electing Alaska Native Settlement Trusts.

Multiply line 6 by 10% (0.10) to figure the amount of tax to enter on line 7, unless the trust is expected to have qualified dividends or a net capital gain for 2023. Use Part IV of Schedule D of Form 1041-N, U.S. Income Tax Return for Electing Alaska Native Settlement Trusts, as a worksheet to figure the 2023 tax on qualified dividends or net capital gain. See the Instructions for Form 1041-N at www.irs.gov/Form1041N for more information.

Line 10. Credits

For details on credits the estate or trust may claim, see the instructions for lines 2a–2d of Schedule G, Form 1041.

Line 12. Other Taxes

Enter any other taxes such as the following.

- For estates and trusts, the Net Investment Income Tax (NIIT) is 3.8% of the lesser of the estate's or trust's undistributed net investment income or the excess of the estate's or trust's AGI over the dollar amount at which the highest income tax bracket for estates and trusts begins for such tax year. For tax years beginning after 2022, the highest income tax bracket applies to amounts over \$14,450. The NIIT doesn't apply to trusts where all of the unexpired interests are devoted to charitable purposes. For information about the NIIT, see the Instructions for Form 8960.
 - Tax from recapture of investment credit, low-income housing credit, qualified electric vehicle credit, the Indian employment credit, the new markets credit, or the credit for employer-provided childcare facilities.
 - Tax on accumulation distribution of trusts.
 - Tax figured under section 641(c) on income attributable to S corporation stock held by an electing small business trust. For details, see *Electing Small Business Trusts* in the 2022 Instructions for Form 1041.
- Note:** For 2023, the highest income tax rate for trusts is 37%.

Include household employment taxes on line 12 if:

- The estate or trust will have federal income tax withheld from any income, or
- The estate or trust would be required to make estimated tax payments (to avoid a penalty) even if it didn't include household employment taxes when figuring its estimated tax.

When To Make Estimated Tax Payments

Trusts. The trust may pay all of its estimated tax by April 18, 2023, or in four equal installments due by the following dates.

| | |
|---------------------------|----------------|
| 1st installment | April 18, 2023 |
| 2nd installment | June 15, 2023 |
| 3rd installment | Sept. 15, 2023 |
| 4th installment | Jan. 16, 2024 |

If the trust has a short tax year, see Notice 87-32, 1987-1 C.B. 477, for the estimated tax due dates and other information.



The trust doesn't have to make the payment due on January 16, 2024, if it files the 2023 Form 1041 by January 31, 2024, and pays the entire balance due with the return.

Estates. If the estate has adopted a calendar year as its tax year, file using the rules listed under *Trusts*, earlier.

If the estate has adopted a fiscal year, it may pay all of its estimated tax by the 15th day of the 4th month of its 2023 tax year or in four equal installments due on the 15th day of the 4th, 6th, and 9th months of the 2023 tax year, and the 1st month of the following tax year.



The estate doesn't have to make the payment due on the 15th day of the 1st month following the close of the fiscal year if it files the 2023 Form 1041 by the last day of

the 1st month following the close of the fiscal year, and pays the entire balance due with the return.

If any date falls on a Saturday, Sunday, or legal holiday, the installment is due on the next business day. See Pub. 509, Tax Calendars, for a list of all legal holidays.

If, after March 31, 2023, or after the last day of the 3rd month of the fiscal tax year, the estate or trust has a large enough change in income to require the payment of estimated tax, figure the amount of each installment by using the annualized income installment method, as explained in Pub. 505.

Farmers and fishermen. An estate or trust qualifies as a farmer or fisherman if at least $\frac{2}{3}$ of gross income for 2022 or 2023 is from farming or fishing. If the estate or trust qualifies, do one of the following.

- Pay the total estimated tax (line 16 of the 2023 Estimated Tax Worksheet) by January 16, 2024.
- File Form 1041 for 2023 by March 1, 2024, and pay the total tax due. In this case, don't make estimated tax payments for 2023.

For fiscal year estates, pay the total estimated tax by the 15th day of the 1st month following the close of the tax year, or file Form 1041 by the 1st day of the 3rd month following the close of the tax year and pay the total tax due.

How To Complete and Use the Payment Vouchers

Each payment voucher has the date when the voucher is due for calendar year estates and trusts. Be sure to use the correct voucher.

