

Ways and Means: Pope, Chair; Hanson of Delaware, Lura, Branstad, Bennett,
Anderson of Jasper, Hall, Jochum, Connolly and Conlon.

Dr. Pope 4/22

FILED FEB 26 1980

SENATE FILE 2253

By COMMITTEE ON WAYS AND MEANS
Approved 2/21 (p. 588)
(FORMERLY SENATE STUDY BILL 2143)

Passed Senate, Date 3-5-80 (p. 713) Passed House, Date 1/24/80 (p. 2024)
Vote: Ayes 45 Nays 2 Vote: Ayes 95 Nays 0
Approved May 17, 1976

A BILL FOR

1 An Act providing for uniformity in the computation of
2 interest on overpayments made under the individual and
3 corporate income and franchise taxes.

4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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H-6340

SENATE FILE 2253

- 1 Amend Senate File 2253 as follows:
- 2 1. Page 1, lines 8 and 9, by striking the
- 3 words "three-fourths of one" and inserting in lieu
- 4 thereof the words "three-fourths-of-one one and
- 5 one-tenth".
- 6 2. Page 1, line 22, by striking the words "three-
- 7 fourths of one" and inserting in lieu thereof the
- 8 words "three-fourths of one one and one-tenth".
- 9 3. Page 1, line 35 and page 2, line 1, by
- 10 striking the words "three-fourths of one" and
- 11 inserting in lieu thereof the words "one and one-
- 12 tenth".

H-6340 FILED APRIL 24, 1980 By BRUNER of Story
LOST (p. 2050)

1 Section 1. Section four hundred twenty-two point twenty-
2 five (422.25), subsection three (3), Code 1979, is amended
3 to read as follows:

4 3. If the amount of the tax as determined by the department
5 ~~shall be~~ is less than the amount ~~theretefore~~ paid, the excess
6 shall be refunded with interest after ~~sixty~~ thirty days from
7 the date of payment or the date the return was due to be
8 filed, whichever is the later at the rate of three-fourths
9 of one percent per month counting each fraction of a month
10 as an entire month under the ~~provisions-of-such~~ rules as may
11 be prescribed by the director. If an overpayment of tax
12 results from a net operating loss or net capital loss which
13 is carried back to a prior year, the overpayment, for purposes
14 of computing interest on refunds, shall be considered as
15 having been made at the close of the taxable year in which
16 the net operating loss or net capital loss occurred or ~~sixty~~
17 thirty days from the date of the actual payment of the tax,
18 whichever is later. However, when the net operating loss
19 or net capital loss carry back to a prior year eliminates
20 or reduces an underpayment of tax due for an earlier year,
21 the full amount of the underpayment of tax shall bear interest
22 at the rate of three-fourths of one percent per month counting
23 each fraction of a month as an entire month from the due date
24 of the tax for the earlier year to the last day of the taxable
25 year in which the net operating loss or net capital loss
26 occurred.

27 Sec. 2. Section four hundred twenty-two point ninety-
28 one (422.91), unnumbered paragraph one (1), Code 1979, is
29 amended to read as follows:

30 Any amount of tax paid on a declaration of estimated tax
31 shall be a credit against the amount of tax due on a final,
32 completed return, and any overpayment of five dollars or more
33 shall be refunded to the taxpayer with interest after thirty
34 days from the date of payment or the date the return was due
35 to be filed, whichever is the later, at the rate of three-

1 fourths of one percent per month or fraction of a month and
2 ~~such~~ the return shall constitute a claim for refund for this
3 purpose. Amounts less than five dollars shall be refunded
4 to the taxpayer only upon written application in accordance
5 with section 422.73, but only if ~~such~~ the application is filed
6 within twelve months after the due date for the return.

7 EXPLANATION

8 The bill makes uniform the paying of interest for the
9 refund of overpaid income and franchise taxes. The rate of
10 interest is to be three-fourths of one percent beginning
11 thirty days after the date of payment or the date the return
12 was due to be filed whichever time is the later.

