

January 16, 1957.

Passed on File.

Senate File 6

By PRENTIS, ELWOOD,
MOLISON and HENRY.

(By request of Tax Study Comm.)

Passed Senate, Date..... Passed House, Date.....

Vote: Ayes..... Nays..... Vote: Ayes..... Nays.....

Approved.....

A BILL FOR

An Act to provide amendments to the Iowa income tax law to utilize provisions of the federal Internal Revenue Code of 1954 with respect to personal exemptions, filing requirements, split income provision, withholding and declaration provisions, and statute of limitations.

Be It Enacted by the General Assembly of the State of Iowa:

1 Section 1. Section four hundrd twnty-two point four (422.4),
 2 Code 1954, as amended by the Fifty-sixth (56th) General Assembly,
 3 is hereby amended by striking therefrom subsection thirteen (13)
 4 and enacting in lieu thereof the following:
 5 "13. The term 'withholding agent' means any individual,
 6 fiduciary, corporation, partnership or association in whatever
 7 capacity acting, and including all officers and employees of the
 8 state of Iowa or of any municipal corporation of the state or of
 9 any school district or school board of the state, or of any polit-
 10 ical subdivision of the state of Iowa, that is obligated to pay
 11 or has control of paying or does pay to any nonresident of the
 12 state of Iowa or his agent any income that is subject to the
 13 Iowa income tax in the hands of such nonresident."

1 Sec. 2. Section four hundred twenty-two point five (422.5),
 2 Code 1954, as amended by the Fifty-sixth General Assembly, is
 3 hereby amended by striking all of said section and substituting
 4 in lieu thereof the following:
 5 "422.5 Tax imposed. A tax is hereby imposed upon every resi-
 dent"

6 of the state and upon that part of the taxable income of any non-
7 resident which is derived from any property, trust, or other
8 source within this state, including any business, trade, pro-
9 fession, or occupation carried on within this state, which tax
10 shall be levied, collected, and paid annually upon and with
11 respect to his entire taxable income as herein defined at rates
12 as follows:

13 1. On the first two thousand dollars of taxable income, or
14 any part thereof, two (2) percent.

15 2. On the second two thousand dollars of taxable income, or
16 any part thereof, four (4) percent.

17 3. On the third two thousand dollars of taxable income, or
18 any part thereof, six (6) percent.

19 4. On the fourth two thousand dollars of taxable income, or
20 any part thereof, eight (8) percent.

21 5. On all taxable income in excess of eight thousand dollars,
22 ten (10) percent.

23 The tax herein levied shall be computed and collected as here-
24 after provided.

25 The provisions of this division shall apply to all salaries
26 received by federal officials or employees of the United States
27 government as provided for herein."

1 Sec. 3. Chapter four hundred twenty-two (422), Code 1954, as
2 amended, is hereby amended by adding the following:

3 "The tax determined under section four hundred twenty-two point
4 five (422.5) shall be reduced by ten (10) percent thereof, and
5 the remainder shall be the tax payable."

1 Sec. 4. Section four hundred twenty-two point nine (422.9),
2 Code 1954, as amended by the Fifty-sixth General Assembly, is

3 hereby amended by striking all of said section, and substituting
4 therefor the following:

5 "422.9 Deductions from net income. In computing taxable
6 income of individuals there shall be deducted from net income
7 the larger of the following amounts:

8 1. An optional standard deduction of ten (10) percent of the
9 net income after deduction of federal income tax not to exceed
10 five hundred (500) dollars. In the case of married persons filing
11 separately the standard deduction shall not exceed two hundred
12 fifty (250) dollars for either of the persons filing separately.

13 2. The total of contributions, interest, taxes (except Iowa
14 income tax), medical expense, child care expense, losses and
15 miscellaneous expenses, deductible for federal income tax pur-
16 poses under the Internal Revenue Code of 1954. In addition to
17 the foregoing a deduction shall be allowed for the amount of
18 federal income taxes paid (or accrued) during the tax year ad-
19 justed by the amount of any federal income tax refunds received
20 during the tax year.

21 Where married persons file separately the total deductions
22 provided for herein shall be divided between them according to
23 the portion thereof paid (or accrued) by each.

24 3. Where married persons file separately, both must use the
25 optional standard deduction if either elects to use it.