- If the preprinted estate's or trust's name, address, or employer identification number (EIN) is incorrect and wasn't previously corrected, please change it. If you changed the estate's or trust's address, complete Form

8822-B, Change of Address or Responsible Party — Business.

- Enter in the payment box of the voucher only the amount the estate or trust is sending in. When making payments of estimated tax, be sure to take into account any 2022 overpayment that the estate or trust chose to credit against its 2023 tax, but don't include the overpayment amount in this box.

- Enclose, but don't staple or attach, a check or money order with the payment voucher. Make the check or money order payable to "United States Treasury." Write the estate's or trust's EIN and "2023 Form 1041-ES" on the check or money order. Do not include any balance due on the 2022 Form 1041 with the check for 2023 estimated tax.

Fill in the *Record of Estimated Tax Payments* and keep it for your files.

No checks of \$100 million or more accepted. The IRS can't accept a single check (including a cashier's check) for amounts of \$100,000,000 (\$100 million) or more. If you're sending \$100 million or more by check, you'll need to spread the payments over two or more checks with each check made out for an amount less than \$100 million. The \$100 million or more amount limit **does not** apply to other methods of payment (such as electronic payments), so consider paying by means other than checks.

Electronic Deposits

A financial institution that has been designated as an authorized federal tax depository, and acts as a fiduciary for at least 200 taxable trusts that are required to pay estimated tax, is required to deposit the estimated tax payments electronically using the Electronic Federal Tax Payment System (EFTPS).

A fiduciary that isn't required to make electronic deposits of estimated tax on behalf of a trust or an estate may voluntarily participate in EFTPS. To enroll in or get more information about EFTPS, visit the EFTPS website at www.EFTPS.gov or call 800-555-4477. To contact EFTPS using Telecommunications Relay Services (TRS) for people who are deaf, hard of hearing, or have a speech disability, dial 711 and then provide the TRS assistant the 800-555-4477 number above or 800-733-4829. Also, see Pub. 966, Electronic Federal Tax Payment System: A Guide to Getting Started.

Depositing on time. For a deposit using EFTPS to be on time, the deposit must be submitted by 8 p.m. Eastern time the day before the due date of the deposit.

Where To File

Mail the payment voucher to the address shown on the right side of the voucher. Only the U.S. Postal Service can deliver to this address. Use the window envelopes that were included with the vouchers.

Do not send the payment voucher to the Internal Revenue Service Center where you file Form 1041.

Amending Estimated Tax Payments

To change or amend the estate's or trust's estimated tax payments, refigure the total estimated tax payments due (line 16 of the 2023 Estimated Tax Worksheet). Then use Worksheet 2-7, Annualized Estimated Tax Worksheet, in Pub. 505 to figure the payment due for each remaining period. If an estimated

tax payment for a previous period is less than $\frac{1}{4}$ of the amended estimated tax, the estate or trust may owe a penalty when its return is filed.

When a Penalty Is Applied

In some cases, the estate or trust may owe a penalty when it files its return. The penalty is imposed on each underpayment for the number of days it remains unpaid. A penalty may be applied if the estate or trust didn't pay enough estimated tax or it didn't make the payments on time or in the required amount. A penalty may apply even if the estate or trust has an overpayment on its tax return.

The penalty may be waived under certain conditions. See Pub. 505 for details.

Certain Payments of Estimated Tax Treated as Paid by Beneficiary

The fiduciary (or executor, for the final year of the estate) may elect to have any portion of its estimated tax payments treated as made by a beneficiary (and not as payments made by the estate or trust).

Such an amount is treated as a payment of the estimated tax made by the beneficiary on the January 15th following the end of the tax year.

Time for making election. The fiduciary must make the election on the 2023 Form 1041-T, Allocation of Estimated Tax Payments to Beneficiaries. The election must be filed on or before the 65th day after the close of the estate's or trust's tax year. For details, see section 643(g).

Paperwork Reduction Act Notice. We ask for the information on the payment vouchers to carry out the Internal Revenue laws of the United States. You are required to give us the information. We need it to ensure that you are complying with these laws and to allow us to figure and collect the right amount of tax.

You aren't required to provide the information requested on a form that is subject to the Paperwork Reduction Act unless the form displays a valid OMB control number. Books or records relating to a form or its instructions must be retained as long as their contents may become material in the administration of any Internal Revenue law. Generally, tax returns and return information are confidential, as required by section 6103.

