

May 14, 1965.
Placed on Calendar.

Senate File 600
By WAYS AND MEANS COMMITTEE.

Passed Senate, Date 5/21 Passed House, Date 6/1
Vote: Ayes 34 Nays 24 Vote: Ayes 91 Nays 22

Approved.....

*motion to reconsider tabled 5/21 ways+means 5/25
pass 5/27
motion to reconsider filed 6/2 tabled 7:30pm*

A BILL FOR

An Act to amend section four hundred twenty-two point four (422.4), section four hundred twenty-two point seventeen (422.17), section four hundred twenty-two point sixteen (422.16) and section four hundred twenty-two point twenty-four (422.24), Code 1962, to provide for withholding of state income taxes on income earned in Iowa; to provide for payment of estimated income tax by self-employed individuals having self-employment income derived from sources within the state of Iowa.

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

- 1 Section 1. Section four hundred twenty-two point four (422.4),
- 2 Code 1962, is amended by striking subsection thirteen (13) and
- 3 inserting in lieu thereof the following:
- 4 "The term 'withholding agent' means any individual, fiduciary,
- 5 estate, trust, corporation, partnership or association in whatever
- 6 capacity acting and including all officers and employees of the
- 7 state of Iowa, or any municipal corporation of the state of Iowa,
- 8 or any school district or school board of the state, or any other
- 9 political subdivision of the state of Iowa, or any tax-supported
- 10 unit of government that is obligated to pay or has control of
- 11 paying or does pay to any resident or nonresident of the state of
- 12 Iowa or his agent any wages subject to the Iowa income tax in the
- 13 hands of such resident or nonresident."
- 1 Sec. 2. Strike all of section four hundred twenty-two point
- 2 sixteen (422.16), Code 1962, and substitute in lieu thereof the
- 3 following:

4 "1. Every employer as defined in the internal revenue code of
5 1954, as amended, with respect to income tax collected at source,
6 making payment of wages as defined in the internal revenue code of
7 1954, as amended, to either a resident employee or employees, or
8 a nonresident employee or employees, working in Iowa, shall deduct
9 and withhold from such wages an amount equal to a single percent
10 of the federal income tax withheld on such wages. Such single
11 percent shall be determined and prescribed by the state tax com-
12 mission.

13 "2. Payments of gross incomes other than those included in sub-
14 section one (1) of section two (2) of this Act, subject to Iowa
15 income tax in the hands of the nonresident, shall be subject to
16 withholding at the rate of four percent (4%). The term "gross
17 income" referred to herein shall include the amount required to
18 be withheld. The term "gross income" shall have the same meaning
19 as for federal income tax purposes under the internal revenue code
20 of 1954, as amended. The term "employers" referred to in sub-
21 sections one (1) and two (2) of this section shall be deemed to
22 be withholding agents as defined in subsection thirteen (13) of
23 section four hundred twenty-two point four (422.4), Code 1962.

24 "3. Every withholding agent required to deduct and withhold
25 tax under subsections one (1) and two (2) of this section shall,
26 for the quarterly period beginning January 1, 1966, and for each
27 calendar quarterly period thereafter, on or before the last day
28 of the month following the close of each quarterly period make a
29 return on forms prescribed by the state tax commission and pay
30 over to the state tax commission in the form of remittances made
31 payable to the treasurer of the state of Iowa, the tax required to

32 be withheld under the provisions of subsection one (1) hereof; pro-
33 vided, however, commencing with the period beginning January 1,
34 1966, every withholding agent who withholds more than fifty dollars
35 (\$50.00) in any one month commencing with January 1, 1966, shall
36 deposit with the state tax commission said sum, made out on a
37 deposit form for the month in such form and manner as may be
38 prescribed by the state tax commission. The said deposit form
39 being due on or before the fifteenth (15th) day of the month next
40 succeeding the month of withholding, except the third (3rd) month
41 of the quarter will be due with the quarterly report on the last
42 day of the month next succeeding the month of withholding. If the
43 state tax commission in any case has reason to believe that the
44 collection of the tax provided for in subsection one (1) hereof
45 is in jeopardy, it may require the employer or withholding agent
46 to make such return and pay such tax at any time, in accordance
47 with section four hundred twenty-two point thirty (422.30), Code
48 1962.

49 "4. Every withholding agent who fails to withhold or pay to
50 the state tax commission any sums required by this Act to be
51 withheld and paid, shall be personally, individually, and
52 corporately liable therefor to the state of Iowa, and any sum or
53 sums withheld in accordance with the provisions of subsection one
54 (1) hereof, shall be deemed to be held in trust for the state of
55 Iowa.

