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For Immediate Release

IRS automatically waives estimated tax penalty for eligible 2018 filers

The IRS recently announced that it is automatically waiving the estimated tax penalty for eligible taxpayers who already filed their 2018 federal income tax returns but did not claim the waiver. Many business owners, especially self-employed individuals who received income subject to withholding, would qualify for this relief.

The waiver applies to any individual taxpayer who paid at least 80% of their total tax liability through federal income tax withholding, or quarterly estimated tax payments, but did not claim the waiver when they filed their 2018 return.

The IRS will apply this waiver to tax accounts of all eligible taxpayers, so there is no need to contact the IRS to apply for or request the waiver.

In addition, the IRS removed the requirement that estimated tax payments be made in four equal installments, as long as they were all made by Jan. 15, 2019.

Earlier this year, the IRS lowered the usual 90% penalty threshold to 80% to help taxpayers whose withholding and estimated tax payments fell short of their total 2018 tax liability resulting from changes in the Tax Cuts and Jobs Act. The 90% threshold was initially lowered to 85% on January 16 and further lowered to 80% on March 22.

The automatic waiver applies to any individual taxpayer who paid at least 80% of their total tax liability through federal income tax withholding or quarterly estimated tax payments but did not claim the special waiver available to them when they filed their 2018 return earlier this year.

Those most at risk of having too little tax withheld include those who itemized in the past but now take the increased standard deduction, as well as two wage earner households, employees with nonwage sources of income and those with complex tax situations.

[See IR-2019-144, August 14, 2019](#)