26 4. A taxpayer affected by section four hundred twenty-two
27 point eight (422.8) shall, if the optional standard deduction is
28 not used, be permitted to deduct only such portion of the total
29 referred to in subsection two (2) above as is fairly and equit-
30 ably allocable to Iowa under rules and regulations prescribed by
31 the state tax commission.

32 5. a. Allowance of deductions. In case of an individual,
33 the exemptions provided by this subsection shall be allowed as
34 deductions in computing taxable income.

35 b Taxpayer and spouse. An exemption of six hundred (600)
36 dollars for the taxpayer, and an additional exemption of six
37 hundred (600) dollars for the spouse of the taxpayer if a sepa-
38 rate return is made by the taxpayer, and if the spouse, for the
39 calendar year in which the taxable year of the taxpayer begins,
40 has no gross income and is not the dependent of another taxpayer.

41 c. Additional exemption for taxpayer or spouse aged sixty-
42 five (65) or more, or head of household.

43 (1) For taxpayer. An additional exemption of six hundred
44 (600) dollars for the taxpayer if he has attained the age of
45 sixty-five (65) before the close of his taxable year.

46 (2) For spouse. An additional exemption of six hundred
47 (600) dollars for the spouse of the taxpayer if a separate re-
48 turn is made by the taxpayer, and if the spouse has attained
49 the age of sixty-five (65) before the close of such taxable
50 year, and, for the calendar year in which the taxable year of
51 the taxpayer begins, has no gross income and is not the dependent
52 of another taxpayer.

53 (3) For head of household, an additional exemption of six
54 hundred (600) dollars. As used in this section the term "head
55 of household" shall have the same meaning as provided by the
56 Internal Revenue Code of 1954.

57 d. Additional exemption for blindness of taxpayer or spouse.

58 (1) For taxpayer. An additional exemption of six hundred
59 (600) dollars for the taxpayer if he is blind at the close of
60 his taxable year.

61 (2) For spouse. An additional exemption of six hundred (600)
62 dollars for the spouse of the taxpayer if a separate return is
63 made by the taxpayer, and if the spouse is blind and, for the
64 calendar year in which the taxable year of the taxpayer begins,
65 has no gross income and is not the dependent of another taxpayer.
66 For purposes of this paragraph, the determination of whether the
67 spouse is blind shall be made as of the close of the taxable
68 year of the taxpayer; except that if the spouse dies during such
69 taxable year such determination shall be made as of the time of
70 such death.

71 (3) Blindness defined. For purposes of this subsection, an
72 individual is blind only if his central visual acuity does not
73 exceed 20 200 in the better eye with correcting lenses, or if
74 his visual acuity is greater than 20 200 but is accompanied by
75 a limitation in the fields of vision such that the widest diameter
76 of the visual field subtends an angle no greater than twenty (20)
77 degrees.

78 e. Additional exemption for dependents. In general, an ex-
79 emption of six hundred (600) dollars for each dependent. As
80 used in this subsection, the term 'dependent' will have the same
81 meaning as provided by the Internal Revenue Code of 1954."

1 Sec. 5. Section four hundred twenty-two point twelve (422.12),
2 Code 1954, as amended by the Fifty-sixth General Assembly, is
3 hereby amended by striking all of said section and substituting
4 in lieu thereof the following:

5 "422.12 Determination of marital status. The determination
6 of whether an individual is married shall be made as of the close
7 of his tax year unless his spouse dies during his tax year, in
8 which case such determination shall be made as of the date of

9 such death. An individual legally separated from his spouse
10 under a decree of divorce or of separate maintenance shall not
11 be considered as married "

1 Sec. 6. Section four hundred twenty-two point thirteen
2 (422 13), Code 1954, as amended by the Fifty-sixth General
3 Assembly, is hereby amended by striking all of subsections one
4 (1) and two (2), of said section, and substituting therefor the
5 following:

6 "1. Every individual having a taxable income for the tax
7 year, from sources taxable under this division, of six hundred
8 (600) dollars or over, if single, or if married and not living
9 with husband or wife, or having a taxable income for the tax
10 year of twelve hundred (1200) dollars or over, if married and
11 living with husband or wife, shall make and sign a return.

12 2. If husband and wife living together have an aggregate
13 taxable income of twelve hundred (1200) dollars or more, each
14 shall make such return unless the income of each is included in
15 one joint return.

16 3. The requirement for filing provided by this section shall
17 be twelve hundred (1200) dollars or more if the taxpayer has
18 attained the age of sixty-five (65) years before the close of
19 his taxable year.

