

SC INFORMATION LETTER #13-2

**SUBJECT:** Farmers and Fishermen Penalty Relief for Tax Year 2012  
(Income Tax)

**REFERENCE:** S.C. Code Ann. Section 12-6-3910 (Supp. 2012)  
S.C. Code Ann. Section 12-54-55 (Supp. 2012)

**SUPERSEDES:** All previous documents and any oral directives in conflict herewith.

**AUTHORITY:** S. C. Code Ann. Section 12-4-320 (2000)  
S. C. Code Ann. Section 1-23-10(4) (2005)  
SC Revenue Procedure #09-3

**SCOPE:** An Information Letter is a written statement issued to the public to announce general information useful in complying with the laws administered by the Department. An Information Letter has no precedential value.

Introduction

In Notice 2013-5, the Internal Revenue Service (IRS) announced that it will waive federal penalties imposed by Internal Revenue Code (IRC) Section 6654(a) for underpayments of estimated taxes by certain farmers and fishermen. The South Carolina Department of Revenue will follow the Internal Revenue Service's position in this matter and will also provide penalty waivers for qualifying farmers and fishermen who file and pay their individual income taxes in full by April 15, 2013.

Background

Individuals are generally required to have taxes withheld from wages or pay estimated taxes in four installments under both federal and South Carolina law. IRC Section 6654 and S.C. Code Section 12-6-3910. For both federal and South Carolina purposes, normally, farmers and fishermen who choose not to make the estimated installment payments are not subject to a penalty if they file their return and pay the full amount of tax due by March 1 of the following year. IRC 6654(i) and S.C. Code Sections 12-6-3910 and 12-54-55.

Penalty Relief

Because of tax law changes resulting from the American Taxpayer Relief Act, Pub. L. No. 112-240, the IRS has announced that it delayed the processing of 2012 federal income tax returns and did not begin processing individual income tax returns until January 30, 2013. As a result, the IRS has stated it will waive the penalty for qualifying farmers and fishermen who miss the

March 1 deadline if they file and pay their taxes in full by April 15, 2013. A taxpayer qualifies as a farmer or fisherman for tax year 2012 if at least two-thirds of the taxpayer's total gross income was from farming or fishing in either 2011 or 2012. IRC Section 6654(i)(2).

South Carolina adopts federal estimated tax and penalty provisions of the Internal Revenue Code, with minor exceptions. S.C. Code Sections 12-6-3910 and 12-54-55. The Department will follow the Internal Revenue Service's position in this matter and will waive penalties for qualifying farmers and fishermen who miss the March 1, 2013, deadline if they file their return and pay in full any tax due by April 15, 2013.

If you have any questions concerning this matter, please call the Department at (803) 898-5000.