



TaxNewsFlash

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Notice 2019-11: Estimated tax penalty waiver for 2018, individual taxpayers

The IRS today released an advance version of Notice 2019-11 that provides a waiver of the estimated tax penalty—that is, the addition to tax under section 6654 for the underpayment of estimated income tax—for certain individuals who were otherwise required to make tax year 2018 estimated income tax payments on or before January 15, 2019.

Notice 2019-11 [PDF 81 KB] states that this waiver of the estimated tax penalty is limited to individual taxpayers whose total withholding and estimated tax payments equal or exceed 85% of the tax shown on the return for the 2018 tax year. The usual percentage threshold is 90% to avoid the estimated tax penalty.

Reason for waiver

Notice 2019-11 explains that with the U.S. tax law enacted on December 22, 2017, (Pub. L. No. 115-97, commonly referred to as the “Tax Cuts and Jobs Act”), there were a “broad array of changes to the Code affecting millions of individual taxpayers.”

In February 2018, the IRS released an updated “withholding calculator” on IRS.gov and a new version of Form W-4 to help individual taxpayers determine the appropriate amount of their 2018 tax withholding. Yet, despite these releases, the IRS has observed that some individual taxpayers may have been unable to accurately calculate the amount of their required estimated income tax payments for the 2018 tax year.

Accordingly, the IRS today is providing additional relief to individual taxpayers by waiving certain penalties if the certain requirements of Notice 2019-11 are satisfied. Read a related IRS release, [IR-2019-03](#).

Procedures for invoking the waiver

Notice 2019-11 explains that under authority granted to the Treasury Secretary, the addition to tax under section 6654 for a failure to make estimated income tax payments for the 2018 tax year

otherwise required to be made on or before January 15, 2019, is waived for any individual whose total withholding and estimated tax payments made on or before January 15, 2019, equal or exceed 85% of the tax shown on that individual's return for the 2018 tax year.

To request the estimated tax penalty waiver, individuals must file Form 2210, *Underpayment of Estimated Tax by Individuals, Estates, and Trusts*, with their 2018 income tax return.

- The form can be filed with a return that is either filed electronically or on paper.
- Taxpayers are directed to complete Part I of Form 2210 and the worksheet included in the form instructions to determine if the waiver applies.
- If the waiver applies, taxpayers are then directed to check the waiver box (Part II, Box A) and include a statement "85% Waiver" with the return.
- This waiver is in addition to any other exception that section 6654 provides to the underpayment of estimated income tax.

Penalty waiver not applicable

If neither the waiver provided by Notice 2019-11 nor any other exception applies with respect to an individual taxpayer, the amount of the addition to tax is determined by applying the underpayment interest rate established under section 6621 to each required installment of estimated tax that was underpaid for the period for which the installment is underpaid. The period of the underpayment runs from the due date for the installment to the earlier of: (1) April 15, 2019, or (2) the date when the underpayment is paid.

Notice 2019-11 states that it 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 85% of the tax shown on that individual's return for the 2018 tax year.

Form 2210

The IRS also issued draft versions of [Form 2210](#) [PDF 214 KB] and the related [instructions](#) [PDF 282 KB] for tax year 2018 reflecting the estimated tax penalty waiver guidance provided in Notice 2019-11.

The draft form and instructions have been posted with a "watermark" date of January 16, 2019, and include cautionary language that they are not to be used for filing purposes and are subject to change and to OMB approval before being officially released.

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