

## Part III - Administrative, Procedural, and Miscellaneous

Transitional relief from estimated tax additions to tax for farmers and fishermen who receive erroneous Forms 1095-A

Notice 2015-22

This notice provides for waiver of the addition to tax under section 6654(a) of the Internal Revenue Code (Code) for underpayment of estimated taxes for those farmers and fishermen who received erroneous 2014 Forms 1095-A, Health Insurance Marketplace Statements and who file and pay by April 15, 2015.

### **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.

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." I.R.C. § 6654(c) and (d)(1)(A). Taxpayers who fail to make a sufficient and timely payment of tax are liable for an addition to tax under section 6654(a).

Qualifying farmers and fisherman, however, are subject to a special rule, allowing them to make only one installment payment, due on January 15 of the following taxable year. I.R.C. § 6654(i)(1)(A) and (B). A taxpayer qualifies as a farmer or fisherman for the 2014 tax year if at least two-thirds of the taxpayer's total gross income was from

farming or fishing in either 2013 or 2014. I.R.C. § 6654(i)(2). Qualifying farmers and fishermen who choose not to make the required estimated tax installment payment on January 15 are not subject to an addition to tax for failing to pay estimated tax if they file their return and pay the full amount of tax due by March 1 of that following taxable year. I.R.C. § 6654(i)(1)(D). When the last day for performing any act required under the Code falls on a Saturday, Sunday, or legal holiday, the performance of that act shall be considered timely if it is performed on the next succeeding day that is not a Saturday, Sunday, or legal holiday. I.R.C. § 7503. March 1, 2015, is a Sunday. Accordingly, farmers and fishermen who file their returns and pay the amount owed on or before March 2, 2015, will qualify for the special rule under section 6654(i)(1)(D).

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

On February 20, 2015, the Department of Health and Human Services (HHS) announced that it had issued Forms 1095-A, Health Insurance Marketplace Statements, containing erroneous information to some taxpayers who received advance subsidies toward their purchase of health insurance through [healthcare.gov](http://healthcare.gov).

The Service is providing this relief because a number of taxpayers have been informed that they will be receiving corrected Forms 1095-A from the Health Insurance Marketplace. Taxpayers need this form to file a complete and accurate return. The delay in the receiving accurate Forms 1095-A may prevent some farmers and fishermen

from filing their 2014 income tax returns by March 2, 2015. As a result, the IRS is waiving the penalty for failing to make 2014 estimated tax payments for any farmer or fisherman who, due to this delay, files their return and pays any tax due by Wednesday, April 15.

As explained above, farmers and fisherman are eligible for the special rule under section 6654(i)(1)(D) that protects them against the addition to tax for failing to pay estimated tax only if they file their individual returns and pay all of the tax owed by March 2, 2015. Consequently, farmers and fisherman who wait to file and pay until they receive the corrected Forms 1095-A would not get the benefit of section 6654(i)(1)(D) and would be subject to additional liability for the addition to tax for failure to make estimated taxes under section 6654(a).

#### **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 2014 tax year for farmers and fishermen who received erroneous Forms 1095-A and who miss the March filing and payment deadline, if they file their 2014 returns and pay in full any tax due by April 15, 2015. Farmers and fishermen requesting this addition to tax waiver must attach Form 2210-F, Underpayment of Estimated Tax by Farmers and Fishermen, to their 2014 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**

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