

# 2005 Instructions for Form 541-ES

## Estimated Tax For Fiduciaries

### What's New

Effective for 2005, Alternative Minimum Tax (AMT) is now included in the calculation of estimated tax.

Proposition 63, approved by voters on November 2, 2004, enacted the Mental Health Services Act, which imposes an additional 1% tax on taxable incomes over \$1,000,000.

### A Purpose

Use Form 541-ES to figure and pay estimated tax for an estate or trust. Estimated tax is the amount of tax the fiduciary of an estate or trust expects to owe for the year.

### B Who Must Make Estimated Tax Payments

Generally, a fiduciary of an estate or trust must make 2005 estimated tax payments unless:

- 100% or more of the estate's or trust's 2004 tax was paid by withholding; or
- 90% or more of the estate's or trust's 2005 tax will be paid by withholding.

Generally, the required estimated tax amount is based on the lesser of 90% of the current year's tax or 100% of the prior year's tax including AMT, or 110% of that amount if the estate's or trust's AGI on the 2004 return is more than \$150,000.

An estate or trust is not required to make 2005 estimated tax payments if:

- The tax for 2004 (after subtracting withholding and credits) was less than \$200; or
- The tax for 2005 (after subtracting withholding and credits) will be less than \$200; or
- It is a decedent's estate for any tax year ending before the date that is two years after the decedent's death; or
- It is a trust that was treated as owned by the decedent and if the trust will receive the residue of the decedent's estate under the will (or if no will is admitted to probate, the trust is primarily responsible for paying debts, taxes, and expenses of administration) for any tax year ending before the date that is two years after the decedent's death.

If the estate or trust must make estimated tax payments, use the Estimated Tax Worksheet on the following page to figure the amount owed.

Real Estate Mortgage Investment Conduit (REMIC) trusts are not required to make estimated payments.

Tax-exempt trusts and nonexempt charitable trusts described in IRC Section 4947(a)(1) should use Form 100-ES, Corporation Estimated Tax.

### C When to Make Estimated Tax Payments

For estimated tax purposes, the year is divided into four payment periods. Each period has a specific payment due date. If an estate or trust does not pay enough tax by the due date of each of the payment periods, it may be charged a penalty even if it is due a refund when it files its income tax return. The payment periods and due dates are:

#### For the payment period

Jan. 1 through March 31, 2005  
April 1 through May 31, 2005  
June 1 through August 31, 2005  
Sept. 1 through Dec. 31, 2005

#### Due date is:

April 15, 2005  
June 15, 2005  
Sept. 15, 2005  
Jan. 17, 2006

**Filing an Early Tax Return in Place of the 4th Installment.** If an estate or trust files its 2005 tax return by January 31, 2006, and pays the entire balance due, it does not have to make its last estimated tax payment.

**Annualization Option.** If the estate or trust does not receive its taxable income evenly during the year, it may be to its advantage to annualize the income. This method allows matching estimated tax payments to the actual period when income was earned. Use the annualization schedule included with 2004 form FTB 5805, Underpayment of Estimated Tax by Individuals and Fiduciaries.

**Farmers and Fishermen.** If at least 2/3 of gross income for 2004 or 2005 is from farming or fishing, the estate or trust may:

- Pay the total estimated tax by January 17, 2006; or
- File Form 541 for 2005 on or before March 1, 2006, and pay the total tax due. In this case, estimated tax payments are not due for 2005. Enclose form FTB 5805F, Underpayment of Estimated Tax by Farmers and Fishermen, with Form 541.

**Fiscal Year.** If the estate or trust files on a fiscal year basis, the due dates will be the 15th day of the 4th, 6th, and 9th months of the fiscal year and the first month of the following fiscal year. If the due date is a Saturday, Sunday, or legal holiday, use the next business day.

**Mental Health Services Tax.** If the estate's or trust's taxable income is more than \$1,000,000, compute the Mental Health Services tax below.

A. Taxable income from Form 541 line 20 .....	_____
B. Less .....	\$(1,000,000)
C. Subtotal .....	_____
D. Multiply line C by 1% .....	x.01
E. <b>Mental Health Services Tax</b> – Enter this amount on line 10 of the 2005 Estimated Tax Worksheet on the next page .....	_____

### D How to Use Form 541-ES Payment Voucher

Use the Estimated Tax Worksheet on the following page and the 2004 Form 541 return as a guide for figuring the 2005 estimated tax payment.

**Note:** There is a separate payment voucher for each due date. Use the voucher with the correct due date.

Fill in Form 541-ES:

1. Print the estate's or trust's name, the fiduciary's name and title, mailing address, and the estate's or trust's federal employer identification number (FEIN) in the space provided on Form 541-ES. Use black or blue

ink. Print all names and words in CAPITAL LETTERS. If the estate's or trust's name or address is too long to fit in the provided spaces, do not shorten the name or address. Instead, ignore the lines and fit the information in the space provided.

**Note:** If the fiduciary leases a private mail box (PMB) from a private business rather than a PO box from the United States Postal Service, include the box number in the field labeled "PMB no." in the address area.

