§ 1.6654–2T Exceptions to imposition of the addition to the tax in the case of individuals (temporary).

(a) In general. The addition to the tax under section 6654 will not be imposed for any underpayment of any installment of estimated tax if, on or before the date prescribed for payment of the installment, the total amount of all payments of estimated tax made equals or exceeds the lesser of the amount in § 1.6654–2(a)(1) or the amount in § 1.6654–2(a)(2).

(1)(i) [Reserved] For further guidance, see § 1.6654–2(a)(1)(i).

(ii) Special rule for taxable years beginning in 2009. For any taxable year beginning in 2009, for a qualified individual, the amount described in § 1.6654–2(a)(1)(i) is reduced to 90 percent of that amount.

(A) Qualified individual means any individual whose adjusted gross income shown on the individual’s return for the preceding taxable year is less than $500,000 and who certifies, as prescribed in paragraph (a)(1)(ii)(D) of this section, that more than 50 percent of the gross income shown on the return for the preceding taxable year was income from a small business.

(B) Income from a small business means income from the operation of a bona fide trade or business of which the individual was an owner during calendar year 2009, and that on average had fewer than 500 employees in calendar year 2008.

(C) The trade or business may be organized as, or take the legal form of, a corporation, partnership, limited liability company, or sole proprietorship.

(D) A qualified individual shall file a certification of the individual’s qualification in the manner and at the time prescribed by the Internal Revenue Service in forms, publications, or other guidance.

(2) through (e) [Reserved] For further guidance, see § 1.6654–2(a)(2) through (e).

(f) Effective/applicability date. Paragraph (a) of this section applies to any taxable year beginning in 2009.

(g) Expiration date. The applicability of paragraph (a) of this section expires on or before February 26, 2013.

[T.D. 9480, 75 FR 9102, Mar. 1, 2010]

§ 1.6654–3 Short taxable years of individuals.

(a) In general. The provisions of section 6654, with certain modifications relating to the application of section 6654(d), which are explained in paragraph (b) of this section, are applicable in the case of a short taxable year.

(b) Rules as to application of section 6654(d). (1) In any case in which the taxable year for which an underpayment of estimated tax exists is a short taxable year due to a change in annual accounting periods, in determining the tax:

(i) Shown on the return for the preceding taxable year (for purposes of section 6654(d)(1)), or

(ii) Based on the personal exemptions and rates for the current taxable year but otherwise on the basis of the facts shown on the return for the preceding taxable year, and the law applicable to such year (for purposes of section 6654(d)(4)),

the tax will be reduced by multiplying it by the number of months in the short taxable year and dividing the resulting amount by 12.

(2) If the taxable year for which an underpayment of estimated tax exists is a short taxable year due to a change in annual accounting periods, in annualizing the taxable income for the months in the taxable year preceding an installment date, for purposes of section 6654(d)(1)(C), the personal exemptions allowed as deductions under section 151 shall be reduced to the same extent that they are reduced under section 443(c) in computing the tax for a short taxable year.

(3) If “the preceding taxable year” referred to in section 6654(d)(4) was a short taxable year, for purposes of determining the applicability of the exception described in section 6654(d)(4), the tax, computed on the annual basis in the manner described in section 443(b)(1) (prior to its reduction in the manner described in the last sentence thereof), if the tax rates or the taxpayer’s status with respect to personal exemptions for the taxable year with respect to which the underpayment occurs differ from such