

Taxpayers Granted Penalty Relief for Underpayment of Individual Taxes



January 16, 2019

Washington – Today the U.S. Department of the Treasury is announcing that it will provide penalty relief for certain individuals who underpaid their estimated taxes for 2018. This waiver covers taxpayers whose total withholding and estimated tax payments are equal to or greater than 85 percent of their taxes owed.

The lower rates in the *Tax Cuts and Jobs Act* reduced the amount taxpayers needed to withhold in their paychecks. The online withholding calculator and updated W-4 form helped taxpayers determine the right amount to set aside. Should they have marginally miscalculated their 2018 withholdings, this waiver ensures they will not face the standard penalty for underpaying their taxes.

The Internal Revenue Code authorizes the Secretary to waive underpayment penalties in certain circumstances, and the notice issued today is an exercise of that statutory waiver authority.

Taxpayers are encouraged to use the [Withholding Calculator](#) available on [IRS.gov](#) to ensure their 2019 withholdings are adjusted to reflect the revised rates, deductions, and credits from the new tax law.

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