The Tax Pot

Every payment in, a set-aside out. Same day.

If you're self-employed, the quarterly tax bill has a cruel design: the money arrives a little at a time, all year, looking exactly like your money — and then the bill arrives all at once, for a sum you've already spent. The fix is a habit, not a windfall: a tax pot. Every payment that comes in takes a set-aside out the same day, and the quarterly bill stops being a surprise because it was handled, in pieces, the day each payment landed.

Here's one quarter worked line by line. Marcus is a freelance designer. His quarter, in three numbers: **$4,050 came in, $810 was set aside, $780 was paid — and $30 carries forward** into next quarter.

The example — Marcus's quarter

Every payment in, a set-aside out, at 20%:

> **$1,200** in — $240 set aside
>
> **$850** in — $170 set aside
>
> **$2,000** in — $400 set aside

Quarter totals: **$4,050 in, $810 set aside**. The set-asides wait in the tax pot — not in the spending money, not in his head. $240 + $170 + $400 = $810, ready before the quarter even ends.

What he paid: $780 for the quarter — with the date, who he paid, and the confirmation number written on his What I Paid page. If it's ever questioned, it's on paper.

The carry: $810 set aside - $780 paid = **$30 stays in the pot**. Next quarter doesn't start at zero. It starts $30 ahead.

The steps

- **Get your percentage from your accountant.** Marcus's is 20% — the one his accountant gave him. Yours comes from your accountant. The planner doesn't set the rate; it just makes sure the rate gets applied.
- **Every payment in, a set-aside out — the same day.** Not at the end of the month, not when you get around to it. The set-aside leaves with the payment's arrival, while the money is still all there. A percentage of money you've already started spending is a percentage of a smaller number.
- **The pot waits separately.** Its own account or its own clearly marked place — somewhere the set-asides are visibly not spending money. The pot's whole power is that nobody, including you on a tired Friday, mistakes it for available cash.

- **When you pay, write it down like it matters.** Amount, date, who you paid, confirmation number. A payment you can prove is a payment you'll never have to reconstruct.
- **Whatever isn't paid stays in the pot.** Over-set-asides aren't a bonus to raid; they're next quarter's head start. The pot only ever moves in one direction: toward the tax bill.

The honest part

A set-aside is an estimate, and this page won't dress it up as anything else. The real bill is whatever the real bill is — the pot doesn't change what you owe, it changes whether the money is sitting there when the bill arrives. And the 20% in this example is Marcus's figure, from Marcus's accountant, for Marcus's situation. The habit is what's being taught here: same day, every payment, no exceptions. Get your own percentage from the person who does your taxes, and the habit will carry it from there.

The free way

A notebook log runs the entire system: one line per payment — date, amount in, your percentage, amount set aside — with a running total for the pot, and a page at the back for what you paid, with its date and confirmation number. Add a separate savings account or a labeled envelope for the pot itself, and you have every moving part the habit needs.

If you'd rather start from pages already laid out for it, the Quarterly Tax Set-Aside Planner is in our shop.