

**INSTRUCTIONS FOR FILING  
ESTIMATED TAX VOUCHERS****2016**

**WHAT'S NEW FOR 2016**—The standard deduction will increase to **\$2,460.00** for 2016. Individuals who electronically file their return will now have the option to have their estimated tax payment(s) debited from their bank account.

**WHO MUST MAKE PAYMENTS**—Individuals who can reasonably expect to have income of more than \$5,000 from which no Kentucky income tax will be withheld may be required to make estimated tax payments as required by KRS 141.300. Individuals who do not prepay at least 70 percent of their income tax liability for the year will be subject to a penalty for underpayment of estimated tax. The prepayments may be made through withholding, a credit forward from the previous year's income tax return or estimated tax payments. The worksheet on the reverse should be used to determine the amount which should be paid through estimated tax payments. **If the amount of estimated tax for the year is \$500 or less, no payment is required.**

**WHEN TO PAY**—Taxpayers may pay the full amount of estimated tax in one payment on the earliest applicable due date, or they may pay in installments. Installments for calendar year 2016 are due April 18, June 15, September 15, 2015, and January 17, 2017. Any credit from a 2015 income tax return should be applied to the amount owed before any payments are made. Installment payments should not be made until the amount of the credit has been used. A voucher should be filed only when a payment is required.

**IF INCOME CHANGES**—Due to changes in sources or amounts of income during the year, a taxpayer who is not required to pay estimated tax at the beginning of the year may be required to pay during the year. A taxpayer may also be required to recompute the estimated tax and to adjust the amount of the installments during the year as a result of changes in sources or amounts of income. Whenever the initial estimate is required or the change occurs, a taxpayer electing to pay in installments must pay the total amount of tax due in equal amounts on the remaining due dates.

Period When Estimate Required or Change Occurs	Due Date	Number of Equal Installments
January 1–April 1	April 18, 2016	4
April 2–June 1	June 15, 2016	3
June 2–September 1	September 15, 2016	2
September 2–December 31*	January 17, 2017	1

*\*If the change occurs after September 1, 2016, the voucher is not required if the 2016 Kentucky income tax return is filed and the tax shown to be due is paid on or before January 31, 2017.*

**Failure to make required estimated installments by the specified dates may result in interest due.**

**FISCAL YEAR FILERS**—If you pay tax for a fiscal year instead of a calendar year, your due date is the 15th day of the fourth, sixth and ninth months of your fiscal year and the 15th day of the first month of the following fiscal year.

**FAMILY SIZE TAX CREDIT**—The Family Size Tax Credit is based on modified gross income (MGI) and the size of the family. If your total MGI is \$32,253 or less you may qualify for Kentucky Family Size Tax Credit.

“Modified gross income” used to calculate the Family Size Tax Credit means the greater of:

Federal adjusted gross income adjusted to include interest income derived from municipal bonds (non-Kentucky) and lump-sum pension distributions not included in federal adjusted gross income;

**or**

Kentucky adjusted gross income adjusted to include lump-sum pension distributions not included in federal adjusted gross income.

**PASS-THROUGH ENTITIES AND INDIVIDUAL OWNERS OF DISREGARDED SINGLE MEMBER LLCs**—For taxable years beginning on or after January 1, 2007, all pass-through entities and individual owners of disregarded single member LLCs that file on Schedules C, E or F for federal income tax purposes will be treated the same for Kentucky income tax purposes as they are treated for federal income tax purposes except for the differences between Kentucky law and federal law. Individuals with income from pass-through entities or disregarded single member LLCs that file Schedule C, E or F for federal income tax purposes may be required to make individual estimated tax payments.

**FARM INCOME**—Taxpayers with income from farming are not required to make installment payments if they meet the following criteria: (1) two-thirds of gross income is from farming; and (2) the entire amount of estimated tax is paid on or before January 16, 2017; or (3) the 2016 income tax return is filed and total tax is paid on or before March 2, 2017.

**PENALTY FOR UNDERPAYMENT**—A penalty equal to 10 percent of any underpayment may be assessed. The underpayment is calculated by taking 70 percent of the amount on Form 740, Line 26 (income tax liability) and subtracting taxes prepaid through a credit forward, withholding, estimated tax payments and refundable credits. Minimum penalty is \$25.

**HOW TO USE ESTIMATED TAX VOUCHERS**—Enter your name, address and Social Security number(s) in the spaces provided. In the payment block, enter the amount of payment. Do not enter amounts paid through a credit from a previous year.