20 4. In the case of a joint return by husband and wife, under
21 the provisions of this section, the tax imposed shall be twice
22 the tax which would be imposed if the taxable income were cut in
23 half. A return of a surviving spouse shall be treated as a joint
24 return of a husband and wife. The provisions of the Internal
25 Revenue Code of 1954 relating to joint returns shall apply to
26 joint returns made under this provision insofar as they are

27 applicable.”

28 Subsections three (3) and four (4) of section four hundred
29 twenty-two point thirteen (422.13) are hereby renumbered as
30 subsections five (5) and six (6), respectively.

1 Sec. 7. Section four hundred twenty-two point thirteen (422.13),
2 Code 1954, as amended by the Fifty-sixth General Assembly, is
3 hereby amended by adding as subsection seven (7) of said section
4 the following:

5 “7. Resident taxpayers shall furnish the state tax commission
6 with substantially the same data as is required on federal in-
7 come tax returns, such data to be furnished on the form supplied
8 by the state tax commission or by attaching a copy of the federal
9 income tax return to the Iowa return. The state tax commission
10 shall as far as consistent with the provisions of the Iowa Code
11 so draft income tax forms as to conform to the income tax forms
12 of the internal revenue department of the United States govern-
13 ment.”

1 Sec. 8. Section four hundred twenty-two point fifteen (422.15),
2 Code 1954, as amended by the Fifty-sixth General Assembly, is
3 hereby amended by striking all of subsection one (1) of said
4 section and inserting in lieu thereof the following:

5 “1. Every person or corporation being a resident of or having
6 a place of business in this state, in whatever capacity acting,
7 including lessees or mortgagors of real or personal property,
8 fiduciaries, employers and all officers and employees of the
9 state or of any political subdivision of the state, having the
10 control, receipt, custody, disposal or payment of interest (other
11 than interest coupons payable to bearer), rent, salaries, wages,
12 premiums, annuities, compensations, remunerations, emoluments or

13 other fixed or determinable annual or periodical gains, profits
14 and income, (not subject to withholding) amounting to six hundred
15 (600) dollars or over, paid or payable during any year to any
16 individual, whether a resident of this state or not, shall make
17 complete return thereof to the commission, under such regula-
18 tions and in such form and manner and to such extent as may be
19 prescribed by it. Any person or corporation willfully failing
20 to make a complete return thereof to the commission, as pro-
21 vided in this section, shall be subject to a penalty of not
22 less than ten (10) dollars for each and every failure to make
23 a return in the case of any individual to whom a payment of
24 six hundred (600) dollars or over has been made to a maximum
25 amount of two hundred fifty (250) dollars. Such penalty shall
26 be collected by the state tax commission from the person or
27 corporation liable to make such return and shall be enforceable
28 by a lien upon all property and rights to property belonging to
29 said person or corporation, as provided by section four hundred
30 twenty-two point twenty-six (422.26)."

1 Sec. 9. Strike all of section four hundred twenty-two point
2 sixteen (422.16), Code 1954, as amended by the Fifty-sixth Gen-
3 eral Assembly, and substitute therefor the following:

4 "1. Every employer, as defined in the Internal Revenue Code
5 of 1954, including domestic and foreign corporations, with
6 respect to income tax collected at source, making payment of
7 wages, as defined in the Internal Revenue Code of 1954, to an
8 employee or to employees, shall deduct and withhold upon such
9 wages, minus the federal income tax withheld from such wages and
10 minus ten (10) percent of the remainder (not to exceed five
11 hundred (500) dollars) and minus the personal exemptions granted

12 to such employee under section four hundred twenty-two point
13 thirteen (422.13), as shown by a certificate to be filed with
14 the employer in such form and containing such information as
15 may be prescribed by the state tax commission, a tax equal to
16 two (2) percent of the first two thousand (2,000) dollars or
17 less, four (4) percent of the next two thousand (2,000) dollars
18 or less, six (6) percent of the next two thousand (2,000) dollars
19 or less, eight (8) percent of the next two thousand (2,000) dol-
20 lars or less and ten (10) percent of the excess over eight
21 thousand (8,000) dollars, reduced by twenty (20) percent. In
22 the event the employee is married or otherwise entitled to the
23 benefits of the split income provision of subsection four (4)
24 of section six (6) hereof, the tax to be withheld shall be
25 twice the tax which would be withheld if the taxable income
26 were divided by two (2).

