



[SF 608](#) – Taxation, Penalties (LSB2795SV.1)

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Fiscal Note Version – As passed by the Senate

Description

[Senate File 608](#) contains three divisions:

- Division I relates to tax administration, tax penalties, and the cancellation of tax permits that are not being used.
- Division II relates to composite return requirements for pass-through tax entities.
- Division III amends 2021 Iowa Acts, [HF 309](#), by adding language related to the applicability of the provisions of that Bill to specified actions of the Department of Revenue (DOR).

Background

House File 309 passed the House on February 23, 2021, and passed the Senate in the same form on April 13, 2021. As of April 29, 2021, the Bill had not been transmitted to the Governor.

Fiscal Impact

Only provisions in Division I that reduce tax penalties from 10.0% to 5.0% have a potential direct impact on State revenue or expenditures. The DOR reports that the provisions of current law that provide for 10.0% penalties for failure to file and 5.0% penalties for failure to pay tax in a timely manner are not currently assessed together, and this position is confirmed in current DOR tax penalty [rules](#). While the Bill lowers the penalty for failure to file from 10.0% to 5.0%, the Bill also allows the two penalties to be applied together. Therefore, the changes in the Bill appear to allow the DOR to continue the current practice of assessing a 10.0% penalty for the failure to both file a return and pay taxes in a timely manner.

Source

Department of Revenue

/s/ Holly M. Lyons

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The fiscal note for this Bill was prepared pursuant to [Joint Rule 17](#) and the Iowa Code. Data used in developing this fiscal note is available from the Fiscal Services Division of the Legislative Services Agency upon request.
