

FILED APR 19 1991

SENATE FILE 536

BY COMMITTEE ON WAYS AND MEANS

(SUCCESSOR TO SSB 72)

Passed Senate, Date 4/23/91 (p. 1434) Passed House, Date 5/6/91 (p. 2113)
Vote: Ayes 49 Nays 0 Vote: Ayes 92 Nays 1
Approved May 29, 1991

A BILL FOR

1 An Act relating to the limitation period for filing for an Iowa
4.39732 income tax credit or refund.

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

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Conference Committee Appointed

9 Reps Svoboda (Chair), Burke, Adams, Kuygitt, Metcalf 5/2/91
10 Senators Palmer (Chair), Connolly, Dieleman, Fleeter, Fuhrman (S 241)
5/7 (p. 1720)

Passed per Conference Committee Report

13 Passed Senate 5/11/91 (p. 1829) Passed House 5/12/91 (p. 2400)
28-19 87-0

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1 Section 1. Section 422.73, subsection 2, Code 1991, is
2 amended to read as follows:

3 2. If it appears that an amount of tax, penalty, or
4 interest has been paid which was not due under division II,
5 III or V of this chapter, then that amount shall be credited
6 against any tax due on the books of the department by the
7 person who made the excessive payment, or that amount shall be
8 refunded to the person or with the person's approval, credited
9 to tax to become due. A claim for refund or credit that has
10 not been filed with the department within three years after
11 the return upon which a refund or credit claimed became due,
12 or within one year after the payment of the tax upon which a
13 refund or credit is claimed was made, whichever time is the
14 later, shall not be allowed by the director. If, as a result
15 of a carryback of a net operating loss or a net capital loss,
16 the amount of tax in a prior period is reduced and an
17 overpayment results, the claim for refund or credit of the
18 overpayment shall be filed with the department within the
19 three years after the return for the taxable year of the net
20 operating loss or net capital loss became due.

21 Notwithstanding the period of limitation specified, the
22 taxpayer shall have six months from the day of final
23 disposition of any income tax matter between the taxpayer and
24 the internal revenue service with respect to the particular
25 tax year to claim an income tax refund or credit, ~~provided the~~
26 ~~taxpayer has notified the department in writing no later than~~
27 ~~six months after the expiration of the three year limitations~~
28 ~~period of the existence of this income tax matter.~~

H-3871

29 EXPLANATION

30 This bill removes the requirement that a taxpayer notify
31 the Iowa department of revenue and finance of an income tax
32 matter involving the federal Internal Revenue Service no later
33 than six months after the expiration of the limitation period
34 for filing a claim for state income tax refund or credit. The
35 sole requirement remaining is that the taxpayer file with the

1 department written notice of the final disposition of a
2 federal Internal Revenue Service income tax matter within six
3 months of final disposition of the matter.

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SENATE FILE 536
FISCAL NOTE

A fiscal note for Senate File 536 is hereby submitted pursuant to Joint Rule 17. Data used in developing this fiscal note is available from the Legislative Fiscal Bureau to members of the Legislature upon request.

Senate File 536 would eliminate the requirement that taxpayers must notify the Department of Revenue and Finance in writing for a taxpayer to claim a refund or a credit as a result of a federal Internal Revenue Service matter. The bill is effective July 1, 1991, and applies to individual, corporate and franchise income taxes.

Fiscal Effect

This proposal would result in a decrease in state revenue as fewer refund claims would be disallowed in the future; however, the impact is not expected to be significant. An exact fiscal impact cannot be provided because the number of claims and the dollar amounts of these claims cannot be projected.

Source: Department of Revenue and Finance

(LSB 1619SV, PDD)

FILED MAY 7, 1991

BY DENNIS PROUTY, FISCAL DIRECTOR

HOUSE AMENDMENT TO
SENATE FILE 536

S-3716

1 Amend Senate File 536 as follows:

2 1. Page 1, by inserting after line 28, the
3 following:

4 "Sec. ____ . APPLICABILITY. This Act is applicaole
5 to federal audits finalized on or after January 1,
6 1991. This Act is retroactive for claims for refund
7 filed with the department of revenue and finance
8 between December 1, 1989, and the effective date of
9 this Act, if the claims for refund were filed within
10 six months from the day of the final disposition of
11 any income tax matter between the taxpayer and the
12 internal revenue service, but were or will be denied
13 as untimely because the taxpayer did not notify the
14 department of revenue and finance in writing within
15 six months after the expiration of the three-year
16 limitations period of the existence of the income tax
17 matter. In order to obtain the retroactive relief
18 provided pursuant to this section, the taxpayer must
19 refile the claim for refund on or before September 30,
20 1991. Claims for refund filed pursuant to this
21 section that are allowed by the department shall be
22 paid by the department in fiscal year 1993.