27 2. The same deductions and withholding for the Iowa income
28 tax provided for herein shall be made from payments of wages,
29 salaries, commission, bonuses and other compensation to non-
30 residents of the state of Iowa for personal services performed
31 within the state of Iowa, and sales made within this state,
32 also from distributions made by an estate or trust of taxable
33 Iowa income to nonresident of Iowa beneficiaries, such deductions
34 and withholding, subject to exemptions and rates hereinafter
35 stated, shall also be made by withholding agents, defined in
36 subsection thirteen (13) of section four hundred twenty-two
37 point four (422.4) of the Code, as amended by section 1 of this
38 Act, from payments of other income that is subject to the Iowa
39 income tax in the hands of the nonresident recipient, including
40 payments of rents for Iowa real property, fees for professional

41 services rendered by the nonresident within the state of Iowa,
42 payments on contracts for construction, installation of mainten-
43 ance work done within the state of Iowa by nonresidents, and
44 payments of income in connection with a business, trade or
45 profession carried on by nonresidents within the state of Iowa,
46 and also shall include distributions of income by fiduciaries
47 of estates or trusts and other fiduciary matters, where such in-
48 come is subject to the Iowa income tax in the hand of the non-
49 resident beneficiary. In making payments to nonresidents of the
50 state of Iowa of income other than wages, salaries, commissions,
51 bonuses and other compensation for personal services performed
52 or sales made within Iowa, and distributions of income of an
53 estate or trust, no deduction or withholding for the Iowa income
34 tax is required to be made on the first seven thousand five hun-
55 dred (7,500) dollars paid in a calendar year by the withholding
56 agent, and on all paid in excess of seven thousand five hundred
57 (7,500) dollars the deduction and withholding shall be at the
58 rate of one (1) percent of such excess.

59 3. At the election of the employer with respect to such
60 employee, the employer may deduct and withhold upon the wages
61 paid to such employee a tax determined on the basis of tables
62 to be prepared and furnished by the state tax commission which
63 tax shall be substantially equivalent to the tax provided in
64 subsection one (1) of section nine (9), and which shall be in
65 lieu of the tax required by subsection one (1) of said section.

66 4. Every employer and withholding agent required to deduct
67 and withhold tax under subsections one (1), two (2) or three
68 (3), of this section shall, for the quarterly period beginning
69 July 1, 1957, and for each quarterly period thereafter, on or

70 before the last day of the month following the close of each
71 quarterly period make return and pay over to the commission in
72 the form of remittances made payable to the treasurer of the
73 state of Iowa the tax required to be withheld under the pro-
74 visions of subsections one (1), two (2) or three (3) hereof.
75 If the state tax commission, in any case, has reason to believe
76 that the collection of the tax provided for in subsections one
77 (1), two (2) or three (3) hereof is in jeopardy, it may require
78 the employer or withholding agent to make such return and pay
79 such tax at any time.

80 5. Every employer or withholding agent who fails to withhold
81 or pay to the commission any sums required by this Act to be
82 withheld and paid, shall be personally and individually liable
83 therefor to the state of Iowa, and any sum or sums withheld in
84 accordance with the provisions of subsections one (1), two (2)
85 or three (3) hereof, shall be deemed to be held in trust for
86 the state of Iowa.

87 6. In the event an employer or withholding agent fails to
88 withhold or pay over to the commission any amount required to be
89 withheld under subsections one (1), two (2) or three (3) of this
90 section such amount may be assessed against such employer or
91 withholding agent in the same manner as is prescribed for the
92 assessment of income tax under the provisions of chapter four
93 hundred twenty-two (422) of the Code, as amended.

94 7. The state of Iowa shall have a lien upon all the property
95 of any employer or withholding agent who fails to withhold or
96 pay over to the state tax commission sums required to be with-
97 held under subsections one (1), two (2) or three (3) of this
98 section. If the employer or withholding agent withholds but

99 fails to pay the amounts withheld to the commission, the lien
100 shall attach as of the date the amounts withheld were required
101 to be paid over to the commission. If the employer or with-
102 holding agent fails to withhold, the lien shall attach as of the
103 date the amounts which should have been withheld were required
104 to be paid over to the commission had they been withheld under
105 the provisions of subsections one (1), two (2) or three (3)
106 of this section.

