Taxland Newsletter 2026

JULY ISSUE

UPCOMING DEADLINES:
3rd QTR ESTIMATED TAX PAYMENTS DUE: 09-15-26
TAX EXTENSION DEADLINE: 10-15-26

Have you received a notice from MA DOR?

UNDERPAYMENT PENALTY EXPLAINED:

As a taxpayer, you must make quarterly estimated tax payments if the expected tax due on your taxable income not subject to withholding is more than $400. This is to ensure that you are meeting the statutory requirement that taxes due are paid periodically as income is received during the year.

Generally, you need to pay at least 80% of your annual income tax liability before you file your return for the year through withholding or by making quarterly estimated tax payments on any income not subject to withholding.

Farmers and fishermen generally need to pay at least two-thirds (66.67%), rather than 80%, of their annual income tax liability before the year's return is filed. You qualify as a farmer or fisherman for any taxable year if your gross income from farming or fishing is at least two-thirds (66.67%) of your annual gross income.

You must pay estimated tax if you are:

- An individual and you expect to have a tax due of more than $400
- Filing for a fiduciary, trust, or non-profit organization and you expect to have a tax due of more than $400

Types of income you may not have had taxes withheld from:

- Salaries and wages from employment not subject to Massachusetts withholding
- Unemployment compensation (if you did not elect voluntary Massachusetts withholding)
- Dividends and interest income
- Gains from the sale or exchange of capital assets
- Income from a trade, business, profession, partnership, or S corporation
- Income from an estate or trust
- Certain lottery or gambling winnings
- Income from certain pensions or retirement savings plans
- Rental income
- Alimony (prior to 2018)

Underpayment penalty exceptions and waivers

If you meet one of the exceptions to the underpayment penalty, fill in the oval marked "Exception" below the M-2210 amount box under Line 55 on Form 1 or Line 59 on Form 1-NR/PY. Indicate which exception applies to your circumstances on the Form M-2210 and submit the Form M-2210 with your Massachusetts tax return.

You will not be penalized for underpaying if you qualify for one of the following exceptions:

- Your income tax due after credits and withholding is $400 or less
- You are a qualified farmer or fisherman and paying your full amount due on/before March 1
- You were a resident of Massachusetts for 12 months of the prior tax year and not liable for taxes
- Your estimated payments and withholding equal or exceed your prior-year tax (where the prior year was a full 12 months and a Massachusetts tax return was filed)

You will not be penalized for underpaying if one of the following waivers applies to you:

- The underpayment was because of casualty, disaster or unusual circumstances
- You retired in the current or previous taxable year after reaching age 62, or you became disabled during the taxable year, and the underpayment was due to reasonable cause and not willful neglect