

Third Quarter Estimated Tax Payments Are Due on September 15th. Here's What You Need to Know.

A number of third- and fourth-quarter deadlines, as well as rule changes are approaching for individuals, businesses, and retirement plans. Now is the time for individuals and businesses to review whether their tax situation has changed during the year and whether corresponding adjustments should be made to their third quarter estimated tax payments. For example, if the taxpayer:

- Anticipates having substantial investment income in 2017, he or she may be subject to the net investment income tax (NIIT), a surtax equal to 3.8% of the lower of net investment income or the excess of modified adjusted gross income over a threshold amount (e.g., \$250,000 for joint filers or surviving spouses). The NIIT may need to be included when estimated tax payments are calculated. Even if the taxpayer doesn't owe the NIIT, the taxpayer may need to adjust estimated taxes if he or she sold assets such as stocks, bonds or real estate at a gain.
- Intends to retire in the fall, or has been downsized, he or she may wind up in a lower tax bracket for the 2017 tax year and so may want to reduce estimated tax payments (or reduce withholding).
- Makes an IRA-to-Roth-IRA rollover, the resultant income will have to be reflected in estimated tax calculations to avoid a penalty.
- Calculates that he or she will not be able to itemize deductions for 2017 (e.g., because a mortgage is paid off, or because of a move to a state with no income tax), then a higher estimated tax payments may be needed.

With the end of the summer fast approaching, now is the time to prepare for the remainder of the year and avoid surprises. Contact a member of Restivo Monacelli's Tax Team at 401-273-7600 today to discuss your unique situation.

