

FRANZEN & FRANZEN, LLP

CERTIFIED PUBLIC ACCOUNTANTS

January 16, 2019 – IRS Provides Waiver for 2018 Estimated Tax Shortfalls

The IRS will waive underpayment of estimated tax penalties for the 2018 tax year if a taxpayer's total withholding and estimated tax payments are at least 85% of the tax shown on the return for the 2018 taxable year (IR-2019-03). Normally, a taxpayer must pay at least 90% of the current year's tax to avoid a penalty. The waiver is being implemented because many taxpayers were unable to accurately predict their 2018 tax liability as a result of the numerous changes enacted by the Tax Cuts and Jobs Act.

Note: The estimated tax underpayment waiver for taxpayers who pay at least 100% of their prior-year liability (110% for taxpayers with AGIs exceeding \$150,000 or \$75,000 for MFS) still applies as well.