

# Treasury Offers Underpayment Penalty Relief to More Taxpayers

March 22, 2019

**Washington** – Today, the U.S. Department of the Treasury lowered the withholding underpayment threshold to 80 percent, delivering more taxpayers penalty relief. This change applies to taxpayers whose total withholding and estimated tax payments for 2018 are equal to or greater than 80 percent of their taxes owed. The typical threshold to avoid a penalty is 90 percent, but earlier this year Treasury reduced the threshold to 85 percent.

“I appreciate the bipartisan interest from members of Congress on this issue and agree that further relief should be provided to taxpayers,” said Treasury Secretary Steven T. Mnuchin. “Treasury is exempting even more taxpayers from the usual underpayment penalties in an effort to help those who attempted in good faith to meet their withholding obligations.”

In 2018, Treasury and the IRS made extensive outreach efforts to encourage taxpayers to use the online withholding calculator and the updated W-4 form to help determine the correct amount to set aside for their financial situation. In cases where taxpayers have marginally miscalculated their 2019 withholdings, this waiver ensures they will not face the standard penalty for underpaying their taxes. Forthcoming guidance and updated Form 2210 instructions will provide taxpayers further guidance on this relief and filing for penalty abatement.

Treasury continues to encourage taxpayers to check their withholding at [IRS.gov/withholding](https://www.irs.gov/withholding) to make sure they are properly withheld for 2019 and are receiving the full benefits of the new tax law.

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