

## IRS Changes Waiver of Penalty for Underpayments

The waiver relief is now available for those who have at least 80% paid in.

Many times during 2018 IRS advised taxpayers to check their withholding to help avoid shortfalls at tax time. The online "Withholding Calculator" on irs.gov was about as difficult to complete as completing a tax return, which caused many taxpayers to sit back and hope they had enough withheld.

On January 16<sup>th</sup> IRS announced it would waive the underpayment penalty for taxpayers whose tax withholding and estimated tax payments fell short of their 2018 tax liability. But it's not a total waiver - it reduces the "90% of current year tax" test to "85%".

NOW IRS has reduced this waiver relief from 85% to 80%. Any taxpayer who has already filed a 2018 tax return and paid a penalty but now qualifies for this expanded relief can claim a refund by filing Form 843, Claim for Refund and Request for Abatement and include the statement "80% Waiver of estimated tax penalty" on Line 7.

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This text has been shared courtesy of David & Mary Mellem, EAs & Ashwaubenon Tax Professionals.

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