



TAX BULLETIN 13-2
Virginia Department of Taxation
January 31, 2013

**Penalty Relief for Farmers, Fishermen
and Merchant Seamen**

ESTIMATED TAX UNDERPAYMENT PENALTY RELIEF

In response to recent action by the Internal Revenue Service, 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 2012 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, 2013.

Due to the late passage of federal tax legislation, the Internal Revenue Service announced that it is currently in the process of updating forms and reprogramming systems to reflect these legislative changes. The Internal Revenue Service indicates these changes may delay these individuals from being able to file and pay their taxes by the March 1 deadline.

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.

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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, 2013. 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.