

House File 2088 - Introduced

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A BILL FOR

1 An Act providing for the waiver of tax penalties and interest
2 under certain disaster loss circumstances and including
3 effective date and retroactive applicability provisions.
4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. WAIVER OF PENALTIES AND INTEREST —
2 DISASTER-RELATED LOSSES — REFUNDS.

3 1. Notwithstanding Code sections 421.8, 421.27, and 422.25,
4 if a taxpayer has filed a return for tax year 2008 relying in
5 good faith on the expectation that the state of Iowa would
6 conform to the federal treatment of disaster-related casualty
7 losses under section 165(h) of the Internal Revenue Code, as
8 modified by the Heartland Disaster Relief Act of 2008, Pub. L.
9 No. 110-343, in computing net income for state tax purposes,
10 the director of revenue shall, for any taxpayer amending the
11 return in the time permitted by statute, waive any penalty or
12 interest due as a result of either a failure to timely pay the
13 tax due or the filing of a defective or incorrect return.

14 2. If, prior to the effective date of this Act, a taxpayer
15 paid penalties or interest as a result of a good-faith reliance
16 on the state conforming to section 165(h) of the Internal
17 Revenue Code, the department of revenue shall refund such
18 penalties and interest to the taxpayer.

19 Sec. 2. EFFECTIVE UPON ENACTMENT AND RETROACTIVE
20 APPLICABILITY. This Act, being deemed of immediate importance,
21 takes effect upon enactment and applies retroactively to
22 January 1, 2008, for tax years beginning on or after that date
23 and before January 1, 2009.

24 EXPLANATION

25 This bill relates to the assessment of penalties and
26 interest against taxpayers who filed returns expecting the
27 state of Iowa to conform with certain federal income tax
28 provisions.

29 In 2008, the midwest suffered significant property casualty
30 losses due to natural disasters. In response, the federal
31 government passed the Heartland Disaster Relief Act which
32 amended the casualty loss provisions of the Internal Revenue
33 Code. In 2009, the state of Iowa did not conform to the federal
34 provisions related to the computation of net income. This
35 bill allows the director of revenue to waive the assessment

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1 of penalties and interest against taxpayers who relied in
2 good faith on the state conforming to the federal provisions
3 and who timely amend their return. The waiver relates only
4 to the casualty loss provisions in section 165(h) of the
5 Internal Revenue Code. Any penalty and interest paid are to
6 be refunded.

7 The bill takes effect upon enactment and applies only to tax
8 year 2008.