

Part III - Administrative, Procedural, and Miscellaneous

Estimated Tax Penalty Relief for Farmers and Fishermen

Notice 2013-5

This notice provides for the waiver of additions to tax under section 6654(a) of the Internal Revenue Code (Code) for underpayment of estimated taxes for certain farmers and fishermen due to the delayed start for filing 2012 tax year returns.

BACKGROUND

Generally, the Code requires individuals to pay federal income tax as they earn income. To the extent these taxes are not withheld from an individual's wages, an individual taxpayer must pay estimated taxes.

Section 6654(c) and (d)(1)(A) of the Code provides that, in general, estimated taxes are required in four installments and the amount of any required installment shall be 25 percent of the "required annual payment." Section 6654(a) provides for an addition to tax where a taxpayer fails to make a sufficient and timely payment of estimated tax.

Section 6654(i) provides a special rule for farmers and fisherman. Under section 6654(i)(1)(A), only one installment payment is required to be made. Under section

6654(i)(1)(B), the installment is due on January 15 of the following taxable year.

Section 6654(i)(1)(D) provides that qualifying farmers and fishermen who choose not to make the required estimated tax installment payment are not subject to an estimated tax addition to tax if they file their returns and pay the full amount of tax due by March 1 of the following taxable year. Under section 6654(i)(2), a taxpayer qualifies as a farmer or fisherman for the 2012 tax year if at least two-thirds of the taxpayer's total gross income was from farming or fishing in either 2011 or 2012.

Section 6654(e)(3) authorizes the Internal Revenue Service to waive section 6654 penalties for underpayments of estimated tax in unusual circumstances to the extent its imposition would be against equity and good conscience.

On January 2, 2013, the American Taxpayer Relief Act of 2012 (ATRA), Pub. L. No. 112-240, 126 Stat. 2313, was enacted into law. The ATRA affected several tax forms that are often filed by farmers and fishermen, including the Form 4562, Depreciation and Amortization (Including Information on Listed Property). Revision of these forms will require extensive programming and testing of IRS systems, which will delay the IRS's ability to accept and process these forms. These delays may affect the ability of many farmers and fishermen to file their 2012 tax year return by March 1, 2013.

TRANSITIONAL RELIEF FOR UNDERPAYMENT OF ESTIMATED TAXES

Pursuant to the authority in section 6654(e)(3), the Service will waive the section 6654 addition to tax for the 2012 tax year for farmers and fishermen who miss the March 1 deadline if they file their return and pay in full any tax due by April 15, 2013.

Farmers and fishermen requesting this addition to tax waiver must attach Form 2210-F, Underpayment of Estimated Tax by Farmers and Fishermen, to their 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.

CONTACT INFORMATION

The principal author of this notice is Matthew S. Cooper of the Office of Associate Chief Counsel (Procedure & Administration). For further information regarding this notice, contact Matthew S. Cooper on 202-622-3400 (not a toll-free call).