56 "5. In the event a withholding agent fails to withhold and/or
57 pay over to the state tax commission any amount required to be
58 withheld under subsection one (1) of this section, such amount
59 may be assessed against such employer or withholding agent in the

60 same manner as prescribed for the assessment of income tax under
61 the provisions of chapter four hundred twenty-two (422), Code
62 1962.

63 "6. The state of Iowa shall have a lien upon all the property
64 of any employer or withholding agent who fails to withhold and/or
65 pay over to the state tax commission sums required to be withheld
66 under subsection one (1) of this section. If the employer or
67 withholding agent withholds but fails to pay the amounts withheld
68 to the state tax commission, the lien shall attach as of the date
69 the amounts which should have been withheld, under provisions of
70 subsection one (1) of this section.

71 "7. Every withholding agent required to deduct and withhold
72 from wages due to be paid to an employee or other person re-
73 ceiving taxable Iowa income, a tax under subsection one (1) of
74 this section, shall furnish to such employee or other person in
75 respect of the remuneration paid by such employer or withholding
76 agent to such employee or other person during the calendar year,
77 on or before January 31 of the succeeding year, or if the
78 employee's employment is terminated before the close of such
79 calendar year, within thirty (30) days from the day on which the
80 last payment of wages is made, a written statement showing the
81 following:

82 "a. The name and address of such employer or withholding agent
83 and the identification number of such employer or withholding
84 agent.

85 "b. The name of the employee or other person and his federal
86 social security account number, together with the last known
87 address of such employee or other person to whom wages have been
88 paid during such period.

144 state tax commission, for each month or fraction thereof during
145 which such failure continues, not to exceed twenty-five (25)
146 percent in the aggregate; interest at the rate of six (6) percent
147 per annum shall be added to the tax required to be transmitted
148 beginning with the second (2nd) month following the end of the
149 calendar quarter for which the tax was not transmitted, and such
150 interest shall become a part of the tax due from the withholding
151 agent.

152 "c. If the employer, required under the provisions of this
153 section to withhold on wages, applicable to Iowa tax, or other
154 taxable Iowa income subject to this Act, fails to withhold the
155 amounts required to be withheld, make the required returns or
156 remit to the state tax commission the amounts withheld, the
157 state tax commission may certify such fact or facts to the
158 secretary of state, who shall thereupon cancel the articles of
159 incorporation or certificate of authority (as the case may be)
160 of such corporation and the rights of such corporation to carry
161 on business in the state of Iowa shall thereupon cease. Any
162 person or persons who shall exercise or attempt to exercise any
163 rights, powers, privileges or franchises under articles of
164 incorporation or certificate of authority after the same are
165 cancelled shall pay a penalty of not less than one hundred dollars
166 (\$100.00) or more than one thousand dollars (\$1,000.00), to be
167 recovered in an action brought by the state tax commission, such
168 penalty to be in addition to all other penalties provided under
169 chapter four hundred twenty-two (422), Code 1962, including the
170 provisions of this Act.

171 "11. a. Every person or married couple filing a joint return,

172 shall make a declaration of estimated tax if his or their Iowa
173 income tax attributable to income other than wages subject to
174 withholding can reasonably be expected to amount to fifty dollars
175 (\$50.00) or more for the taxable year, except that, in the case
176 of farmers, the provisions of the internal revenue code of 1954,
177 as amended, with respect to declarations shall apply.

178 "The declaration provided for herein shall be filed at such
179 time and in such form as the state tax commission may require by
180 regulations, and the estimated tax shall be paid in four (4)
181 equal installments. The first installment to be paid at the
182 time of filing the declaration, except that at the election of
183 the person, or married couple filing jointly, any installment of
184 the estimated tax may be paid prior to the date prescribed for
185 its payment.

186 "b. In the case of individuals or married couples filing
187 jointly the total balance of the tax payable after credits for
188 taxes paid through withholding as provided in subsection one (1)
189 of this section, or through declaration and payment of estimated
190 tax, as provided in subsection eleven (11) of this section, shall
191 be due and payable on or before April 30 following the close of
192 the calendar year, or if the return should be made on the basis
193 of a fiscal year, then on or before the last day of the fourth
194 (4th) month following the close of such fiscal year.

195 "c. The declaration provided for in this section may be filed
196 or amended during the taxable year under regulations prescribed
197 by the state tax commission.

198 "d. If a taxpayer is unable to make his own declaration, the
199 declaration may be made by duly authorized agent or by the

200 guardian or other person charged with the care of the person or
201 property of such taxpayer.