107 8 Every employer and withholding agent required to deduct
108 and withhold from an employee or other person receiving taxable
109 Iowa income, a tax under subsection one (1), two (2) or three
110 (3) of this section shall furnish to such employee or other
111 person in respect of the remuneration paid by such employer or
112 withholding agent to such employee or other person during the
113 calendar year, on or before January 31 of the succeeding year,
114 or, if the employee's employment is terminated before the close
115 of such calendar year, within thirty (30) days from the day on
116 which the last payment of wages is made, a written statement
117 showing the following:

118 a. The name of such employer or withholding agent.

119 b. The name of the employee or other person and his federal
120 social security account number.

121 c. The total amount of wages, as defined in the Internal
122 Revenue Code of 1954, or other taxable income paid to the
123 employee or other person.

124 d. The total amount deducted and withheld as tax under the
125 provisions of subsections one (1), two (2) or three (3) of this
126 section.

127 e. The total amount of federal income tax withheld.

128 The statement required to be furnished by this subsection in
129 respect of any wages or other taxable Iowa income shall be fur-
130 nished at such other times, shall contain such other information,
131 and shall be in such form as the state tax commission may by
132 regulations prescribe.

133 9. An employer or withholding agent shall be liable for the
134 payment of the tax required to be deducted and withheld under
135 subsections one (1), two (2) or three (3) of this section and
136 any amount deducted and withheld as tax under subsections one
137 (1), two (2) or three (3) of this section during any calendar
138 year upon the wages of any employee or other person shall be
139 allowed as a credit to the employee or other person against the
140 tax imposed by section four hundred twenty-two point five (422.5)
141 of the Code, as amended, irrespective of whether or not such
142 tax has been, or will be, paid over by the employer or with-
143 holding agent to the state tax commission as provided in this
144 Act.

145 10. The amount of any overpayment of the individual income
146 tax liability of the employee taxpayer or other person which may
147 result from the withholding and payment of withheld tax by the
148 employer or withholding agent to the commission under subsections
149 one (1), two (2) or three (3) hereof, as compared to the indivi-
150 dual income tax liability of the employee taxpayer or other
151 person properly and correctly determined under the provisions
152 of section four hundred twenty-two point five (422.5) to and
153 including section four hundred twenty-two point thirteen (422.13)
154 of the Code, as amended, may be credited against any income tax
155 or installment thereof then due the state of Iowa and any balance
156 of two (2) dollars or more shall be refunded to the employee

157 taxpayer or other person with interest at six (6) percent per
158 annum, such interest to begin to accrue one hundred eighty (180)
159 days after the overpayment is made, the date the return is filed,
160 or the due date of the return, whichever is later. Amounts less
161 than two (2) dollars shall be refunded to the taxpayer only upon
162 written application, and only if such application is filed within
163 twelve (12) months after the due date of the return. Refunds
164 provided for by this subsection shall be paid by the state treasurer
165 by means of warrants drawn by the comptroller at the direction
166 of an authorized employee of the state tax commission, without
167 requiring the taxpayer to file a claim for such refund. There
168 is hereby appropriated out of any funds in the state treasury
169 not otherwise appropriated a sum sufficient to carry out the
170 provisions of this section.

171 11. a. Any person or corporation required under the provisions
172 of this Act to furnish a statement required by this Act who will-
173 fully furnishes a false or fraudulent statement, or who willfully
174 fails to furnish such statement shall, for each such failure be
175 subject to a civil penalty of one hundred (100) dollars, such
176 penalty to be in addition to any criminal penalty otherwise pro-
177 vided for by the Code as amended.

178 b. Any employer or other withholding agent required under the
179 provisions of this Act to withhold taxes on wages or other taxable
180 Iowa income who fails to withhold such taxes, or to make the re-
181 quired returns, or who fails to remit to the commission the amounts
182 withheld, shall be liable for the amount of such taxes which should
183 have been withheld and paid and in addition shall be subject to a
184 civil penalty, equal to five (5) percent of the amount which should
185 have been withheld or paid over to the commission, for each month

186 or fraction thereof during which such failure continues, not to
187 exceed twenty-five (25) percent in the aggregate. Interest at
188 the rate of six (6) percent per annum shall be added to the amount
189 of the tax required to be withheld and paid to the state tax com-
190 mission.