**HOW TO PAY**—Make check payable to **Kentucky State Treasurer**. Mail the check with the voucher to: **Kentucky Department of Revenue, Frankfort, KY 40620-0009**. To ensure accurate crediting to your account, you must send the voucher with your check. Please write your Social Security number(s) on the face of your check. If you wish to mail your first installment with Form 740, please prepare a separate check for the amount shown on the voucher and include the voucher marked “Installment 1.” If you file electronically you can now elect to have your estimated tax payments debited from your bank account; see Form 8879-K for additional information. You may authorize the Kentucky Department of Revenue to debit up to all four of your installments on the dates due. This option must be initiated at the time of filing.

**Estimated Tax Worksheet** (Keep for your records)

**2016**

1. Enter your total estimated wages subject to withholding .....	1		
2. Enter your total estimated taxable income from sources with no withholding.....	2		
3. Add lines 1 and 2 .....	3		
4. Enter estimated adjustments to income.....	4		
5. Subtract line 4 from line 3. This is your ESTIMATED ADJUSTED GROSS INCOME .....	5		
6. Enter estimated allowable itemized deductions <b>or</b> the standard deduction of <b>\$2,460.00</b> .....	6		
7. Subtract line 6 from line 5. Enter the difference here. This is your ESTIMATED NET INCOME .....	7		
8. Compute tax on estimated net income from line 7 using the tax rate schedule below. ENTERTAX HERE..... ➔	8		
a. If line 7 is \$3,000 or less, your tax is 2% of line 7. b. If line 7 is over \$3,000 but not over \$4,000, your tax is 3% of line 7, less \$30. c. If line 7 is over \$4,000 but not over \$5,000, your tax is 4% of line 7, less \$70. d. If line 7 is over \$5,000 but not over \$8,000, your tax is 5% of line 7, less \$120. e. If line 7 is over \$8,000 but not over \$75,000, your tax is 5.8% of line 7, less \$184. f. If line 7 is over \$75,000, your tax is 6% of line 7, less \$334.			
9. Enter your tax credits (\$10 for yourself and each dependent).....	9		
10. Enter Family Size Tax Credit using percentage from worksheet below .....	10		
11. Enter Kentucky income tax to be withheld in 2016. Add lines 9, 10 and 11 and enter total at right .....	11		
12. Subtract the total on line 11 from line 8. This is your Estimated Kentucky Income Tax for 2016. Enter here. <b>If this amount is \$500 or less, estimated tax payment is not required</b> .....	12		
13. Divide line 12 by 4. This is amount of each installment. Enter here and in Column B, lines 1 through 4 of Record of Estimated Tax Payments Schedule below .....	13		

**Family Size Tax Credit (FSTC)** is based on modified gross income (MGI) and the size of the family. Refer to page 1 for the definition of MGI. The 2014 table is provided for your convenience.

Family Size If MGI . . .	One		Two		Three		Four or More		FSTC
	is over	is not over	is over	is not over	is over	is not over	is over	is not over	Percentage is
<b>2015</b>	\$ ---	\$11,770	\$ ---	\$15,930	\$ ---	\$20,090	\$ ---	\$24,250	100
	11,770	12,241	15,930	16,567	20,090	20,894	24,250	25,220	90
	12,241	12,712	16,567	17,204	20,894	21,697	25,220	26,190	80
	12,712	13,182	17,204	17,842	21,697	22,501	26,190	27,160	70
	13,182	13,653	17,842	18,479	22,501	23,304	27,160	28,130	60
	13,653	14,124	18,479	19,116	23,304	24,108	28,130	29,100	50
	14,124	14,595	19,116	19,753	24,108	24,912	29,100	30,070	40
	14,595	14,948	19,753	20,231	24,912	25,514	30,070	30,798	30
	14,948	15,301	20,231	20,709	25,514	26,117	30,798	31,525	20
	15,301	15,654	20,709	21,187	26,117	26,720	31,525	32,253	10
15,654	---	21,187	---	26,720	---	32,253	---	0	

These two schedules are for your records only and are **not** to be mailed to the Department of Revenue.

AMENDED COMPUTATION SCHEDULE	
<i>Use if your estimated tax substantially changes after you make your first payment.</i>	
1. Enter amended estimated tax .....	
2. Less:	
(a) Amount of 2015 overpayment credited to 2016 estimated tax.....	
(b) Payments made on 2016 estimated tax to date .....	
(c) Total of Lines 2(a) and 2(b).....	
3. Unpaid balance (line 1 less line 2(c))...	
4. Amount to be paid (line 3 divided by number of remaining installments less any unused 2015 overpayment credit). Enter here and in block on voucher.....	

RECORD OF ESTIMATED TAX PAYMENTS SCHEDULE				
	Col. A	Col. B	Col. C	Col. D
Voucher Number	Date	Amount from line 13 above.	2015 overpayment credit applied to installment. Subtract C from B.	Amount to be paid with voucher. Enter here and on Vouchers 1-4.*
1				
2				
3				
4				
<b>Total</b>				

\*If zero or less, do not file a voucher. If amount credited exceeds amount of installment enter excess in Column C of the next line.