202 "e. Any amount of tax paid on a declaration of estimated tax
203 shall be a credit against the amount of tax fund payable on a
204 final, completed return, as provided in subsection nine (9)
205 hereof relating to the credit for the tax withheld against the
206 tax found payable on a return properly and correctly prepared
207 under the provisions of section four hundred twenty-two point
208 five (422.5), to and including section four hundred twenty-two
209 point twenty-five (422.25), Code 1962, and any overpayment of
210 one dollar (\$1.00) or more shall be refunded to the taxpayer as
211 provided in section four hundred twenty-two point sixty-seven
212 (422.67), Code 1962. Amounts less than one dollar (\$1.00) shall
213 be refunded to the taxpayer only upon written application, and
214 only if such application is filed within twelve (12) months after
215 the due date for the return. The penalties provided by the
216 internal revenue code of 1954, as amended, for failure to file a
217 declaration or for underpayment of the tax payable shall apply to
218 persons required to file declarations and make payments of
219 estimated tax under the provisions of this section."

1 Sec. 3. Section four hundred twenty-two point seventeen
(422.17),
2 Code 1962, is repealed.

1 Sec. 4. Section four hundred twenty-two point twenty-four
2 (422.24), Code 1962, subsection one (1), is hereby repealed, and
3 the following inserted in lieu thereof:

4 "For all taxpayers with tax years beginning on or after
5 January 1, 1966, the total tax due shall be paid in full at the
6 time of filing the return."

1 Sec. 5. Section four hundred twenty-two point twenty-four
2 (422.24), Code 1962, subsection two (2), is amended by striking
3 the words "one-half of the total tax," from lines three (3) and
4 four (4), and inserting in lieu thereof the words "the total tax
5 due,".

1 Sec. 6. If any provisions of this Act or the application of
2 such provision to any person or circumstance shall be held
3 invalid, the remainder of this Act or the application of such
4 provision to persons or circumstances other than those to which
5 it is held invalid shall not be affected thereby.

88 "c. The gross amount of wages, as defined in the internal
89 revenue code of 1954, as amended, applicable to Iowa tax, or other
90 taxable Iowa income paid to the employee or other person.

91 "d. The total amount deducted and withheld as tax under the
92 provisions of subsection one (1) of this section.

93 "e. The total amount of federal income tax withheld.

94 "The statement required to be furnished by this subsection in
95 respect of any wages, applicable to Iowa tax, or other taxable
96 Iowa income shall be in such form as the state tax commission may
97 by regulations prescribe.

98 "8. An employer or withholding agent shall be liable for the
99 payment of the tax required to be deducted and withheld or the
100 amount actually deducted, whichever is greater, under subsection
101 one (1) of this section; and any amount deducted and withheld as
102 tax under subsection one (1) of this section during any calendar
103 year upon the wages of any employee or other person shall be
104 allowed as a credit to the employee or other person against the
105 tax imposed by section four hundred twenty-two point five (422.5),
106 Code 1962, irrespective of whether or not such tax has been, or
107 will be, paid over by the employer or withholding agent to the
108 state tax commission as provided by this Act.

109 "9. The amount of any overpayment of the individual income
110 tax liability of the employee taxpayer or other person which may
111 result from the withholding and payment of withheld tax by the
112 employer or withholding agent to the state tax commission under
113 subsection one (1) hereof, as compared to the individual income
114 tax liability of the employee taxpayer or other person properly
115 and correctly determined under the provisions of section four

116 hundred twenty-two point four (422.4), to and including section
117 four hundred twenty-two point twenty-five (422.25), Code 1962,
118 may be credited against any income tax or installment thereof then
119 due the state of Iowa and any balance of one dollar (\$1.00) or
120 more shall be refunded to the employee taxpayer or other person
121 with interest at six percent (6%) per annum, such interest to
122 begin to accrue forty-five (45) days after the due date the return
123 was due to be filed or was filed, whichever is the later date.
124 Amounts less than one dollar (\$1.00) shall be refunded to the
125 taxpayer only upon written application, and only if such applica-
126 tion is filed within twelve (12) months after the due date of the
127 return.

128 "10. a. Any person or corporation required under the pro-
129 visions of this Act to furnish a statement required by the Act
130 who willfully furnishes a false or fraudulent statement, or who
131 willfully fails to furnish such statement shall, for each such
132 failure be subject to a civil penalty of one hundred dollars
133 (\$100.00), such penalty to be in addition to any criminal penalty
134 otherwise provided for by the Code 1962.