191 *c. If any employer, being a domestic or foreign corporation,*
192 *required under the provisions of this section to withhold on*
193 *wages or other taxable income fails to withhold such amounts,*
194 *fails to make the required returns or fails to remit to the*
195 *state tax commission the amounts withheld or required to be*
196 *withheld, the state tax commission may certify such fact or*
197 *facts to the secretary of state, who shall thereupon cancel*
198 *the articles of incorporation or certificate of authority (as*
199 *the case may be) of such corporation and the rights of such*
200 *corporation to carry on business in the state of Iowa shall*
201 *thereupon cease. Any person or persons who shall exercise or*
202 *attempt to exercise any rights, powers, privileges or franchises*
203 *under articles of incorporation or certificate of authority*
204 *after the same are cancelled shall pay a penalty of not less*
205 *than one hundred (100) dollars nor more than one thousand (1,000)*
206 *dollars, to be recovered in an action brought by the commission,*
207 *such penalty to be in addition to all other penalties provided*
208 *under chapter four hundred twenty-two (422) of the Code, as*
209 *amended.*

210 12. a. Every individual, or married couple filing a joint
211 return, shall make a declaration of estimated tax if his or their
212 Iowa income tax attributable to income other than wages subject
213 to withholding can reasonably be expected to amount to twenty (20)
214 dollars or more for the taxable year, except that in the case of

215 farmers the provisions of the Internal Revenue Code of 1954 with
216 respect to declarations shall apply.

217 The declaration provided for herein shall be filed at such
218 times and in such form as the state tax commission may by regu-
219 lations require, and the estimated tax shall be paid in four
220 equal installments, the first installment to be paid at the time
221 of filing the declaration, except that at the election of the
222 individual, or married couple filing jointly any installment of
223 the estimated tax may be paid prior to the date prescribed for
224 its payment.

225 b. In the case of individuals or married couples filing jointly
226 the total balance of the tax payable after credits for taxes paid
227 through withholding as provided in subsections one (1), two (2)
228 or three (3) of this section or through declaration and payment
229 of estimated tax as provided in subsection twelve (12) of this
230 section shall be due and payable on or before April 30 following
231 the close of the calendar year or if the return should be made
232 on the basis of a fiscal year, then on or before the last day of
233 the fourth (4th) month following the close of such fiscal year.

234 c. The declaration provided for in this section may be amended
235 during the taxable year under regulations prescribed by the state
236 tax commission.

237 d. If a taxpayer is unable to make his own declaration the
238 declaration may be made by a duly authorized agent or by the
239 guardian or other persons charged with the care of the person
240 or property of such taxpayer.

241 e. Any amount paid on a declaration of estimated tax shall
242 be a credit against the amount of tax found payable on a final,
243 completed return as provided in subsection ten (10) hereof re-

244 lating to the credit for the tax withheld against the tax found
245 payable on a return properly and correctly prepared under the
246 provisions of section four hundred twenty-two point five (422.5)
247 to and including section four hundred twenty-two point thirteen
248 (422.13) of the Code, as amended, and any overpayment of two (2)
249 dollars or more shall be refunded to the taxpayer as provided in
250 subsection ten (10) hereof, relating to overpayments of tax through
251 withholding. Amounts less than two (2) dollars shall be refunded
252 to the taxpayer only upon written application, and only if such
253 application is filed within twelve (12) months after the due
254 date for the return. The penalties provided by the Internal
255 Revenue Code of 1954 for failure to file a declaration or for
256 underpayment of the tax payable shall apply to persons required
257 to file declarations and make payment of estimated tax under the
258 provisions of this section."

1 Sec. 10. Section four hundred twenty-two point twenty-one
2 (422.21), Code 1954, as amended by the Fifty-sixth General
3 Assembly, is hereby amended by inserting as the third sentence
4 thereof the following:

5 "When at the request of the taxpayer the time for filing the
6 return is extended, interest at the rate of six (6) percent per
7 annum on the tax due from the time when the return was originally
8 required to be filed to the time of payment shall be added and
9 paid."

1 Sec. 11. Section four hundred twenty-two point twenty-four
2 (422.24), Code 1954, is hereby repealed.

1 Sec. 12. Section four hundred twenty-two point twenty-five
2 (422.25), Code 1954, as amended by the Fifty-sixth General
3 Assembly, is hereby amended as follows:

4 Insert after the period (.) following the word "tax" at the
5 end of the first sentence in subsection one (1) of said section
6 the following:

7 "Where returns are delinquent there shall be no limitation of
8 the period for examination or determination of the tax which may
9 be due."

