



TAX BULLETIN 19-4

Virginia Department of Taxation

March 6, 2019

Penalty Relief for Farmers, Fishermen, and Merchant Seamen

ESTIMATED TAX UNDERPAYMENT PENALTY RELIEF FOR TAXABLE YEAR 2018

In response to Internal Revenue Service (“IRS”) Notice 2019-17, Tax Commissioner Craig M. Burns announced relief from the estimated tax underpayment penalty for farmers, fishermen, and merchant seamen unable to file and pay their 2018 taxes by the March 1 deadline. Virginia will also allow these individuals additional time to file and pay their taxes. Farmers, fishermen, and merchant seamen will be provided relief from the estimated tax underpayment penalty provided a return is filed and payment of the entire tax due is made by April 15, 2019.

Due to certain changes in the rules that affect farmers and fishermen, the United States Treasury Department and IRS anticipate that farmers and fishermen may not be able to accurately determine and pay their tax liability by the March 1 deadline. Accordingly, the IRS is providing relief to certain individual taxpayers who are farmers or fishermen by waiving penalties related to estimated tax payments.

Under Virginia law, farmers, fishermen, and merchant seamen with two-thirds of their estimated Virginia gross income from self-employed farming, fishing or being a merchant seaman have special filing requirements. These individuals do not make quarterly estimated tax payments and are not subject to an estimated tax underpayment penalty provided their return is filed by March 1 and the entire tax is paid at that time.

In order to receive an automatic waiver of the estimated tax underpayment penalty, farmers, fishermen and merchant seamen need only to file their returns and pay the entire tax due by April 15, 2019. No special action is required. If you have additional questions, please visit our website at <http://www.tax.virginia.gov> or contact us at (804) 367-8031.