



For an irrevocable trust filing Form 1041, the threshold for making estimated tax payments to avoid penalties is as follows:

General Rule for Estimated Tax Payments

- An estate or trust must pay estimated income tax for 2026 if it expects to owe, after subtracting any withholding and credits, at least \$1,000 in tax, and it expects the withholding and credits to be less than the smaller of:
 1. 90% of the tax shown on the 2026 tax return (or 66 2/3% if the trust or estate qualifies as a farmer or fisherman), or
 2. 100% of the tax shown on the 2025 tax return (110% if the 2025 AGI was more than \$150,000, and less than 2/3 of gross income for 2025 and 2026 is from farming or fishing).

If a return was not filed for 2025 or that return did not cover a full 12 months, the 100%/110% prior-year safe harbor does not apply [2].

Exceptions

- No estimated tax payments are required for:
 - An estate of a domestic decedent or a domestic trust that had no tax liability for the full 12-month 2025 tax year.
 - A decedent’s estate for any tax year ending before the date that is 2 years after the decedent’s death.
 - A trust that was treated as owned by the decedent if the trust will receive the residue of the decedent’s estate under the will (or, if no will is admitted to probate, is the trust primarily responsible for paying debts, taxes, and expenses of administration) for any tax year ending before the date that is 2 years after the decedent’s death [2].

Penalty Threshold

- If the trust expects to owe less than \$1,000 in tax after subtracting withholding and credits, no estimated tax payment is required and no penalty will be imposed for underpayment of estimated tax [2].

Summary Table:

| Condition | Estimated Tax Payment Required? | Penalty for Underpayment? |
|---|---------------------------------|---------------------------|
| Expected tax due after credits/withholding < \$1,000 | No | No |
| Expected tax due after credits/withholding ≥ \$1,000, and withholding/credits < 90% of current year tax or 100% (or 110%) of prior year tax | Yes | Yes, if not paid |
| Estate or trust qualifies for exception (see above) | No | No |



References:

- Instructions for Form 1041 and Schedules A, B, G, J, and K-1 (2025) [2]
- Publication 559 (2025) [3]
- About Form 1041-ES, Estimated Income Tax for Estates and Trusts [4]