23 Sec. ____ . EFFECTIVE DATE. This Act, being deemed
24 of immediate importance, is effective upon enactment."

25 2. Title page, line 2, by inserting after the
26 word "refund" the following: "and providing an
27 applicability date and effective date".

28 3. By renumbering as necessary.

RECEIVED FROM THE HOUSE

S-3716 FILED MAY 6, 1991

Senate Refused to Concur 5/7/91 (J. 1702.)

House Initiated 5/8 (J. 2191)

SENATE FILE 536

H-3973

1 Amend Senate File 536 as follows:

2 1. Page 1, by inserting after line 28, the
3 following:

4 "Sec. ____ . APPLICABILITY. This Act is applicable
5 to federal audits finalized on or after January 1,
6 1991. This Act is retroactive for claims for refund
7 filed with the department of revenue and finance
8 between December 1, 1989, and the effective date of
9 this Act, if the claims for refund were filed within
10 six months from the day of the final disposition of
11 any income tax matter between the taxpayer and the
12 internal revenue service, but were or will be denied
13 as untimely because the taxpayer did not notify the
14 department of revenue and finance in writing within
15 six months after the expiration of the three-year
16 limitations period of the existence of the income tax
17 matter. In order to obtain the retroactive relief
18 provided pursuant to this section, the taxpayer must
19 refile the claim for refund on or before September 30,
20 1991.

21 Sec. ____ . EFFECTIVE DATE. This Act, being deemed
22 of immediate importance, is effective upon enactment."

23 2. Title page, line 2, by inserting after the
24 word "refund" the following: "and providing an
25 applicability date and effective date".

26 3. By renumbering as necessary.

By COMMITTEE ON WAYS AND MEANS
GRONINGA of Cerro Gordo,
Chairperson

H-3973 FILED APRIL 30, 1991

*Adopted 5/6/91 (p. 2113)
in amended by 4061*

SENATE FILE 536

H-4061

1 Amend the amendment, H-3973, to Senate File 536, as
2 passed by the Senate, as follows:

3 1. Page 1, line 20, by inserting after the figure
4 "1991." the following: "Claims for refund filed
5 pursuant to this section that are allowed by the
6 department shall be paid by the department in fiscal
7 year 1993."

By SVOBODA of Tama

H-4061 FILED MAY 6, 1991

ADOPTED (p. 2113)

SENATE FILE 536
FISCAL NOTE

A fiscal note for H-3973 to Senate File 536 is hereby submitted pursuant to Joint Rule 17. Data used in developing this fiscal note is available from the Legislative Fiscal Bureau to members of the Legislature upon request.

H-3973 to Senate File 536 makes the bill retroactively applicable to claims for refund filed with the Department of Revenue and Finance between December 1, 1989 and the effective date of this Act. Retroactivity would only apply to claims which were filed within 6 months from the day of the final disposition of any income tax matter between the taxpayer and the IRS, but were or will be denied as untimely because of the requirement being removed under this Act. Application for retroactive relief must be filed on or before September 30, 1991.

Fiscal Effect

It is estimated that \$500,000 to \$1,000,000 in additional claims may occur as a result of making the Act retroactive. This represents a General Fund reduction and is anticipated to occur in FY 1992.

Source: Department of Revenue and Finance

(LSB 1619SV.2, PDD)

FILED MAY 7, 1991

BY DENNIS PROUTY, FISCAL DIRECTOR

REPORT OF THE CONFERENCE COMMITTEE
ON SENATE FILE 536

To the President of the Senate and the Speaker of the House of Representatives:

We, the undersigned members of the conference committee appointed to resolve the differences between the Senate and the House of Representatives on Senate File 536, a bill for an Act relating to the limitation period for filing for an Iowa income tax credit or refund, respectfully make the following report:

1. That the House recedes from its amendment, S-3716.

2. That Senate File 536, as passed by the Senate, is amended as follows:

1. Page 1, by inserting before line 1 the following:

"Section 1. Section 422.73, subsection 2, Code 1991, is amended by adding the following new unnumbered paragraph:

NEW UNNUMBERED PARAGRAPH. The department shall enter into an agreement with the Internal Revenue Service for the transmission of federal income tax reports on individuals required to file an Iowa income tax return who have been involved in an income tax matter with the Internal Revenue Service. After final disposition of the income tax matter between the taxpayer and the Internal Revenue Service, the department shall determine whether the individual is due a state income tax refund as a result of final disposition of such income tax matter. If the individual is due a state income tax refund, the department shall notify the individual within thirty days

CCS-536.1

Page 2

and request the individual to file a claim for refund or credit with the department."

2. By renumbering as necessary.

ON THE PART OF THE SENATE:

WILLIAM D. PALMER, Chairperson
MIKE CONNOLLY
WILLIAM W. DIELEMAN

ON THE PART OF THE HOUSE:

JANE SVOBODA, Chairperson
GORDON BURKE
JANET ADAMS
HORACE DAGGETT
JANET METCALF

CCS-536.1 FILED MAY 11, 1991

ADOPTED (p. 1828)

Adopted 5/12/91 (p. 2441)

PALMER, CH.
CONNOLLY
MCLAREN

SSB 72
WAYS AND MEANS

SENATE FILE 536
BY (PROPOSED COMMITTEE ON
WAYS AND MEANS BILL
BY CHAIRPERSON DIELEMAN)

Passed Senate, Date _____ Passed House, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act relating to the limitation period for filing for an Iowa
2 income tax credit or refund.

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9 to tax to become due. A claim for refund or credit that has
10 not been filed with the department within three years after
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12 or within one year after the payment of the tax upon which a
13 refund or credit is claimed was made, whichever time is the
14 later, shall not be allowed by the director. If, as a result
15 of a carryback of a net operating loss or a net capital loss,
16 the amount of tax in a prior period is reduced and an
17 overpayment results, the claim for refund or credit of the
18 overpayment shall be filed with the department within the
19 three years after the return for the taxable year of the net
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SENATE FILE 536

AN ACT

RELATING TO THE LIMITATION PERIOD FOR FILING FOR AN IOWA INCOME TAX CREDIT OR REFUND.

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

Section 1. Section 422.73, subsection 2, Code 1991, is amended to read as follows:

2. If it appears that an amount of tax, penalty, or interest has been paid which was not due under division II, III or V of this chapter, then that amount shall be credited against any tax due on the books of the department by the person who made the excessive payment, or that amount shall be refunded to the person or with the person's approval, credited to tax to become due. A claim for refund or credit that has not been filed with the department within three years after the return upon which a refund or credit claimed became due, or within one year after the payment of the tax upon which a refund or credit is claimed was made, whichever time is the later, shall not be allowed by the director. If, as a result of a carryback of a net operating loss or a net capital loss, the amount of tax in a prior period is reduced and an overpayment results, the claim for refund or credit of the overpayment shall be filed with the department within the three years after the return for the taxable year of the net operating loss or net capital loss became due. Notwithstanding the period of limitation specified, the taxpayer shall have six months from the day of final disposition of any income tax matter between the taxpayer and the internal revenue service with respect to the particular tax year to claim an income tax refund or credit, provided the taxpayer has notified the department in writing no later than six months after the expiration of the three-year limitations period of the existence of this income tax matter.

Sec. 2. Section 422.73, subsection 2, Code 1991, is amended by adding the following new unnumbered paragraph:

NEW UNNUMBERED PARAGRAPH. The department shall enter into an agreement with the Internal Revenue Service for the transmission of federal income tax reports on individuals required to file an Iowa income tax return who have been involved in an income tax matter with the Internal Revenue Service. After final disposition of the income tax matter between the taxpayer and the Internal Revenue Service, the department shall determine whether the individual is due a state income tax refund as a result of final disposition of such income tax matter. If the individual is due a state income tax refund, the department shall notify the individual within thirty days and request the individual to file a claim for refund or credit with the department.

JOE J. WELSH
President of the Senate

ROBERT C. ARNOULD
Speaker of the House

I hereby certify that this bill originated in the Senate and is known as Senate File 536, Seventy-fourth General Assembly.

JOHN F. DWYER
Secretary of the Senate
Approved May 29, 1991

TERRY E. BRANSTAD
Governor