



Cornhusker Economics

March 1st Filing Deadline

One of the many special tax provisions that has applied only to qualified farmers is the relief from estimated tax requirements. A qualified farmer, who is a calendar year taxpayer, can avoid the estimated tax payment penalty by either:

- 1) Filing an estimated tax payment by January 15th that is either 2/3 of your expected tax for the current year or 100% of last year's tax, whichever is less, or
- 2) Filing and paying 100% of the tax by March 1st.

If you are not a qualified farmer, you are required to make quarterly estimated tax payments throughout the year that must equal 90% of the expected tax or 100% of last year's tax. A qualified farmer is defined by receiving 2/3 of your gross income from farming, not including the sale of machinery. Since 2018, many full-time farmers who trade a significant amount of equipment may not even be a qualified farmer with this definition.

For many years, March 1st has been known as the farmer tax deadline but in the past 8 years, the IRS has had to waive that deadline multiple times because it has been impossible for many taxpayers to file returns by then. Lots of things have contributed to this struggle and are certainly not limited to:

- Late changing tax laws
- Slow development/release of tax forms
- Ever increasing complexity of tax returns

- Late arrival of information forms such as dividends from investment companies and K-1's from investments in partnerships and s-corporations.

The IRS is aware of these issues, but they don't have the authority to eliminate this deadline as it is part of the tax code. This means only Congress has the power to change the deadline.

As a farmer, it may be worth the consideration of electing the use of the January 15th estimate deadline to avoid potential complications of missing the March 1st deadline and being faced with unnecessary penalties and/or preparation errors of rushed work. As always, it's best to discuss your situation with your tax professional.

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