

#13 AMEND IRC § 6654(c)(2) TO ADJUST ESTIMATED TAX PAYMENT DEADLINES TO OCCUR QUARTERLY

Present Law

Under IRC § 6654(c)(2), taxpayers are required to make estimated tax payments in four required installments on the following dates: April 15, June 15, September 15, and January 15.

Reasons for Change

Although estimated tax installment payments are sometimes referred to as “quarterly payments,” they do not coincide with calendar-year quarters. Nor are the payment dates evenly spaced — the April 15 and June 15 installments are due two months apart; the June 15 and September 15 installments are due three months apart; the September 15 and January 15 installments are due four months apart; and the January 15 and April 15 installments are due three months apart.

These dates are not intuitive and create compliance burdens. Small business owners and self-employed taxpayers are disproportionately affected by the estimated tax rules because their incomes generally are not subject to wage withholding. Yet small businesses are far more likely to keep their books on the basis of regular three-month quarters than on the basis of the seemingly random intervals prescribed by IRC § 6654. These uneven intervals make it more difficult for many taxpayers to calculate net income and save appropriately to make payments. They also cause confusion, as taxpayers struggle to remember the due dates.

Setting due dates to fall 15 days after the end of each calendar quarter would be substantially easier for taxpayers to remember and comply with.

Recommendation

Amend IRC § 6654(c)(2) to set the estimated tax installment deadlines on April 15, July 15, October 15, and January 15.⁸⁰

80 H.R. 3717, 115th Cong. § 2 (2017) contains language that is generally consistent with this recommendation.