2022 Instructions for Form 540-ES Estimated Tax For Individuals

General Information

Installment Payments – Installments due shall be 30% of the required annual payment for the 1st required installment, 40% of the required annual payment for the 2nd required installment, no installment is due for the 3rd required installment, and 30% of the required annual payment for the 4th required installment.

Mandatory Electronic Payments – You are required to remit all your payments electronically once you make an estimate or extension payment exceeding \$20,000 or you file an original tax return with a total tax liability over \$80,000. Once you meet the threshold, all subsequent payments regardless of amount, tax type, or taxable year must be remitted electronically. The first payment that would trigger the mandatory e-pay requirement does not have to be made electronically. Individuals who do not send the payment electronically will be subject to a 1% noncompliance penalty. For more information, go to **ftb.ca.gov/e-pay**. Electronic payments can be made using Web Pay on the Franchise Tax Board's (FTB's) website, electronic funds withdrawal (EFW) using tax preparation software, or your credit card.

A Purpose

Use Form 540-ES, Estimated Tax for Individuals, and the 2022 California Estimated Tax Worksheet, to determine if you owe estimated tax for 2022 and to figure the required amounts. Estimated tax is the tax you expect to owe in 2022 after subtracting the credits you plan to take and tax you expect to have withheld.

If you need to make a payment for your 2021 tax liability or make a separate payment for any balance due on your 2021 tax return, use form FTB 3519, Payment for Automatic Extension for Individuals.

Certain taxpayers are limited in their use of the prior year's tax as a basis for figuring their estimated tax. See Section C for more information. Check for estimated payments we've received at **ftb.ca.gov** and login or register for MyFTB.

Increasing your withholding could eliminate the need to make a large payment with your tax return. To increase your withholding, complete Employment Development Department (EDD) Form DE 4, Employee's Withholding Allowance Certificate, and give it to your employer's appropriate payroll staff. You can get this form from your employer, or by calling EDD at **888.745.3886**. You can download Form DE 4 from EDD's website at **edd.ca.gov** or go to **ftb.ca.gov** and search for **de 4**.

Form DE 4 specifically adjusts your California state withholding and is not the same as the federal Form W-4, Employee's Withholding Certificate.

B Who Must Make Estimated Tax Payments

Generally, you must make estimated tax payments if you expect to owe at least \$500 (\$250 if married/RDP filing separately) in tax for 2022 (after subtracting withholding and credits) and you expect your withholding and credits to be less than the **smaller** of:

- 1. 90% of the tax shown on your 2022 tax return; or
- 2. 100% of the tax shown on your 2021 tax return including Alternative Minimum Tax (AMT).

Note:

- You do not have to make estimated tax payments if you are a nonresident or new resident of California in 2022 and did not have a California tax liability in 2021, see Section C for more information.
- If you are a military servicemember not domiciled in California, do not include your military pay in your computation of estimated tax payments. If you are the nonmilitary spouse of a servicemember you may or may not need to include your pay in your computation of estimated tax payments. For more information, get FTB Pub. 1032, Tax Information for Military Personnel.

If you and your spouse/RDP paid joint estimated tax payments, but are now filing separate income tax returns, either of you may claim all of the amount paid, or you may each claim part of the joint estimated payments. If you want the estimated tax payments to be divided, notify the FTB before you file the income tax 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 MS F283 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 tax payments, and whose 2021 California adjusted gross income is more than \$150,000 (or \$75,000 if married/RDP filing separately), must figure estimated tax based on the lesser of 90% of their tax for 2022 or 110% of their tax for 2021 including AMT. This rule does not apply to farmers or fishermen.

Taxpayers with 2022 California adjusted gross income equal to or greater than \$1,000,000 (or \$500,000 if married/RDP filing separately), must figure estimated tax based on their tax for 2022.

D When to Make Your Estimated Tax Payments

Pay your estimated payments by the dates shown below:

1st payment
2nd paymentJune 15, 2022
3rd payment September 15, 2022
4th payment January 17, 2023

Due to the federal Emancipation Day holiday observed on April 15, 2022, tax returns filed and payments mailed or submitted on April 18, 2022, will be considered timely.

Filing an Early Tax Return In Place of the 4th Installment – If you file your 2022 tax return by January 31, 2023, and pay the entire balance due, you do not have to make your last estimated tax payment. In addition, you will not owe a penalty for the fourth installment.

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 2021 form FTB 5805, Underpayment of Estimated Tax by Individuals and Fiduciaries.