135 "b. Any employer or withholding agent required under the
136 provisions of this Act to withhold taxes on wages, applicable to
137 Iowa tax, or other taxable Iowa income subject to this Act who
138 fails to withhold such taxes, or to make the required returns or
139 who fails to remit on normal due dates to the state tax commission
140 the amounts withheld, shall be liable for the amount of such taxes
141 which should have been withheld and/or paid, and in addition shall
142 be subject to a civil penalty, equal to five (5) percent of the
143 amount which should have been withheld and/or paid over to the

SENATE FILE 600

- 1 Amend Senate File 600 as follows:
- 2 1. Amend Senate File 600, section 2, line 32 by inserting
- 3 after the word and figure "one (1)" the words and figure
- 4 "and two (2)".
- 5 2. Amend section 2, line 122 by striking the words and
- 6 figure "forty-five (45)" and inserting in lieu thereof the
- 7 words and figure "one hundred eighty (180)".
- 8 3. Amend section 2, line 127 by adding the following after
- 9 the word "return.": "Refunds in the amount of one (1) dollar or
- 10 more provided for by this subsection shall be paid by the state
- 11 treasurer by means of warrants drawn by the comptroller at the
- 12 direction of the state tax commission, or an authorized employee
- 13 of the state tax commission, and the taxpayer's return of income
- 14 shall constitute a claim for refund for this purpose, except in
- 15 respect to amounts of less than one (1) dollar. There is hereby
- 16 appropriated, out of any funds in the state treasury not otherwise
- 17 appropriated, a sum sufficient to carry out the provisions of this
- 18 subsection."
- 19 4. Further amend section 2 by adding at the conclusion of
- 20 line 219 the following: "Refunds in the amount of one (1) dollar
- 21 or more provided for by this subsection shall be paid by the state
- 22 treasurer by means of warrants drawn by the comptroller at the
- 23 direction of the state tax commission, or an authorized employee of
- 24 the state tax commission, and the taxpayer's return of income shall
- 25 constitute a claim for refund for this purpose, except in respect
- 26 to amounts of less than one (1) dollar. There is hereby appropriated,
- 27 out of any funds in the state treasury not otherwise appropriated,
- 28 a sum sufficient to carry out the provisions of this subsection.

Filed
Division 1—deferred
Division 2—lost
Divisions 3 and 4 adopted
May 18, 1965.

By FROMMELT.

SENATE FILE 600

- 1 Amend Senate File 600 as follows:
- 2 1. Section 2, lines 34 and 35, strike the words and
- 3 figures "fifty dollars (\$50.00)" and insert in lieu thereof
- 4 the words and figures "one hundred dollars (\$100.00)".
- 5 2. In section 2, strike lines 152 through 170, inclusive.
- 6 3. Insert the following at the end of section 5: "This
- 7 section and section four (4) of this Act shall apply only with
- 8 respect to tax years beginning on and after January 1, 1966."

Filed
Division 1—lost
Division 2—action deferred
Division 3—adopted
May 18, 1965.

By STANLEY.

By STANLEY.

SENATE FILE 600

- 1 Amend Senate File 600 as follows:
- 2 Amend the second Beneke amendment by striking the figure
- 3 "(1)" after the word "section" in line 1 and inserting in
- 4 lieu thereof the figure "(2)".

Filed and adopted
May 18, 1965.

By BENEKE.

SENATE FILE 600

- 1 Amend Senate File 600 as follows:
- 2 Amend section 2 by striking lines 32 through 42 inclusive,
- 3 and inserting in lieu thereof the following: "be withheld
- 4 under the provisions of subsection one (1) hereof. If the"

Filed and lost
May 18, 1965.

By GRIFFIN.

SENATE FILE 600

- 1 Amend the Cassidy amendment to Senate File 600, filed
- 2 May 19, by adding a new section, as follows:
- 3 "Sec. 9. Every withholding agent who makes timely
- 4 compliance with the provisions of this act shall be com-
- 5 pensated for his services to the state as tax collector by
- 6 retaining the following from the amount that they withhold
- 7 pursuant to this act:
- 8 "5% on the first \$500 withheld by the withholding
- 9 agent per quarter;
- 10 "2½% on the next \$500 withheld by the withholding
- 11 agent per quarter;
- 12 "\$10.00 for any sum withheld by the withholding agent
- 13 in excess of \$1000 per quarter."

Filed and lost (26-31)
May 21, 1965.

By RILEY, NIMS and DENMAN.

