





# 2002 Instructions for Form 540-ES

## Estimated Tax For Individuals

### A Purpose

Use this form to figure and pay your estimated tax. **Estimated tax is the tax you expect to owe for 2002 after subtracting the tax you expect to have withheld and any credits you plan to take.** These estimated tax payments do not apply to your 2001 tax liability. Use these instructions and the 2002 Estimated Tax Worksheet to determine if you owe estimated tax for 2002 and to figure the required amount. If you need to make a payment for your 2001 tax liability, use form FTB 3519, Payment Voucher for Automatic Extension for Individuals, or form FTB 3567, Installment Agreement Request, or call (800) 338-0505.

Generally, the required estimated tax amount is based on the lesser of 80% of the current year's tax or 100% of the prior year's tax. **Note:** Certain taxpayers are limited in their use of the prior year's tax as a basis for figuring their estimated tax. See paragraph C, Limit on the Use of Prior Year's Tax, for more information.

### B Who Must Make Estimated Tax Payments

**Important note: California and federal estimated tax payment requirements are different.**

Generally, you must make 2002 estimated tax payments unless:

- 80% or more of your 2001 tax was paid by withholding; or
- 80% or more of your 2002 California adjusted gross income (AGI) will be wages or other income subject to withholding; or
- 80% or more of your 2002 tax will be paid by withholding; or
- Your tax for 2001 (after subtracting withholding and credits) was less than \$200 (\$100 if married filing separate); or
- Your tax for 2002 (after subtracting withholding and credits) will be less than \$200 (\$100 if married filing separate).

If you and your spouse paid joint estimated tax payments, but are now filing separate returns, either of you may claim all of the amount paid, or you may each claim part of the joint estimated payment(s). If you want the estimated tax payments to be divided, notify the FTB before the end of the tax year in which you wish to file separate 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 M/S F-225  
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 payments, and whose 2001 adjusted gross income is more than \$150,000 (or \$75,000 if married filing separate), must figure estimated tax based on the lesser of 80% of their tax for 2002 or 112% of their tax for 2001. This rule does not apply to farmers or fishermen.

### D When To Make Your Estimated Tax Payments

For estimated tax purposes, the year is divided into four payment periods. Each period has a specific payment due date. If you do not pay enough tax by the due date of each of the payment periods, you may be charged a penalty even if you are due a refund when you file your income tax return. The payment periods and due dates are:

**For the payment period:**  
January 1 through March 31, 2002  
April 1 through May 31, 2002  
June 1 through August 31, 2002  
Sept. 1 through Dec. 31, 2002

**Due date:**  
April 15, 2002  
June 17, 2002  
September 16, 2002  
January 15, 2003

**Filing An Early Return In Place of the 4th Installment.** If you file your 2002 tax return by January 31, 2003, and pay the entire balance due, you do not have to make your last estimated tax payment.

**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 2001 form FTB 5805, Underpayment of Estimated Tax by Individuals and Fiduciaries.

**Farmers and Fishermen.** You are a farmer or fisherman when at least two-thirds of your 2001 or 2002 gross income is from farming or fishing. If you qualify as a farmer or fisherman, you may:

- Pay all of your estimated tax by January 15, 2003; or
- File your tax return for 2002 on or before March 3, 2003, and pay the total tax due. In this case, you need not make estimated tax payments for 2002. Use 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 front 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 a due date falls on a Saturday, Sunday, or legal holiday, use the next business day.

### E How To Use Form 540-ES Payment Voucher

Use the Estimated Tax Worksheet and your 2001 California income tax return as a guide for figuring your 2002 estimated tax. **Caution:** If you filed Form 540 2EZ for 2001, do not use the Form 540 2EZ instructions for figuring amounts on this worksheet. Instead, get the 2001 California Resident Income Tax Booklet or the 2001 California Nonresident or Part-Year Resident Income Tax Booklet.

**Note:** This form is not an application for an installment agreement. If you are not able to pay your income tax, get the FTB 3567, Installment Agreement Request Booklet.

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

1. Print your name, address, and social security number in the space provided on Form 540-ES.
2. Complete the payment box of the voucher by entering the amount of the payment that you are sending. Your entry must match the amount you are sending. Be sure that the amount shown on line 19 of the Estimated Tax Worksheet has been reduced by any overpaid tax on your 2001 return that you chose to apply toward your 2002 estimated tax payment.
3. Paying your tax:  
Check or money order –make your check or money order payable to **“Franchise Tax Board.”** Write your social security number and “Form 540-ES 2002” on it and mail to the address on the voucher.  
Credit card –Call (800) 272-9829 or visit the website: **www.officialpayments.com.** You will be charged a fee for this service. **Do not mail** the voucher if you pay by credit card.
4. Complete the Record of Estimated Tax Payments for your files.
5. **Fiscal-year filers:** Enter the month of your fiscal-year end.

### F Failure To Make Estimated Tax Payments

If you are required to make estimated tax payments and do not, 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. Refer to the 2001 form FTB 5805 for more information.

**2002 Estimated Tax Worksheet** Keep this worksheet for your records.

**Caution:** • If you filed Form 540 2EZ for 2001, do not use the Form 540 2EZ instructions for figuring amounts on this worksheet. Instead, get the 2001 California Resident Income Tax Booklet or the 2001 California Nonresident or Part-Year Resident Income Tax Booklet; or  
 • If your adjusted gross income (AGI) is over \$130,831, your itemized deductions and your exemption credits may be limited. See the instructions for Form 540 or Long Form 540NR for more information.