Farmers and Fishermen – If you are a farmer or fisherman, and at least two-thirds of your 2021 and 2022 gross income is from farming or fishing, you may do either of the following:

- Pay all of your estimated tax by January 17, 2023.
- File your tax return for 2022 on or before March 1, 2023, and pay the total tax due. In this case, you need not make estimated tax payments for 2022. Use the 2021 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 back of your tax return.

Fiscal Year – If you file your tax 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 the due date falls on a weekend, or legal holiday, use the next business day.

Mental Health Services Tax. If your taxable income or nonresident CA source taxable income is more than \$1,000,000, complete the worksheet below.

A. Taxable income from Form 540, line 19,		
or Form 540NR, line 35		
B. Less:	\$(1,000,0	<u>(000</u>
C. Subtotal		
D. Tax rate – 1%	Х	.01
E. Mental Health Services Tax - Multiply line C by line D.		
Enter this amount here and on line 17 of the 2022 CA		
Estimated Tax Worksheet, on the next page		

E How to Use Form 540-ES Payment Form

Use the California Estimated Tax Worksheet and your 2021 California income tax return as a guide for figuring your 2022 estimated tax. Be sure that the amount shown on line 21 of the California Estimated Tax Worksheet has been reduced by any overpaid tax on your 2021 tax return which you chose to apply toward your 2022 estimated tax payment.

Note:

- If you filed Form 540 2EZ for 2021, do not use the Form 540 2EZ instructions to figure amounts on this worksheet. Instead, get the 2021 California 540 Personal Income Tax Booklet.
- Complete Form 540-ES using black or blue ink:
 - 1. Complete the Record of Estimated Tax Payments on the next page for your files.
 - 2. Paying your tax:

Web Pay – Make a payment online or schedule a future payment (up to one year in advance), go to **ftb.ca.gov/pay** for more information. **Do not mail** Forms 540-ES to us.

Electronic Funds Withdrawal (EFW) – Individuals can make an extension or estimated tax payment using tax preparation software. Check with your software provider to determine if they support EFW for extension or estimated tax payments.

Credit card – Use your Discover, MasterCard, Visa, or American Express Card to pay your tax. Call 800.272.9829 or go to **officialpayments.com**, use code 1555. ACI Payments, Inc. (formerly Official Payments) charges a fee for this service. **Do not mail** Forms 540-ES if you pay by credit card.

Check or money order – There is a separate payment form for each due date. Be sure you use the form with the correct due date shown in the top margin of the form.

Fiscal year filers: Enter the month of your fiscal year end (located directly below the form's title).

Print your name, address, and social security number (SSN) or individual taxpayer identification number (ITIN) in the space provided on Form 540-ES. If you have a foreign address, enter the information in the following order: City, Country, Province/Region, and Postal Code. Follow the country's practice for entering the postal code. Do not abbreviate the country name.

Complete the amount of payment line of the form by entering the amount of the payment that you are sending. Using black or blue ink, make your check or money order payable to the "Franchise Tax Board." Write your SSN or ITIN and "2022 Form 540-ES" on it and mail to the address in Section F.

Make all checks and money orders payable in U.S. dollars and drawn against a U.S. financial institution.

F Where to Mail Estimated Tax Payments

FRANCHISE TAX BOARD PO BOX 942867 SACRAMENTO CA 94267-0008

G Failure to Make Estimated Tax Payments

If you do not make the required estimate payments, if you pay an installment after the date it is due, 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. Get the 2021 form FTB 5805 for more information.

Franchise Tax Board Privacy Notice on Collection

Our privacy notice can be found in annual tax booklets or online. Go to **ftb.ca.gov/privacy** to learn about our privacy policy statement, or go to **ftb.ca.gov/forms** and search for **1131** to locate FTB 1131 EN-SP, Franchise Tax Board Privacy Notice on Collection. To request this notice by mail, call 800.338.0505 and enter form code **948** when instructed.

(continued on next page)