The time needed to complete the worksheets and prepare and file the payment vouchers will vary depending on individual circumstances. The estimated average time is:

| | |
|---|----------------|
| Recordkeeping | 19 min. |
| Learning about the law or the form | 15 min. |
| Preparing the form | 1 hr., 43 min. |
| Copying, assembling, and sending the form to the IRS | 1 hr. |

If you have comments concerning the accuracy of these time estimates or suggestions for making this package simpler, we would be happy to hear from you. You can send us comments through www.irs.gov/FormComments. Or, you can write to: Internal Revenue Service, Tax Forms and Publications, 1111 Constitution Ave. NW, IR-6526, Washington, DC 20224.

Do not send the payment vouchers to this address. Instead, see *Where To File*, earlier.

2023 Estimated Tax Worksheet

Keep for Your Records

| | | | | |
|-----|--|------------|------------|--|
| 1 | Enter adjusted total income expected in 2023 | | 1 | |
| 2 | Enter any expected income distribution deduction | 2 | | |
| 3 | Enter any estate tax deduction | 3 | | |
| 4 | Enter exemption. See instructions | 4 | | |
| 5 | Add lines 2 through 4 | | 5 | |
| 6 | Taxable income of estate or trust. Subtract line 5 from line 1 | | 6 | |
| 7 | Tax. Figure your tax on line 6 by using the 2023 Tax Rate Schedule below. (If the estate or trust expects a net capital gain or qualified dividends and line 6 is more than zero, use the 2023 Tax Computation Worksheet Using Maximum Capital Gains Rates to figure the tax.) Electing Alaska Native Settlement Trusts, see instructions | | 7 | |
| 8 | Alternative minimum tax | | 8 | |
| 9 | Add lines 7 and 8. Include any tax on lump-sum distributions from Form 4972 | | 9 | |
| 10 | Credits (see instructions) | | 10 | |
| 11 | Subtract line 10 from line 9. If zero or less, enter -0- | | 11 | |
| 12 | Other taxes (see instructions) | | 12 | |
| 13 | 2023 estimated tax. Add lines 11 and 12. Reduce this total by any credit you expect to claim on Form 4136 | | 13 | |
| 14a | Enter 90% of line 13 (66 ² / ₃ % for farmers and fishermen) | 14a | | |
| b | Enter the tax shown on the 2022 Form 1041 (110% of that amount if the estate's or trust's AGI on that return is more than \$150,000, and less than ² / ₃ of gross income for 2022 and 2023 is from farming or fishing) | 14b | | |
| c | Required annual payment. Enter the smaller of line 14a or 14b | | 14c | |
| 15 | Income tax withheld and estimated to be withheld during 2023 and other refundable credits | | 15 | |
| 16 | Subtract line 15 from line 14c | | 16 | |
| | Note: If line 13 minus line 15 is less than \$1,000, the estate or trust isn't required to make estimated tax payments. | | | |
| 17 | Installment amount. If the first required payment is due April 18, 2023, enter ¹ / ₄ of line 16 (minus any 2022 overpayment that you are applying to this installment) here and on the payment line of the voucher(s). You may round off cents to the nearest whole dollar | | 17 | |

2023 Tax Rate Schedule

Estates and trusts:

If line 6 of the 2023 Estimated Tax Worksheet above is:

| Over— | But not over— | The tax is: | Of the amount over— |
|--------|---------------|----------------|---------------------|
| \$0 | \$2,900 | 10% | \$0 |
| 2,900 | 10,550 | \$290.00 + 24% | 2,900 |
| 10,550 | 14,450 | 2,126.00 + 35% | 10,550 |
| 14,450 | ----- | 3,491.00 + 37% | 14,450 |

Record of Estimated Tax Payments

| Payment number | (a) Date | (b) Check or money order number | (c) Amount | (d) 2022 overpayment credit applied | (e) Total amount paid and credited (add (c) and (d)) |
|----------------|----------|---------------------------------|------------|-------------------------------------|--|
| 1 | | | | | |
| 2 | | | | | |
| 3 | | | | | |
| 4 | | | | | |
| Total | | | | | |

2023 Tax Computation Worksheet Using Maximum Capital Gains Rates (Use this computation if the estate or trust expects a net capital gain or qualified dividends and line 6 of the **2023 Estimated Tax Worksheet** is more than zero.)

