

CHAPTER 1025
INTEREST ON CERTAIN TAX OVERPAYMENTS
S.F. 2318

AN ACT relating to the computation of interest on overpayments arising from the carryback of a net operating loss or net capital loss for individual and corporate income and franchise tax purposes.

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

Section 1. Section 422.25, subsection 3, Code Supplement 1983, is amended to read as follows:

3. If the amount of the tax as determined by the department is less than the amount paid, the excess shall be refunded with interest, the interest to begin to accrue on the first day of the second calendar month following the date of payment or the date the return was due to be filed or was filed, whichever is the latest, at the rate in effect under section 421.7 counting each fraction of a month as an entire month under the rules 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~~ on the date a claim for refund or amended return carrying back the net operating loss or net capital loss is filed with the department or on the first day of the second calendar month following the date of the actual payment of the tax, whichever is later. However, when the net operating loss or net capital loss carryback 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 in effect under section 421.7 for each 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. This Act applies to claims for refund or amended returns resulting from the carryback of net operating losses and net capital losses filed thirty days after the effective date of this Act.

Sec. 3. This Act, being deemed of immediate importance, takes effect from and after its publication in the Union-Republican, a newspaper published in Albia, Iowa, and in the Pella Chronicle, a newspaper published in Pella, Iowa.

Approved May 4, 1984

I hereby certify that the foregoing Act was published in the Union-Republican, Albia, Iowa on May 10, 1984 and in the Pella Chronicle, Pella, Iowa on May 9, 1984.

MARY JANE ODELL *Secretary of State*