

## *[Is Your Business Up-to-Date with Estimated Quarterly Tax Payments for 2024?](#)*

As we move toward the final months of 2024, it's important to make sure you are up to date with your estimated quarterly tax payments. Estimated quarterly tax payments are prepayments of income tax made to the IRS (and often state tax authorities) based on your earnings for the year. **Businesses, especially those structured as sole proprietorships, partnerships, or S corporations, typically need to make these payments** at least four times a year according to the IRS schedule.

### *Why can't I worry about it at tax time next year instead?*

If your estimated quarterly tax payments are not made on time or are insufficient, you can face several penalties:

- 1. Underpayment Penalty:** The IRS charges a penalty if you do not pay enough tax during the year, either through withholding or estimated payments. This penalty is calculated based on the amount underpaid for each quarter.
- 2. Late Payment Penalty:** If you miss the due date for your estimated payments, you may incur a late payment penalty. This penalty typically amounts to 0.5% of the unpaid tax for each month the payment is late, up to a maximum of 25%.
- 3. Interest Charges:** The IRS also charges interest on any unpaid taxes. This interest compounds daily, adding to your overall tax liability.
- 4. State Penalties:** Many states have similar penalties for underpayment or late payment of estimated taxes, which can further increase your financial burden.

To avoid these penalties, it's essential to estimate your tax liability as accurately as possible and make timely payments throughout the year. Consistently underpaying your taxes can also raise red flags with the IRS, increasing your risk of an audit. If you're unsure, consulting a tax professional can help ensure you're on the right track.

By keeping up with quarterly payments, you lessen the burden of a large tax bill at year-end. This proactive approach can reduce anxiety and help you allocate funds more effectively throughout the year.

### *Here are our Best Practices for Managing Estimated Quarterly Payments:*

- **Calculate Accurately:** Use past income as a guideline or consult with your bookkeeper or tax professional to estimate your quarterly payments accurately.
- **Set Reminders:** Use calendar reminders to ensure you don't miss payment deadlines, which typically fall in April, June, September, and January.
- **Keep Records Organized:** Maintain detailed records of your income and expenses to facilitate accurate calculations and support your payments. If you're overwhelmed, consider hiring a bookkeeper.
- **Review Regularly:** Periodically assess your income projections and adjust your payments as necessary to reflect changes in your business performance.

Staying current with estimated quarterly tax payments is a vital aspect of effective business bookkeeping. By proactively managing these obligations, you can avoid penalties, improve cash flow, and enhance overall financial stability. Establishing solid bookkeeping practices not only helps ensure compliance but also supports your business's growth and success in the long run.

**Sapphire Bookkeeping & Tax Solutions is ready to support you with these responsibilities so that you can focus on growing your business and staying on top of your tax obligations.**