

Redesignation of Estimated Income Tax Payments

Announcement 2001-112

Many taxpayers have informed the Internal Revenue Service (IRS) that their income for the current year will be substantially less than previously expected because of economic disruptions resulting from the September 11, 2001, terrorist attacks. Some taxpayers who made estimated income tax payments now believe their tax liability for their current taxable year will be lower than the sum of the estimated tax payments they have already made. Several of these taxpayers have asked whether the IRS will permit them to redesignate their estimated income tax payments, in whole or in part, as deposits to satisfy their obligations to deposit employment and withheld income taxes.

This announcement clarifies that the IRS will permit the redesignation of estimated income tax payments as tax deposits to satisfy obligations to deposit employment taxes imposed by chapters 21, 22, and 23 of the Internal Revenue Code, and income taxes withheld under chapter 24. To make this redesignation, a taxpayer should contact the IRS through its Disaster Relief toll-free telephone number 1-866-562-5227.

Taxpayers who wish to redesignate their estimated tax payments should keep in mind their estimated income tax obligations. If, as a result of the redesignation, the amount of estimated tax payments is reduced below the amount required to satisfy the taxpayer's estimated income tax obligation, the taxpayer may be liable for additions to tax under section 6654 or 6655.