2. Enter in the payment box of the voucher only the amount of the current payment. When making payments of estimated tax, be sure to take into account any previous year's overpayment to be credited against the current year's tax, but do not include the overpayment amount in the payment amount.
3. If part of the estimated tax is to be allocated to the beneficiaries per IRC Section 643(g), attach a copy of Form 541-T, California Allocation of Estimated Tax Payments to Beneficiaries, to Form 541-ES.
4. Make the check or money order payable to "Franchise Tax Board." Write the FEIN and "Form 541-ES 2005" on the check or money order. Enclose, but **do not** staple the payment with Form 541-ES and mail to:  
  
FRANCHISE TAX BOARD  
PO BOX 942867  
SACRAMENTO CA 94267-0031
5. Keep a record of the payment.
6. **Fiscal year filers:** Fill in the month and year-end information at the top of the voucher.

### E Failure to Make Estimated Tax Payments

If the estate or trust is required to make estimated tax payments and does not, or if it underpays any installment, a penalty will be assessed for that portion of estimated tax that was underpaid from the due date of the installment to the date of payment or the due date of the tax return, whichever is earlier. For more information, get 2004 form FTB 5805.

### F Other Information

**Filing 541-ES on Magnetic Media.** Fiduciaries that make estimated tax payments for more than 200 taxable trusts may submit the estimated tax information on magnetic media or composite listing. For additional information, our general toll-free service is available from within the United States (800) 852-5711 or from outside the United States (916) 845-6500 (not toll-free).

Telephone assistance is available year-round from 7 a.m. until 7 p.m. Monday through Friday. We may modify these hours without notice to meet operational needs.

**Forms By Internet.** You can download, view, and print California tax forms and publications from our Website at [www.ftb.ca.gov](http://www.ftb.ca.gov).

Access other state agencies' Websites through the State Agency Index on California's Website at [www.ca.gov](http://www.ca.gov).

**2005 Estimated Tax Worksheet.** Do not file. Keep this worksheet for your records.

<b>1</b> Enter the estimated amount of adjusted total income you expect in 2005 .....	<b>1</b>	
<b>2</b> Enter income distribution deduction .....	<b>2</b>	
<b>3</b> Taxable income of fiduciary. Subtract line 2 from line 1 .....	<b>3</b>	
<b>4</b> Tax. Figure the amount by using the 2004 tax rate schedule .....	<b>4</b>	
<b>5</b> Additional taxes from: form FTB 5870A, Tax on Accumulation Distribution of Trusts; IRC Section 453A tax, relating to certain dispositions under the installment method; and, IRC Section 641(d) tax on income attributable to S corporation stock held by an Elected Small Business Trust (ESBT) .....	<b>5</b>	
<b>6</b> Total. Add line 4 and line 5 .....	<b>6</b>	
<b>7</b> Credits. See the instructions for Form 541 for more information about credits you may claim .....	<b>7</b>	
<b>8</b> Total. Subtract line 7 from line 6 .....	<b>8</b>	
<b>9</b> Enter the alternative minimum tax from Schedule P (541) .....	<b>9</b>	
<b>10</b> Mental Health Services Tax from page 1 .....	<b>10</b>	
<b>11</b> Enter the total of line 8, line 9, and line 10 .....	<b>11</b>	
<b>12 a</b> Enter 90% (.90) of line 11. Farmers and fishermen use 66 2/3% (.6667) of line 11 .....	<b>12a</b>	
<b>b</b> Enter 100% of the tax shown on your 2004 Form 541, line 27, or 110% (1.10) of that amount if the estate's or trust's AGI on the 2004 return is more than \$150,000, and if less than 2/3 of gross income for 2004 or 2005 is from farming or fishing .....	<b>12b</b>	
<b>c</b> Enter the smaller of line 12a or line 12b .....	<b>12c</b>	
<b>13</b> California income tax withheld and estimated to be withheld during 2005 .....	<b>13</b>	
<b>14</b> Estimated tax. Subtract line 13 from line 12c. If less than \$200, no payment is required .....	<b>14</b>	
<b>15</b> Divide line 14 by 4. This is the amount of your required installment. Enter the result here and on each Form 541-ES voucher. See the instructions if income will be earned at an uneven rate during the year. If the amount is zero, do not mail this voucher .....	<b>15</b>	

✂️ — DETACH HERE — — — — — IF NO PAYMENT IS DUE, DO NOT MAIL THIS FORM — — — — — DETACH HERE — ✂️

<u>TAXABLE YEAR</u>	<b>2005 Estimated Tax for Fiduciaries</b>	Due Jan. 17, 2006	<u>CALIFORNIA FORM</u>
			<b>541-ES</b>

Fiscal year filers, enter year ending: month _____ year _____		Name of estate or trust		FEIN	
Name and title of fiduciary					
Address — number and street including suite number, PO Box, or rural route					PMB no.
City			State	ZIP Code	

**Payment Voucher**  
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**If no payment is due, do not mail this form.**  
 Make your check or money order payable to "Franchise Tax Board." Write the FEIN and "Form 541-ES 2005" on it. **Do not combine this payment with payment of your tax due for 2004.** Mail this voucher and your check or money order to: **541-ES UNIT, FRANCHISE TAX BOARD, PO BOX 942867, SACRAMENTO CA 94267-0031**

Amount of payment

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