

Quarterly Estimated Taxes Guide

If you are self-employed—whether freelancing, running a side business, or operating as an LLC—you may need to make quarterly estimated tax payments. These payments cover your personal income tax and self-employment tax because no employer is withholding taxes for you. Keep in mind that sales tax and other business taxes are separate from estimated income tax and may have different requirements.

This guide will help you understand when and how to pay, estimate what you owe, and avoid penalties. You can also connect with [Free Tax Prep](#) for free help or use an online calculator to get started.

What are Quarterly Estimated Taxes?

When you are self-employed, no one withholds taxes for you. Instead, you are expected to estimate and pay your taxes four times per year to the IRS and NYS.

These payments cover:

- Income tax
- Self-employment tax (15.3%, which includes 12.4% for Social Security and 2.9% for Medicare)
- NY State income tax, if you owe more than \$300 per year
- New York City or Yonkers income tax, if you live or travel to those areas to earn income and meet income thresholds

Do I Need to Make Payments?

You do if:

- You expect to owe \$1,000 or more in federal tax for the year (after refundable credits)
- You do not have enough tax withheld from other sources of income
- You are self-employed, freelancing, or running a side business

When Are Payments Due?

Quarter	Income Period	Payment Due Date
Q1	Jan 1 – Mar 31	April 15
Q2	Apr 1 – May 31	June 15
Q3	June 1 – Aug 31	September 15
Q4	Sept 1 – Dec 31	January 15 (following year)

Note: These dates may shift slightly if they fall on a weekend or holiday. Check the [IRS website](#) for updated dates. When you are self-employed, no one withholds taxes for you. Instead, you are expected to estimate and pay your taxes four times per year to the IRS and NYS.

How Do I Estimate My Tax?

Use [IRS Form 1040-ES](#) for federal tax and [Form 2105](#) for NYS tax, or use an online calculator (such as [TaxOutreach](#), [TurboTax](#), [TaxAct](#), or [Jackson Hewitt](#)) to estimate your:

- Total income
- Deductions (like business expenses)
- Self-employment tax

Tip: Many people set aside 25-30% of each payment they receive in a separate bank account to pay estimated federal and NYS taxes. For individuals in New York City and Yonkers, setting aside 35% is advisable to also account for municipal taxes.

For free, one-on-one help with budgeting and managing your finances, you can make an appointment with an [NYC Financial Empowerment Center](#).

What if I Cannot Afford My Quarterly Payments?

Always pay what you can to avoid a large tax bill during your annual tax filing. However, if you are unable to pay your full quarterly estimated tax amount, both the IRS and New York State offer payment plans after you file:

- The IRS provides [short- and long-term installment agreements](#) that let you pay your balance over time. You can [apply online](#) if you owe less than \$50,000.
- New York State also offers [installment payment agreements](#) (IPAs) based on your income and ability to pay. You can set one up through your [Online Services Account](#).

Setting up a payment plan can help you avoid additional penalties and stay on track—even if you cannot pay in full right now.

How Do I Pay?

IRS Options:

- [IRS Direct Pay](#)
- [EFTPS](#) – Electronic Tax Payment System
- [Mail in Form 1040-ES voucher](#) with a check or money order

NYS Options:

- [NY State Tax Department Online Services Account](#)
- [Mail in Form IT-2105 voucher](#) with a check or money order

Paying online is the most convenient method—you can view your account at any time and select payment periods for tax payments. You can also use [third party tax software approved by New York State's Department of Taxation and Finance](#).

Reminder: Keep records of every payment! Save confirmation numbers or check copies for at least 3 years.

Common Mistakes to Avoid

- Skipping payments because it is your first year. You may still owe even if you are new.
- Confusing estimated tax filing with annual tax filing season. Estimated payments are *in addition to* your annual tax filing and need to be made throughout the year.
- Failing to include payment information on checks—file online or make sure to include a note on the payment period or form the payment applies to.
- Forgetting about NYS requirements. You may owe state estimated taxes even if your federal taxes are covered.

Tools That Can Help

- IRS [Pay-as-You-Go Guide](#)
- NYC [Free Tax Prep](#) appointments
- Accounting apps or spreadsheets (like the [NYC Free Tax Prep Income & Expense Tracker](#))
- You can also purchase a subscription to a tax preparation or bookkeeping tool like [QuickBooks Self-Employed](#), [TurboTax Self-Employed](#), or [TaxAct](#). These tools can help estimate quarterly payments, track expenses, and automate filings.