

# Estimated Tax Penalty Automatic Waiver

## Cross References

- IR-2019-144, August 14, 2019

The IRS is automatically waiving the estimated tax penalty for the more than 400,000 eligible taxpayers who already filed their 2018 federal income tax returns but did not claim the waiver.

The IRS will apply this waiver to tax accounts of all eligible taxpayers, so there is no need to contact the IRS to apply for or request the waiver.

Earlier this year, the IRS lowered the usual 90% penalty threshold to 80% to help taxpayers whose withholding and estimated tax payments fell short of their total 2018 tax liability. The IRS also removed the requirement that estimated tax payments be made in four equal installments, as long as they were all made by January 15, 2019. The 90% threshold was initially lowered to 85% on January 16 and further lowered to 80% on March 22.

The automatic waiver applies to any individual taxpayer who paid at least 80% of their total tax liability through federal income tax withholding or quarterly estimated tax payments but did not claim the special waiver available to them when they filed their 2018 return earlier this year.

“The IRS is taking this step to help affected taxpayers,” said IRS Commissioner Chuck Rettig. “This waiver is designed to provide relief to any person who filed too early to take advantage of the waiver or was unaware of it when they filed.”

**Refunds planned for eligible taxpayers who paid penalty.** Over the next few months, the IRS will mail copies of CP21 notices granting this relief to affected taxpayers. Any eligible taxpayer who already paid the penalty will also receive a refund check about three weeks after their CP21 notice regardless if they requested penalty relief. The IRS emphasized that eligible taxpayers who have already filed a 2018 return do not need to request penalty relief, contact the IRS, or take any other action to receive this relief.

For those yet to file, the IRS urges every eligible taxpayer to claim the waiver on their return. This includes those with tax-filing extensions due to run out on October 15, 2019. The quickest and easiest way is to file electronically and take advantage of the waiver computation built into their tax software package. Those who choose to file on paper can fill out Form 2210, *Underpayment of Estimated Tax by Individuals, Estates, and Trusts*, and attach it to their 2018 return. See the instructions to Form 2210 for details.