SENATE FILE 600

- 1 Amend Senate File 600 by striking subsection six (6)
- 2 of section two (2) and inserting in lieu thereof the following:
- 3 "Whenever the state tax commission determines that any employer
- 4 or withholding agent has failed to withhold and/or pay over to
- 5 the state tax commission sums required to be withheld under
- 6 subsection one (1) of this section the unpaid amount thereof
- 7 shall be a lien as defined in Section 422.26 of this Code, shall
- 8 attach to the property of said employer or withholding agent as
- 9 therein provided, and in all other respects and procedure with
- 10 respect to such lien shall apply as set forth in said Section
- 11 422.26."

Filed and adopted
May 18, 1965.

By BENEKE.

SENATE FILE 600

- 1 Amend the Cassidy amendment of May 19th to Senate File 600
- 2 by adding the following after the period in line 299:
- 3 "Under-payment of estimated tax shall be determined in
- 4 the same manner as provided under the provisions of the
- 5 Internal Revenue Code of 1954 and the exceptions therein
- 6 provided shall also apply."

Filed and adopted
May 21, 1965.

By DEKOSTER and SHAFF.

SENATE FILE 600

- 1 Amend the Cassidy amendment to Senate File 600 by adding
- 2 the following subsection to subsection 11 of section 2:
- 3 "f. In lieu of claiming a refund, the taxpayer may elect
- 4 to have the overpayment shown on his final, completed return
- 5 for the taxable year credited to his tax liability for the
- 6 following taxable year."

Filed and adopted
May 21, 1965.

By SHIRLEY.

SENATE FILE 600

- 1 Amend Senate File 600, section 2, by inserting after the period
- 2 in line 48 the following: "The state tax commission may
- 3 authorize incorporated banks and trust companies which are
- 4 depositories or financial agents of the United States, or of
- 5 this state, to receive any tax imposed under this Act, in such
- 6 manner, at such times and under such conditions as it may
- 7 prescribe; and it shall prescribe the manner, times, and
- 8 conditions under which the receipt of such tax by such banks
- 9 and trust companies is to be treated as payment of such tax
- 10 to the commission."

Filed and adopted
May 18, 1965.

By RIGLER.

299 ments of estimated tax under the provisions of this section.
300 '12. In the case of nonresidents having income subject to
301 taxation by Iowa, but not subject to withholding of such tax
302 under subsection one (1) hereof, withholding agents shall with-
303 hold from such income at the same rate as provided in subsection
304 one (1) hereof, and such withholding agents and such nonresidents
305 shall be subject to the provisions of this section, according
306 to the context, except that such withholding agents may be
307 absolved of such requirement to withhold taxes from such non-
308 resident's income upon receipt of a certificate from the state
309 tax commission issued in accordance with the provisions of sec-
310 tion four hundred twenty-two point seventeen (422.17), Code 1962,
311 as hereby amended. In the case of nonresidents having income
312 from a trade or business carried on by them in whole or in part
313 within the State of Iowa, such nonresident shall be considered
314 to be subject to the provisions of subsection twelve (12) hereof
315 unless such trade or business is of such nature that the busi-
316 ness entity itself, as a withholding agent, is required to and
317 does withhold Iowa income tax from the distributions made to
318 such nonresident from such trade or business.'

319 "Sec. 3. Section four hundred twenty-two point seventeen
320 (422.17), Code 1962, is hereby repealed and the following
321 enacted in lieu thereof:

322 'Any nonresident whose Iowa income is not subject to sub-
323 section one (1) of section two (2) of this Act, in whole or
324 in part, and who elects to be governed by subsection twelve
325 (12) of section two (2) of this Act to the extent that he
326 makes such declaration and pays the entire amount of tax
327 properly estimated thereunder on or before the last day of the
328 fourth (4th) month of his tax year, for such year beginning
329 after December 31, 1965, may for each such year of each such
330 election and such payment, be granted a certificate from the
331 state tax commission authorizing each withholding agent, the
332 income from whom the nonresident has included in his declaration
333 of estimate and to the extent such income is included in such
334 declaration of estimate, to make payments to such nonresident
335 without withholding such tax from such payments. Withholding
336 agents, whenever such payments exceed the amount estimated by
337 such nonresident upon his declaration of estimate, as indicated
338 upon such certificate, shall proceed to withhold tax in accord-
339 ance with subsection twelve (12) of section two (2) of this
340 Act.'

341 "Sec. 4. Section four hundred twenty-two point twenty-four
342 (422.24), Code 1962, subsection one (1) is hereby repealed, and
343 the following inserted in lieu thereof:

344 'For all taxpayers with tax years beginning on or after
345 January 1, 1966, the total tax due shall be paid in full at the
346 time of filing the return.'