10 Strike all of the first sentence of subsection two (2) and
11 substitute in lieu thereof the following:

12 "If the commission discovers from the examination of the return
13 or otherwise that the taxable income of the taxpayer has been
14 understated it may at any time within five years after the time
15 when such return was due determine the correct amount of the tax
16 together with interest and penalty as hereinafter provided."

17 Sec. 13. Subsection three (3) of section four hundred twenty-
18 two point twenty-five (422.25), Code 1954, as amended by the
19 Fifty-sixth General Assembly, is hereby amended by striking the
20 first two sentences of said subsection and inserting in lieu
21 thereof the following:

22 "3. In addition to the tax or additional tax as determined
23 by the commission under the provisions of subsections one (1)
24 and two (2) of this section, the taxpayer shall pay interest on
25 such tax or additional tax so determined at the rate of six (6)
26 percent per annum, computed from the date the return was required
27 by law to be filed. In case of failure to file a return on the
28 date prescribed therefor or to pay the tax required to be paid
29 with the filing of the return, (determined with regard to any
30 extension of time for filing), unless it is shown that such
31 failure was due to reasonable cause and not due to willful ne-
32 glect, there shall be added to the amount required to be shown

33 as tax on such return five (5) percent of the amount of such
34 tax if the failure is for not more than one month, with an
35 additional five (5) percent for each additional month or fraction
36 thereof during which such failure continues, not exceeding twenty-
37 five (25) percent in the aggregate."

1 Sec. 14. Section four hundred twenty-two point twenty-five
2 (422.25), Code 1954, as amended by the Fifty-sixth General
3 Assembly, is hereby amended by striking all of subsection eight
4 (8) and substituting in lieu thereof the following:

5 "8. The periods of litigation provided by subsections one (1)
6 and two (2) of this section may be extended by the taxpayer by
7 signing a waiver agreement to be provided by the state tax com-
8 mission. Such agreement shall stipulate the period of extension
9 and the year or years to which such extension applies. It shall
10 further provide that a claim for refund may be filed by the tax-
11 payer at any time during the period of extension. In consideration
12 of such agreement the state tax commission shall waive interest
13 due in excess of thirty-six (36) months."

1 Sec. 15. Section four hundred twenty-two point forty-one
(422.41),
2 Code 1954, as amended by the Fifty-sixth General Assembly, is here-
3 by amended as follows:

4 Strike all of said section following the heading "Corporations"
5 and substitute in lieu thereof the following:

6 "All the provisions of sections four hundred twenty-two point
7 twenty-eight (422.28), four hundred twenty-two point twenty-nine
8 (422.29) and four hundred twenty-two point thirty (422.30) of
9 division II in respect to revision, appeal, and jeopardy assess-
10 ments shall be applicable to corporations taxable under this
11 division."

1 Sec. 16. This Act shall be used as a basis for computing
2 income for all tax years commencing after December 31, 1956. The
3 tax rates provided by section two (2) of this Act shall also apply
4 to tax years commencing after said date.

1 Sec. 17. Section four hundred twenty-two point sixty-two
2 (422.62), Code 1954, as amended by the Fifty-sixth (56th)
3 General Assembly, is hereby amended as follows:

4 Strike the period (.) following the word "commission" at the
5 end of the third sentence and substitute in lieu thereof a comma
6 (,) and add thereto "and further provided that there is set aside
7 from said fund all moneys collected under the withholding and
8 estimate provisions of section four hundred twenty-two point
9 sixteen (422.16), Code 1954, as amended by the Fifty-seventh
10 (57th) General Assembly, due and payable on October 31, 1957,
11 January 31, 1958 and April 30, 1958, which moneys shall be
12 credited to the special withholding tax fund which is hereby
13 created."

1 Sec. 18. Any laws or parts of laws in conflict with this
2 Act are hereby repealed.

3 The provisions of the Act, as it relates to and affects
4 employee taxpayers or other persons who receive taxable Iowa
5 income, shall apply equally to both residents and nonresidents
6 of the state of Iowa.

7 If any provision of this Act or the application thereof
8 to any person or circumstance is held invalid, such invalidity
9 shall not affect other provisions or applications of this Act
10 which can be given effect without the invalid provision or
11 application, and to this end the provisions of this Act are
12 declared severable.