

Part III – Administrative, Procedural, and Miscellaneous

Relief from Addition to Tax for Underpayment of Estimated Income Tax by Individual Farmers and Fishermen

Notice 2019-17

SECTION 1. PURPOSE

This notice provides a waiver of the addition to tax under section 6654 of the Internal Revenue Code (Code) for underpayment of estimated income tax by qualifying individual farmers and fishermen.

SECTION 2. BACKGROUND

Generally, the Code requires taxpayers to pay federal income taxes as they earn income. To the extent these taxes are not withheld from wages, a taxpayer must pay estimated income tax on a quarterly basis.

Section 6654 provides that, in the case of an individual, estimated income tax is required to be paid in four installments each 25 percent of the required annual payment. Individual taxpayers who fail to make a sufficient and timely payment of estimated income tax are liable for an addition to tax under section 6654(a).

Qualifying farmers and fishermen are subject to special rules requiring them to make only one installment payment due on January 15 of the year following the taxable year. I.R.C. § 6654(i)(1)(A) & (B). A taxpayer qualifies as a farmer or fisherman for the 2018 tax year if at least two-thirds of the taxpayer's total gross income was from farming or fishing in either 2017 or 2018. See I.R.C. § 6654(i)(2). Qualifying farmers and fishermen who did not make the required estimated tax installment payment by January 15, 2019, are not subject to an addition to tax for failing to pay estimated income tax if they file their returns and pay the full amount of tax reported on the return as payable by March 1, 2019. See I.R.C. § 6654(i)(1)(D).

The Secretary is authorized to waive the section 6654 addition to tax for an underpayment of estimated tax in unusual circumstances to the extent its imposition would be against equity and good conscience. I.R.C. § 6654(e)(3)(A).

Due to certain changes in the rules that affect farmers and fishermen, the Treasury Department and IRS anticipate that farmers and fishermen may have difficulty accurately determining and paying their tax liability for the 2018 taxable year by March 1, 2019. Accordingly, the IRS is providing relief to individual taxpayers who are farmers or fishermen by waiving certain penalties if the requirements set forth in section 3 of this notice are satisfied.

SECTION 3. WAIVER OF UNDERPAYMENT OF ESTIMATED INCOME TAX

Under the authority granted by section 6654(e)(3)(A), the addition to tax under section 6654 for failure to make an estimated tax payment for the 2018 tax year is waived for any qualifying farmer or fisherman who files his or her 2018 income tax

return and pays in full any tax due by April 15, 2019, or by April 17, 2019, for those taxpayers who live in Maine or Massachusetts. Farmers and fishermen requesting this waiver of the addition to tax must attach Form 2210-F, *Underpayment of Estimated Tax by Farmers and Fishermen*, to their 2018 tax return. The form can be submitted electronically or on paper. The taxpayer's name and identifying number should be entered at the top of the form, and the waiver box (Part I, Box A) should be checked. The rest of the form should be left blank. Forms, instructions, and other tax assistance are available on IRS.gov. The IRS toll-free number for general tax questions is 1-800-829-1040.

SECTION 4. CONTACT INFORMATION

The principal author of this notice is Alexander Wu of the Office of the Associate Chief Counsel (Procedure and Administration). For further information, please contact Mr. Wu at (202) 317-6845 (not a toll-free number).