



HOUSE BILL 797: Extend Farmers/Fishermen Tax Filing Deadline.

2021-2022 General Assembly

Committee:		Date:	March 17, 2022
Introduced by:		Prepared by:	Trina Griffin Staff Attorney
Analysis of:	S.L. 2022-5		

OVERVIEW: *S.L. 2022-5 extends from March 1 to April 15 the deadline by which qualifying farmers and fishermen must file and pay their 2021 taxes to avoid having to pay interest for failure to make estimated payments throughout the year.*

This act became effective February 24, 2022.

CURRENT LAW: Individuals whose income isn't subject to withholding taxes must make estimated tax payments each quarter to both the IRS and the State. For State purposes, the deadlines for making the installments are April 15, June 15, September 15, and January 15. If a taxpayer fails to make an estimated payment by the due date, or underpays, interest accrues on the underpayment of tax.

Farmers and fisherman who meet a certain threshold have been granted an exception under federal law, which is followed by and incorporated into North Carolina law. The threshold is that their farming or fishing income must be at least two-thirds of their total gross income in either the current or the preceding tax year. The exception is that if they file and pay all tax due by March 1, they are not required to make estimated payments throughout the year and will incur no penalty or interest, which they otherwise would have for failure to make those estimated payments.

BILL ANALYSIS: Due to the delayed passing of the 2021 budget in November, which included the tax law changes, the Department of Revenue was unable to complete the process of incorporating the changes into their system and approving changes to commercial tax preparation software until late February. Consequently, for qualifying farmers and fishermen who may use certain tax software, it may not be available until on or around the March 1 deadline.

This act extends the North Carolina deadline to April 15 so qualifying farmers and fisherman will not be subject to interest at the State level for failure to make estimated payments throughout the year if they file their 2021 returns and pay the full amount of taxes due by that date. Here is a [link to the Important Notice](#) published by the Department on February 25, 2022, regarding this law change.

EFFECTIVE DATE: This act became effective February 24, 2022.

Jeffrey Hudson
Director



Legislative Analysis
Division
919-733-2578