347 "Sec. 5. Section four hundred twenty-two point twenty-four
348 (422.24), Code 1962, subsection two (2), is amended by striking
349 the words "one-half of the total tax," from lines three (3) and
350 four (4), and inserting in lieu thereof the words 'the total
351 tax due.' This section and section four (4) of this Act shall
352 apply only with respect to tax years beginning on and after
353 January 1, 1966.

354 "Sec. 6. If any provisions of this Act or the application of
355 such provision to any person or circumstance shall be held
356 invalid, the remainder of this Act or the application of such
357 provision to persons or circumstances other than those to which
358 it is held invalid shall not be affected thereby.

359 "Sec. 7. Wherever in this Act any section of the Code of
360 Iowa is referred to as 'Code 1962', such reference shall mean
361 and include the Code 1962 as amended by the Acts of the Sixtieth
362 (60th) General Assembly, the Acts of the Sixtieth (60th) General
363 Assembly in Extraordinary Session, and the Acts of the Sixty-
364 first (61st) General Assembly.

365 "Sec. 8. The tax commission is hereby authorized and directed
366 to enter into an agreement with the secretary of the treasury
367 of the United States with respect to withholding of income tax
368 as provided by this Act, pursuant to an Act of Congress, 66 Stat.
369 765, Chap. 940; Pub. Law 587; 5 USCA, Section 84b, 84c, July
370 17, 1952, and Executive Order No. 10407, 17 F. R. 10132, November
371 7, 1952, Laws 1961, Page 527, Par. 19."

Filed

May 19, 1965.

Adopted as amended 5/21

By CASSIDY.

SENATE FILE 600

- 1 Amend the Cassidy amendment to Senate File 600, filed
- 2 May 19, 1965, by inserting the following at the end of
- 3 line 241:
- 4 "The secretary of state shall immediately notify by
- 5 registered mail such domestic or foreign corporation of the
- 6 action taken by him. The provisions of subsection three (3)
- 7 of section four hundred twenty-two point forty (422.40)
- 8 of the Code shall be applicable."

Filed and adopted
May 21, 1965.

By STANLEY.

SENATE FILE 600

- 1 Amend the Cassidy amendment to Senate File 600 by inserting
- 2 before the word "penalties" in line 295 the word "civil".

Filed and adopted
May 21, 1965.

By FROMMELT.

SENATE FILE 600

- 1 Amend section 2, subsection 10, of the Cassidy amendment
- 2 by adding the following new paragraph:
- 3 'd. The tax commission, shall upon request of any
- 4 fiduciary furnish said fiduciary with a certificate of
- 5 acquittance showing that no liability as a withholding
- 6 agent exists with respect to the estate or trust for which
- 7 said fiduciary acts, provided the tax commission has deter-
- 8 mined that there is no such liability.'

Filed and adopted
May 21, 1965.

By BENEKE.

SENATE FILE 600

- 1 Amend the Cassidy amendment to Senate File 600 by striking
- 2 "as amended," in line 296.

Filed and adopted
May 21, 1965.

By FROMMELT.

SENATE FILE 600

- 1 Amend the Cassidy amendment
- 2 by striking lines 253 and 254 and inserting
- 3 in lieu thereof the following:
- 4 "The estimated tax shall be paid in quarterly install-
- 5 ments. The first installment shall be paid at the time of
- 6 filing the declaration. The other installments shall be paid
- 7 on or before June 30, September 30, and January 31. However,
- 8 at the election of the person or married".

Filed and adopted
May 21, 1965.

By STANLEY.

SENATE FILE 600

- 1 Amend the Cassidy amendment to Senate File 600 by adding the
- 2 following new section after section 4 as follows:
- 3 "Sec. 5. The tax commission may, in its discretion,
- 4 waive or remit any penalty herein provided for when in its
- 5 judgment the error, omission or failure requiring imposition
- 6 of the penalty is unintentional or due to inadvertence,
- 7 mistake, misunderstanding, error, casualty or misfortune, or
- 8 when the assessment or imposition of the penalty would require
- 9 disproportionate cost or effort."
- 10 Renumber the remaining sections accordingly.

Filed and adopted
May 21, 1965.

By BENEKE.

