

2023 Instructions for Form 541-ES

Estimated Tax for Fiduciaries

References in these instructions are to the Internal Revenue Code (IRC) as of **January 1, 2015**, and to the California Revenue and Taxation Code (R&TC).

General Information

Installment Payments. Estimated tax payments shall be paid in the following percentages of the required annual payment:

1st Payment	–	30%
2nd Payment	–	40%
3rd Payment	–	0%
4th Payment	–	30%

Estates and trusts with a tax liability less than \$500 do not need to make estimated tax payments.

A Purpose

Use Form 541-ES, Estimated Tax For Fiduciaries, 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 2023 estimated tax payments if the estate or trust expects to owe at least \$500 in tax for 2023 (after subtracting withholding and credits).

A fiduciary of an estate or trust is **not** required to make 2023 estimated tax payments if one of the following applies:

- 100% of the tax shown on the 2022 tax return including alternative minimum tax (AMT) was paid by withholding.
- 90% of the tax shown on the 2023 tax return will be paid by withholding.
- It is a decedent's estate for any taxable year ending before the date that is two years after the decedent's death.
- 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 taxable year ending before the date that is two years after the decedent's death.

Required Annual Estimated Tax Payment Adjusted Gross Income (AGI) \$150,000 or less. Estates and trusts required to make estimated tax payments and whose 2022 AGI is \$150,000 or less, must figure their estimated tax based on the lesser of 100% of the tax for 2022 or 90% of the tax for 2023, including AMT. This rule does not apply to farmers or fishermen.

AGI greater than \$150,000. Estates and trusts required to make estimated tax payments and whose 2022 AGI is more than \$150,000 must figure their estimated tax based on the lesser of 110% of the tax for 2022 or 90% of the tax for 2023, including AMT. This rule does not apply to farmers or fishermen.

AGI \$1,000,000 or more. Estates and trusts with a 2023 AGI equal to or greater than \$1,000,000 must figure their estimated tax based on 90% of the tax for 2023. This rule does not apply to farmers or fishermen.

If the estate or trust must make estimated tax payments, use the Estimated Tax Worksheet on the next 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 payment, it may be charged a penalty even if it is due a refund when it files its income tax return. The estimated tax payment dates are shown below:

1st Payment	.....	April 18, 2023
2nd Payment	.....	June 15, 2023
3rd Payment	.....	September 15, 2023
4th Payment	.....	January 16, 2024

If the due date falls on a weekend or holiday, the deadline to file and pay without penalty is extended to the next business day.

Due to the federal Emancipation Day holiday observed on April 17, 2023, tax returns filed and payments mailed or submitted on April 18, 2023, will be considered timely.

Filing an Early Tax Return in Place of the 4th Installment. If an estate or trust files its 2023 tax return by January 31, 2024, 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 2022 form FTB 5805, Underpayment of Estimated Tax by Individuals and Fiduciaries.

Farmers and Fishermen. If at least 2/3 of gross income for 2022 or 2023 is from farming or fishing, the estate or trust may apply one of the following:

- Pay the total estimated tax by January 16, 2024.
- File Form 541, California Fiduciary Income Tax Return, for 2023 on or before March 1, 2024, and pay the total tax due. In this case, estimated tax payments are

not due for 2023. Enclose form FTB 5805F, Underpayment of Estimated Tax by Farmers and Fishermen, with Form 541.

Fiscal Year Filers. 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 1st month of the following fiscal year.

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. Income from an Electing Small Business Trust (ESBT) is also subject to the Mental Health Services Tax.

Mental Health Services Tax Worksheet

Use whole dollars only.

A. Taxable income from Form 541 line 20a	.....	A	_____
B. ESBT taxable income from Form 541 line 20b	.....	B	_____
C. Add line A and line B	.....	C	_____
D. Less	.....	D	\$(1,000,000)
E. Subtotal	.....	E	_____
F. Tax rate – 1%	.....	F	_____ x .01
G. Mental Health Services Tax – Multiply line E by line F. Enter the amount here and on line 10 of the 2023 Estimated Tax Worksheet on the next page	.....	G	_____

D How to Use Form 541-ES

Use the Estimated Tax Worksheet on the next page and the 2022 Form 541 tax return as a guide for figuring the 2023 estimated tax payment.

There is a separate payment form for each due date. Use the form with the correct file and pay dates.

Fill in Form 541-ES:

1. Using black or blue ink, print the estate's or trust's name, the fiduciary's name and title, address, and the estate's or trust's federal employer identification number (FEIN) in the space provided on Form 541-ES. 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. Fit the information in the space provided.
Include the Private Mail Box (PMB) in the address field. Write "PMB" first, then the box number. Example: 111 Main Street PMB 123.
2. Enter on the payment line of the form 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), enclose a copy of Form 541-T, California Allocation of Estimated Tax Payments to Beneficiaries, to Form 541-ES.
4. Using black or blue ink, make a check or money order payable to the "Franchise Tax Board." Write the FEIN and "2023 Form 541-ES" 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 94267-0008

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

Electronic Funds Withdrawal (EFW)
Fiduciaries 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.
5. Keep a record of the payment.
6. **Fiscal year filers:** Fill in the month and year-end information at the top of the form.

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 2022 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 service is available from within the United States 800.852.5711 or from outside the United States 916.845.6500.

Telephone assistance is available year-round from 7 a.m. until 5 p.m. Monday through Friday. We may modify these hours without notice to meet operational needs.

Internet. You can download, view, and print California tax forms and publications at ftb.ca.gov/forms.

Access other California state agency websites at ca.gov.

2023 Estimated Tax Worksheet. Do not file. Keep this worksheet for your records.

1 Enter the estimated amount of adjusted total income you expect in 2023	1		00
2 Enter income distribution deduction.	2		00
3 Taxable income of fiduciary. Subtract line 2 from line 1	3		00
4 Tax. Figure the tax on the amount on line 3 by using the 2022 tax rate schedule.	4		00
5 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(c) tax on income attributable to S corporation stock held by an Electing Small Business Trust (ESBT)	5		00
6 Total. Add line 4 and line 5	6		00
7 Credits. See the instructions for Form 541 for more information about credits you may claim	7		00
8 Total. Subtract line 7 from line 6.	8		00
9 Alternative Minimum Tax. See Schedule P (541), Alternative Minimum Tax and Credit Limitations - Fiduciaries	9		00
10 Mental Health Services Tax Worksheet, line G	10		00
11 Enter the total of line 8, line 9, line 10	11		00
12 a Multiply line 11 by 90% (.90). Farmers and fishermen multiply line 11 by 66 2/3% (.6667) ..	12a		00
b Enter 100% of the tax shown on your 2022 Form 541, line 28, or 110% (1.10) of that amount if the estate's or trust's AGI on the 2022 Form 541 is more than \$150,000, and if less than 2/3 of gross income for 2022 or 2023 is from farming or fishing.	12b		00
c Enter the lesser of line 12a or line 12b. If the 2023 AGI is \$1,000,000 or greater, enter the amount from line 12a.	12c		00
13 California income tax withheld and estimated to be withheld during 2023	13		00
14 Estimated tax. Subtract line 13 from line 12c. If less than \$500, no payment is required	14		00
15 Multiply line 14 by 30% (.30). Enter the amount on the 1st and 4th installment of your Form 541-ES. Multiply the amount on line 14 by 40% (.40). Enter the result on the 2nd installment of your Form 541-ES. See the instructions if income will be earned at an uneven rate during the year. If the amount is zero, do not mail this form.			