

More Underpayment of Estimated Income Tax Penalty Relief

Cross References

- Notice 2019-25

On January 18, 2019 we posted a news article covering the underpayment of estimated income tax penalty relief available through IRS Notice 2019-11. In that notice, the IRS announced that the 90% threshold has been dropped to 85%, meaning that if taxpayers paid at least 85% of the tax shown on the 2018 tax return by January 15, 2019 (either through withholding or estimated tax payments), then the taxpayer would not be subject to the underpayment of estimated income tax penalty under IRC section 6654.

The IRS has now modified Notice 2019-11. In IRS Notice 2019-25, the 85% threshold has been dropped to 80%. Thus, the underpayment of estimated income tax penalty under IRC section 6654 will not apply if the taxpayer paid on or before January 15, 2019 (either through withholding or estimated tax payments) at least 80% of the tax shown on the 2018 tax return.

To request this waiver, file Form 2210, *Underpayment of Estimated Tax by Individuals, Estates, and Trusts*, with the 2018 income tax return. The form can be e-filed with the return or on paper. Complete Part I of Form 2210 and the worksheet included in the form instructions to determine if the waiver of the penalty applies. If the waiver applies, check the waiver box (Part II, Box A), include the statement "80% Waiver" next to Box A, and file page 1 of Form 2210 with the return.

If a taxpayer who qualifies for the 80% waiver already filed his or her 2018 return and paid the penalty under IRC section 6654, file Form 843, *Claim for Refund and Request for Abatement*. Include the statement "80% Waiver of estimated tax penalty" on line 7.

The waiver under Notice 2019-25 has no effect on determining the amount of each required installment for an individual whose total withholding and estimated tax payments do not equal or exceed 80% of the tax shown on the 2018 tax return.