SENATE FILE 600

1 Amend section 1 of Senate File six hundred by adding the following
2 subsection after subsection 3:

- 3 1. "4. Every withholding agent employing not more
4 than two persons who expects to employ either or both of such
5 persons for the full calendar year may, with respect to such
6 persons, pay with the withholding tax return due for the first
7 calendar quarter of the year the full amount of income taxes
8 required to be withheld from the wages of such persons for
9 the full calendar year. The amount to be paid shall be com-
10 puted as if the employee were employed for the full calendar
11 year for the same wages and with the same pay periods as pre-
12 vaild during the first quarter of the year with respect to
13 such employee. No such lump sum payment of withheld income
14 taxes shall be made without the written consent of all em-
15 ployees involved. The withholding agent shall be entitled
16 to recover from the employee any part of such lump sum pay-
17 ment that represents an advance to the employee.
18 If a withholding agent pays a lump sum with the first
19 quarterly return he shall be excused from filing further
20 quarterly returns for the calendar year involved unless he
21 hires orther or additional employees."
22 2. Renumber the remaining subsections accordingly.

Filed, amended and adopted
May 18, 1965.

By BENEKE.

SENATE FILE 600

- 1 Amend Senate File 600 by adding a new section, as
2 follows:
3 "Sec. 7. Every withholding agent who makes timely compliance
4 with the provisions of this act shall be compensated for his
5 services to the state as tax collector by retaining the following
6 from the amount that they withhold pursuant to this act:
7 "5% on the first \$500 withheld by the withholding agent
8 per quarter;
9 "2½% on the next \$500 withheld by the withholding agent per
10 quarter;
11 "\$10.00 for any sum withheld by the withholding agent in
12 excess of \$1000 per quarter."

Filed
May 18, 1965.

By RILEY, NIMS and DENMAN.

SENATE FILE 600

- 1 Amend Senate File 600, section 2, as follows:
2 1. Strike lines 13 through 21, and insert in lieu thereof
3 the following: "All employers referred to in subsection one
4 (1) of this section shall be deemed to".
5 2. Renumber the remaining subsections.
6 3. In line 25, strike the words "subsections one (1) and
7 two (2)" and insert in lieu thereof the words "subsection
8 one (1)".

Filed and action deferred
May 18, 1965.

By STANLEY.

SENATE FILE 600

- 1 Amend Senate File 600, subsection 1 of section 2 as
2 follows:
3 1. By striking the period (.) after the word "wages" in
4 line ten (10) and inserting in lieu thereof the following: "or
5 an amount determined by any other formula which will assure the
6 collection of anticipated income tax on such wages."
7 2. Insert after the word "percent" in line 11 the
8 words "or other formula."

Filed
May 18, 1965.

By BENEKE.

SENATE FILE 600

- 1 Amend Senate File 600 by adding the following new section:
- 2 "Sec. 7. No part of the revenues derived from the
- 3 application of this Act prior to January 31, 1967, shall
- 4 be used for any purpose other than future appropriations
- 5 for non-recurring expenses."

Filed and lost
May 18, 1965.

By BENEKE.

SENATE FILE 600

- 1 Amend Senate File 600, section 2, by inserting after the
- 2 word "made" in line 80 the words "when requested by the
- 3 employee".

Filed
May 18, 1965.

By FROMMELT.

SENATE FILE 600

- 1 Amend Senate File 600, section 2, line 48 by adding
- 2 the following: "Every withholding agent who complies
- 3 with the provisions of this act may deduct one (1) per cent
- 4 of the amount withheld as compensation for the service
- 5 rendered the state as a tax collector."

Filed, amended and lost (24-31)
May 18, 1965.

By RILEY.

SENATE FILE 600

- 1 Amend Senate File 600 by adding a new section at the end
- 2 thereof:
- 3 "Sec. 7. One-half of the personal income tax as provided
- 4 for in Chapter 422 shall be forgiven for the taxable year 1965
- 5 and payment thereof shall not be required."

Filed and lost (24-32)
May 18, 1965.

By SHAFF.

SENATE FILE 600

- 1 Amend Senate File 600 by adding a new section at the end
- 2 thereof:
- 3 "Sec. 7. No personal income tax as provided for in Chapter
- 4 422 shall be collected for the taxable year 1965 and payment thereof
- 5 is hereby forgiven."

Filed and lost (25-33)
May 18, 1965.

By SCHROEDER.

SENATE FILE 600

- 1 Amend Senate File 600 as amended as follows:
- 2 1. By striking in line five (5) of subsection eleven (11) of
- 3 section one (1) the words, "except, that in" and by inserting in
- 4 lieu thereof the word, "including".
- 5 2. By striking in lines five (5), six (6) and seven (7) of
- 6 subsection eleven (11) of section one (1) the words, "the excep-
- 7 tions provided in the Internal Revenue Code of 1954 with respect
- 8 to such declarations shall apply".