**1 Residents:** Enter your estimated 2002 California AGI. **Nonresidents and part-year residents:** Enter your estimated 2002 total AGI from all sources . . . . . **1** \_\_\_\_\_

**2 a** If you plan to itemize deductions, enter the estimated total of your itemized deductions . . . . . **2a** \_\_\_\_\_  
**b** If you do not plan to itemize deductions, enter the standard deduction for your filing status:  
 \$2,960 if you are single or married filing a separate return  
 \$5,920 if you are married filing a joint return, head of household, or a qualifying widow(er) . . . . . **2b** \_\_\_\_\_  
**c** Enter the amount from line 2a or line 2b, whichever applies . . . . . **2c** \_\_\_\_\_

**3** Subtract line 2c from line 1 . . . . . **3** \_\_\_\_\_

**4** Tax. Figure your tax on the amount on line 3 using the 2001 tax table or tax rate schedule in the instructions for Form 540, Form 540A, or Long Form 540NR. Also include any tax from form FTB 3800, Tax Computation for Children with Investment Income; or form FTB 3803, Parents' Election to Report Child's Interest and Dividends . . . . . **4** \_\_\_\_\_

**5 Residents:** Skip to line 6. **Nonresidents and part-year residents:**  
**a** Compute this ratio:  $\frac{\text{Estimated 2002 California AGI (using Long Form 540NR)}}{\text{Estimated 2002 AGI from all sources (using Long Form 540NR)}}$  = . . . . . **5a** \_\_\_\_\_  
**b** Multiply the amount on line 4 by the ratio on line 5a. Enter the result on line 5b . . . . . **5b** \_\_\_\_\_

**6 Residents:** Enter the exemption credit amount from the 2001 instructions for Form 540 or Form 540A . . . . . **6** \_\_\_\_\_  
**Nonresidents or part-year residents:** Multiply the total exemption credit from the 2001 instructions for Long Form 540NR by line 5a.

**7 Residents:** Subtract line 6 from line 4. **Nonresidents or part-year residents:** Subtract line 6 from line 5b . . . . . **7** \_\_\_\_\_

**8** Tax on accumulation distribution of trusts. See instructions for form FTB 5870A . . . . . **8** \_\_\_\_\_

**9** Add line 7 and line 8 . . . . . **9** \_\_\_\_\_

**10** Credits for joint custody head of household, dependent parent, senior head of household, child and dependent care expenses, and long-term care . . . . . **10** \_\_\_\_\_  
**Nonresidents and part-year residents:** For the child and dependent care expenses credit, use the amount from your 2001 Long Form 540NR, line 54. For the other credits listed on line 10, multiply the total 2001 credit amount by the ratio on line 5a.

**11** Subtract line 10 from line 9 . . . . . **11** \_\_\_\_\_

**12** Other credits (such as other state tax credit). See the 2001 instructions for Form 540, Form 540A, or Long Form 540NR . . . . . **12** \_\_\_\_\_

**13** Subtract line 12 from line 11 . . . . . **13** \_\_\_\_\_

**14** Interest on deferred tax from installment obligations under IRC Section 453 or 453A . . . . . **14** \_\_\_\_\_

**15** 2002 Estimated Tax. Add line 13 and line 14. Enter the result, but not less than zero . . . . . **15** \_\_\_\_\_

**16 a** Multiply line 15 by 80% (.80). Farmers and fishermen multiply line 15 by 66 2/3% (.6667) . . . . . **16a** \_\_\_\_\_  
**b** Enter 100% of the tax shown on your 2001 Form 540, line 34; Form 540A, line 23; or Long Form 540NR, line 43 . . . . . **16b** \_\_\_\_\_  
**c** Enter the amount from your 2001 Form 540, line 17; Form 540A, line 14; or Long Form 540NR, line 20 . . . . . **16c** \_\_\_\_\_  
**d** Is the amount on line 16c more than \$150,000 (\$75,000 if married filing a separate return)?  
**Yes.** Go to line 16e. **No.** Enter the lesser of line 16a or line 16b. Skip line 16e and 16f and go to line 17 . . . . . **16d** \_\_\_\_\_  
**e** Multiply 112% (1.12) by the tax shown on your 2001 Form 540, line 34; Form 540A, line 23; or Long Form 540NR, line 43. Go to line 16f . . . . . **16e** \_\_\_\_\_  
**f** Enter the lesser of line 16a or line 16e and go to line 17 . . . . . **16f** \_\_\_\_\_

**Caution:** Generally, if you do not prepay at least the amount on line 16d (or 16f if no amount on line 16d), you may owe a penalty for not paying enough estimated tax. To avoid a penalty, make sure your estimated tax on line 15 is as accurate as possible. If you prefer, you may pay 100% of your 2002 estimated tax (line 15).

**17** California income tax withheld and estimated to be withheld during 2002 (include withholding on pensions, annuities, etc) . . . . . **17** \_\_\_\_\_

**18 Balance.** Subtract line 17 from line 16d (or line 16f if no amount on line 16d). If less than \$200 (or less than \$100, if married filing separate), you do not have to make a payment at this time . . . . . **18** \_\_\_\_\_

**19** **Installment** amount. Divide the amount on line 18 by 4. Enter the result here and on each of your Forms 540-ES. If you will earn your income at an uneven rate during the year, see Annualization Option in the instructions under paragraph D . . . . . **19** \_\_\_\_\_

**Record of Estimated Tax Payments**

Payment voucher number	(a) Date	(b) Amount paid	(c) 2001 overpayment applied	(d) Total amount paid and credited (add (b) and (c))
<b>1</b>		\$	\$	\$
<b>2</b>				
<b>3</b>				
<b>4</b>				
<b>Total</b>		\$	\$	\$