

Relief from Addition to Tax for Underpayment of Estimated Income Tax by Individual Farmers and Fishermen

Notice 2022-13

SECTION 1. PURPOSE

This notice provides a waiver of the addition to tax under section 6654 of the Internal Revenue Code (Code) for underpayment of estimated income tax by qualifying farmers and fishermen described in this notice.

SECTION 2. BACKGROUND

Generally, the Code requires taxpayers to pay federal income taxes as they earn income. To the extent these taxes are not withheld from wages or other sources, a taxpayer must pay estimated income tax on a quarterly basis.

Section 6654 provides that, in the case of an individual taxpayer, estimated income tax is required to be paid in four installments, each of which is 25 percent of the required annual payment. With some exceptions, section 6654(l)(2) provides that the provisions of section 6654 generally apply to certain trusts and estates.

An individual taxpayer who fails to make a sufficient and timely payment of estimated income tax generally is liable for an addition to tax under section 6654(a). However, special rules may apply in the case of an individual taxpayer who is a farmer or fisherman and satisfies the requirements of section 6654(i) for a taxable year (qualifying farmer or fisherman). Under section 6654(i)(1), a qualifying farmer or

fisherman has only one required installment payment (instead of four quarterly payments) due on January 15 of the year following the taxable year if at least two-thirds of the taxpayer's total gross income was from farming or fishing in either the taxable year or the preceding taxable year. For a qualifying farmer or fisherman who does not make the required estimated tax installment payment by January 15 of the year following the taxable year, section 6654(i)(1)(D) provides that the taxpayer is not subject to an addition to tax for failing to pay estimated income tax if the taxpayer files the return for the taxable year and pays the full amount of tax reported on the return by March 1 of the year following the taxable year.

The Secretary of the Treasury or her delegate is authorized under section 6654(e)(3)(A) to waive the section 6654 addition to tax for an underpayment of estimated tax in unusual circumstances to the extent its imposition would be against equity and good conscience.

The Department of the Treasury (Treasury Department) and the Internal Revenue Service (IRS) understand that, for the 2021 taxable year, some qualifying farmers and fishermen have been unable to electronically file Form 7203, *S Corporation Shareholder Stock and Debt Basis Limitations*, which may be required to be included in their federal income tax returns for taxable year 2021 (2021 tax returns). Due to this inability, farmers and fishermen may have had difficulty filing their 2021 tax returns electronically by the March 1, 2022, due date provided by section 6654(i)(1). Accordingly, the Treasury Department and the IRS have determined it is appropriate to waive certain penalties for qualifying farmers and fishermen due to these unusual circumstances if the requirements set forth in section 3 of this notice are satisfied.

SECTION 3. WAIVER OF UNDERPAYMENT OF ESTIMATED INCOME TAX

Under the authority granted by section 6654(e)(3)(A), the addition to tax under section 6654 for failure to make an estimated tax payment for the 2021 taxable year is waived for any qualifying farmer or fisherman who files a 2021 tax return and pays in full any tax due on the return by April 18, 2022, or, for those taxpayers who live in Maine or Massachusetts, by April 19, 2022. The waiver will apply to any taxpayer who is a qualifying farmer or fisherman for the 2021 taxable year and fulfills the conditions stated in the previous sentence.

The waiver will apply automatically to any taxpayer who qualifies for the waiver and does not report an addition to tax under section 6654 on the 2021 tax return. Taxpayers who otherwise satisfy the criteria for relief under this notice, but already filed a return and reported an addition to tax under section 6654, may request an abatement of the addition to tax by filing Form 843, *Claim for Refund and Request for Abatement*, in accordance with the Instructions for Form 843 and as follows:

- Write “Request for Relief under Notice 2022-13” at the top of Form 843.
- Enter “6654” on line 4.
- Check the third box on line 5a.
- On line 5b, show the dates of any payment of tax liability and addition to tax under section 6654 for the tax period involved.
- On line 7, state why the taxpayer’s circumstances satisfy the criteria for relief under this notice. Generally, this would include the status of the taxpayer as a qualifying farmer or fisherman, filing a 2021 tax return, and paying in full any

tax due on the return by April 18, 2022, or, for those taxpayers who live in
Maine or Massachusetts, by April 19, 2022.

SECTION 4. CONTACT INFORMATION

The principal author of this notice is Alexander Wu of the Office of the Associate
Chief Counsel (Procedure and Administration). For further information, please contact
Mr. Wu at (202) 317-6845 (not a toll-free number).