Caution: Do not include any amounts allocable to the beneficiaries of the estate or trust on lines 2, 3, and 4 below.

| | | | | |
|-----|--|-----------|------------|-----------|
| 1 | Enter taxable income (from line 6 of the 2023 Estimated Tax Worksheet) | | | 1 |
| 2 | Enter the qualified dividends and net capital gain expected for 2023 (Reminder: Do not include any qualified dividends or capital gain from the disposition of property held for investment that you elect to include in investment income for investment interest expense purposes.) | | 2 | |
| 3 | Enter the 28% rate gain expected for 2023 | | 3 | |
| 4 | Enter the unrecaptured section 1250 gain expected for 2023 | | 4 | |
| 5 | Add lines 3 and 4 and enter the smaller of that sum or the amount of net capital gain included on line 2 | | 5 | |
| 6 | Subtract line 5 from line 2. If zero or less, enter -0- | | | 6 |
| 7 | Subtract line 6 from line 1. If zero or less, enter -0- | | | 7 |
| 8 | Enter the smaller of line 1 or \$3,000 | | | 8 |
| 9 | Enter the smaller of line 7 or line 8 | | 9 | |
| 10a | Subtract line 2 from line 1. If zero or less, enter -0- | | 10a | |
| b | Enter the smaller of line 1 or \$10,550 | | 10b | |
| c | Enter the smaller of line 7 or line 10b | | 10c | |
| 11 | Enter the larger of line 10a or line 10c | | 11 | |
| 12 | Tax on amount on line 11 from the 2023 Tax Rate Schedule Note: If the amounts on lines 8 and 9 are the same, skip lines 13 through 15 and go to line 16. | | | 12 |
| 13 | Enter the amount from line 8 | | 13 | |
| 14 | Enter the amount from line 7 | | 14 | |
| 15 | Subtract line 14 from line 13. If zero or less, enter -0- Note: If the amounts on lines 1 and 8 are the same, skip lines 16 through 37 and go to line 38. | | 15 | |
| 16 | Enter the smaller of line 1 or line 6 | | 16 | |
| 17 | Enter the amount from line 15. If line 15 is blank, enter -0- | | 17 | |
| 18 | Subtract line 17 from line 16. If zero or less, enter -0- | | 18 | |
| 19 | Enter the smaller of line 1 or \$14,650 | 19 | | |
| 20 | Add lines 11 and 15 | 20 | | |
| 21 | Subtract line 20 from line 19. If zero or less, enter -0- | 21 | | |
| 22 | Enter the smaller of line 18 or line 21 | | 22 | |
| 23 | Multiply line 22 by 15% (0.15) | | | 23 |
| 24 | Enter the amount from line 16 | | 24 | |
| 25 | Add lines 15 and 22 | | 25 | |
| 26 | Subtract line 25 from line 24. If zero or less, enter -0- | | 26 | |
| 27 | Multiply line 26 by 20% (0.20) Note: If line 5 is zero or blank, skip lines 28 through 37 and go to line 38. | | | 27 |
| 28 | Enter the smaller of line 2 or line 4 | | 28 | |
| 29 | Add lines 2 and 11 | 29 | | |
| 30 | Enter the amount from line 1 | 30 | | |
| 31 | Subtract line 30 from line 29. If zero or less, enter -0- | | 31 | |
| 32 | Subtract line 31 from line 28. If zero or less, enter -0- | | 32 | |
| 33 | Multiply line 32 by 25% (0.25) Note: If line 3 is zero or blank, skip lines 34 through 37 and go to line 38. | | | 33 |
| 34 | Enter the amount from line 1 | | 34 | |
| 35 | Add lines 11, 15, 22, 26, and 32 | | 35 | |
| 36 | Subtract line 35 from line 34 | | 36 | |
| 37 | Multiply line 36 by 28% (0.28) | | | 37 |
| 38 | Add lines 12, 23, 27, 33, and 37 | | | 38 |
| 39 | Tax on the amount on line 1 from the 2023 Tax Rate Schedule | | | 39 |
| 40 | Tax. Enter the smaller of line 38 or line 39 here and on line 7 of the 2023 Estimated Tax Worksheet | | | 40 |