20	22 California Estimated Tax Worksheet Keep this wo	orksheet for your	records.					
1	Residents: Enter your estimated 2022 California AGI. Nonresidents a	nd part-year reside	nts: Enter your estimated 2	2022				
	total AGI from all sources. Military servicemember/spouses, get FTB	Pub. 1032, Tax Info	ormation for Military Perso	nnel	1			
2	a If you plan to itemize deductions, enter the estimated total of your i	itemized deductions	S 2a					
	b If you do not plan to itemize deductions, enter the standard deduction	ion for your filing s	tatus:					
	\$4,803 single or married/RDP filing separately							
	\$9,606 married/RDP filing jointly, head of household, or qualifying	widow(er)	2b					
	c Enter the amount from line 2a or line 2b, whichever applies				2c			
3	Subtract line 2c from line 1							
4	Tax. Figure your tax on the amount on line 3 using the 2021 tax table	for Form 540, or Fo	orm 540NR.					
	Also, include any tax from form FTB 3800, Tax Computation for Certa	in Children with Un	earned Income, and form	FTB 3803,				
	Parents' Election to Report Child's Interest and Dividends				4			
5	Residents: Skip to line 6a. Nonresidents and part-year residents:							
	a Enter your estimated 2022 California taxable income from Schedul	le CA (540NR), Par	t IV, line 5		5a			
	b Compute the CA Tax Rate: <u>Tax on total taxable income from line 4</u>				5b			
	Total taxable income from line 3							
	c Multiply the amount on line 5a by the CA Tax Rate on line 5b				5c			
6	a Residents: Enter the exemption credit amount from the 2021 instr	ructions for Form 5	40		6a			
	b Nonresidents or part-year residents: Enter the CA credit proration pe	ercentage. Divide line	5a by line 3. If more than 1	enter 1.0000				
7	Nonresidents: CA prorated exemption credits. Multiply the total exem	nption credit amour	nt by line 6b					
8	Residents: Subtract line 6a from line 4. Nonresidents or part-year re	esidents: Subtract I	ine 7 from line 5c		8			
9	Tax on accumulation distribution of trusts. See instructions for form	FTB 5870A, Tax on	Accumulation Distribution	of Trusts	9			
10	Add line 8 and line 9				10			
11	Credits for joint custody head of household, dependent parent, senior	r head of household	l, and child and dependent	care expenses.	11			
	Nonresidents and part-year residents: For the child and dependent of	care expenses credi	t, use the amount from yo	ur 2021				
	Form 540NR, line 50. For the other credits listed on line 11, multiply	the total 2021 credi	it amount by the ratio on li	ne 6b.				
12	Subtract line 11 from line 10				12			
13	Other credits (such as other state tax credit). See the 2021 instruction	ns for Form 540, or	Form 540NR		13			
14	Subtract line 13 from line 12				14			
15	Interest on deferred tax from installment obligations under IRC Section	ons 453 or 453A			15			
16	Alternative Minimum Tax. See Schedule P (540 or 540NR)				16			
17	Mental Health Services Tax Worksheet, line E (on page 2 of these inst	tructions)			17			
18	2022 Estimated Tax. Add line 14 through line 17. Enter the result, but	t not less than zero			18			
19	a Multiply line 18 by 90% (.90). Farmers and fishermen multiply line	18 by 66 2/3% (.66	667) 19a					
	${\boldsymbol b}$ Enter the sum of line 48, line 61, and line 62 from your 2021 Form							
	or the sum of line 63, line 71, and line 72 from your Form $540 \mathrm{NR}$.							
	${f c}$ Enter the amount from your 2021 Form 540, line 17; or Form 540N				19c			
	d Is the amount on line 19c more than \$150,000 (\$75,000 if married,							
	Yes. Go to line 19e. No. Enter the lesser of line 19a or line 19b. S	Skip line 19e and 19	f and go to line 20		19d			
	e Multiply 110% (1.10) by line 19b				19e			
	${\bf f}~$ Enter the lesser of line 19a or line 19e and go to line 20 (If your Cal		°					
	\$1,000,000/\$500,000 for married filing separately, use line 19a.)				19f			
	Caution: Generally, if you do not prepay at least the amount on line 19							
	penalty for not paying enough estimated tax. To avoid a penalty, make		ed tax on line 18 is as accu	urate as				
	possible. If you prefer, you may pay 100% of your 2022 estimated tax							
	California income tax withheld and estimated to be withheld during 20			-	20			
21	Balance. Subtract line 20 from line 19d (or line 19f if no amount on I				04			
ეი	if married/RDP filing separately), you do not have to make a payment							
22	Installment amount . Multiply the amount on line 21 by 30%. Enter the Multiply the amount on line 21 by 40%. Enter the result on the 2nd in				υ.			
	Multiply the amount on line 21 by 40%. Enter the result on the 2nd in installment payment of your income at an upgyon rate d				dar Saction D			
installment payment. If you will earn your income at an uneven rate during the year, see Annualization Option in the instructions under Section D.								
	ecord of Estimated Tax Payments ment form number (a) Date (b) Web Pay/Credit card and confirmation number	(c) Amount paid	(d) 2021 overpayment applied	(a) Total amount or	id and cradited add (a) and (d)			
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	2	T	T	T				
	3							
	4							
Tot	al	\$	\$	\$				