13 The bill becomes effective July first after enactment.

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SENATE 6
MARCH 5, 1980

SENATE FILE 2253
FISCAL NOTE

DATE: MARCH 3, 1980
REQUESTED BY: SENATOR CRAFT

In compliance with a written request received January 25, 1980, there is hereby submitted a Fiscal Note for Senate File 2253 pursuant to Joint Rule 16. Background information used in developing this Fiscal Note is available from the Legislative Fiscal Bureau, to members of the Legislature upon request.

SF 2253, An Act providing for uniformity in the computation of interest on overpayments made under the individual and corporate income and franchise tax.

SF 2253 makes uniform the computation of interest by providing uniform starting dates for computing interest on overpayments of corporation and individual income and franchise taxes. Interest on overpayments of withholding taxes, refunds of individual and corporate income taxes and franchise taxes would begin to accrue thirty days after the date of payment of the tax, the due date of the returns or the date the return was filed, whichever is the later date.

Based upon past experience in payment of interest covered by the proposal, the increased interest paid is expected to be minimal. For example, relevant interest payments made during a recent fiscal year were recalculated assuming an additional thirty days of interest due. This resulted in additional payments of less than \$100,000.

SOURCE: DEPARTMENT OF REVENUE

FILED:
MARCH 4, 1980

BY GERRY RANKIN, DIRECTOR
LEGISLATIVE FISCAL BUREAU

SENATE FILE 2253

AN ACT

PROVIDING FOR UNIFORMITY IN THE COMPUTATION OF INTEREST ON OVERPAYMENTS MADE UNDER THE INDIVIDUAL AND CORPORATE INCOME AND FRANCHISE TAXES.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

Section 1. Section four hundred twenty-two point twenty-five (422.25), subsection three (3), Code 1979, is amended to read as follows:

3. If the amount of the tax as determined by the department ~~shall be~~ is less than the amount ~~theretofore~~ paid, the excess shall be refunded with interest after ~~sixty~~ thirty days from the date of payment or the date the return was due to be filed, whichever is the later at the rate of three-fourths of one percent per month counting each fraction of a month as an entire month under the ~~provisions of such~~ rules as may be prescribed by the director. If an overpayment of tax results from a net operating loss or net capital loss which is carried back to a prior year, the overpayment, for purposes of computing interest on refunds, shall be considered as having been made at the close of the taxable year in which the net operating loss or net capital loss occurred or ~~sixty~~ thirty days from the date of the actual payment of the tax, whichever is later. However, when the net operating loss or net capital loss carry back to a prior year eliminates or reduces an underpayment of tax due for an earlier year, the full amount of the underpayment of tax shall bear interest at the rate of three-fourths of one percent per month counting each fraction of a month as an entire month from the due date of the tax for the earlier year to the last day of the taxable year in which the net operating loss or net capital loss occurred.

Sec. 2. Section four hundred twenty-two point ninety-one (422.91), unnumbered paragraph one (1), Code 1979, is amended to read as follows:

Any amount of tax paid on a declaration of estimated tax shall be a credit against the amount of tax due on a final, completed return, and any overpayment of five dollars or more shall be refunded to the taxpayer with interest after thirty days from the date of payment or the date the return was due to be filed, whichever is the later, at the rate of three-fourths of one percent per month or fraction of a month and ~~such~~ the return shall constitute a claim for refund for this purpose. Amounts less than five dollars shall be refunded to the taxpayer only upon written application in accordance with section 422.73, but only if ~~such~~ the application is filed within twelve months after the due date for the return.

TERRY E. BRANSTAD
President of the Senate

WILLIAM H. HARBOR
Speaker of the House

I hereby certify that this bill originated in the Senate and is known as Senate File 2253, Sixty-eighth General Assembly.

FRANK J. STORK
Secretary of the Senate

Approved 5/17, 1980

ROBERT D. RAY
Governor

S.F. 2253