Filed
May 25, 1965.

GAUDINEER of Polk.

SENATE FILE 600

1 Amend the Riley amendment to Senate File 600 by striking
2 the word "complies" and inserting in lieu thereof the
3 words "makes timely compliance".

Filed and adopted
May 18, 1965.

By RILEY.

withdrawn 6/

1 Amend Senate File 600 by striking all after the enacting
2 clause and inserting in lieu thereof the following:

3 "Section 1. Section four hundred twenty-two point four
4 (422.4), Code 1962, is hereby amended by repealing subsection
5 thirteen (13) thereof, inserting in lieu thereof the following
6 subsections, and renumbering any succeeding subsection (s):

7 '13. The term "withholding agent" means any individual,
8 fiduciary, estate, trust, corporation, partnership or
9 association in whatever capacity acting and including all
10 officers and employees of the State of Iowa, or any municipal
11 corporation of the State of Iowa and of any school district
12 or school board of the state, or of any political subdivision
13 of the State of Iowa, or any tax-supported unit of government
14 that is obligated to pay or has control of paying or does pay
15 to any resident or nonresident of the State of Iowa or his
16 agent any wages that are subject to the Iowa income tax in
17 the hands of such resident or nonresident, or any of the
18 above designated entities making payment or having control of
19 making such payment of any taxable Iowa income to any non-
20 resident.

21 '14. The term "wages" shall have the same meaning as pro-
22 vided by the Internal Revenue Code of 1954.

23 '15. The term "employer" shall mean and include those who
24 have a right to exercise control as to how, when, and where
25 services are to be performed.

26 '16. The term "other person" shall mean that person or
27 entity properly empowered to act in behalf of an individual
28 payee and shall include authorized agents of such payees
29 whether they be individuals or married couples.'

30 "Sec. 2. Strike all of section four hundred twenty-two
31 point sixteen (422.16), Code 1962, and substitute in lieu
32 thereof the following:

33 '1. Every withholding agent as defined herein and every
34 employer as defined herein and further defined in the Internal
35 Revenue Code of 1954, as amended, with respect to income tax
36 collected at source, making payment of wages as defined herein
37 to either a resident employee or employees, or a nonresident
38 employee or employees, working in Iowa, shall deduct and with-
39 hold from such wages an amount which will approximate the
40 employee's annual tax liability on a calendar year basis,
41 calculated on the basis of tables to be prepared by the state
42 tax commission and schedules or percentage rates, based on
43 such wages, to be prescribed by the state tax commission.
44 Every employee or other person shall declare to such employer
45 or withholding agent the number of his personal exemptions and
46 dependency exemptions or credits to be used in applying such
47 tables and schedules or percentage rates, provided that no
48 more such personal or dependency exemptions or credits may be
49 declared by such employee or other person than the number to
50 which he is entitled. Such claiming of such exemptions or
51 credits in excess of entitlement shall constitute a misdemeanor.

52 '2. Every withholding agent required to deduct and withhold
53 tax under subsections one (1) and twelve (12) of this section
54 shall, for the quarterly period beginning January 1, 1966, and
55 for each calendar quarterly period thereafter, on or before the
56 last day of the month following the close of each calendar
57 quarterly period make a return on forms prescribed by the state
58 tax commission and pay over to the state tax commission, in the
59 form of remittances made payable to "Treasurer, State of Iowa",
60 the tax required to be withheld, or the tax actually withheld,
61 whichever is greater, under the provisions of subsections one
62 (1) and twelve (12) hereof; provided, however, commencing with
63 the period beginning January 1, 1966, every withholding agent
64 who withholds more than fifty (50) dollars in any one month
65 commencing with January 1, 1966, shall deposit with the state
66 tax commission said sum, made out on a deposit form for the
67 month in such form and manner as may be prescribed by the state
68 tax commission. The said deposit form being due on or before
69 the fifteenth (15th) day of the month next succeeding the month
70 of withholding, except that no deposit shall be required for
71 the amount withheld in the third (3rd) month of the quarter but
72 the total amount of withholding for the quarter shall be com-
73 puted and that amount by which the aforementioned deposit fails
74 to equal the total quarterly liability shall be due upon the
75 filing of the quarterly report which shall be due within the
76 month next succeeding the end of the quarter. If the state tax
77 commission in any case has reason to believe that the collection
78 of the tax provided for in subsections one (1) and twelve (12)

79 hereof is in jeopardy, it may require the employer or withhold-
80 ing agent to make such return and pay such tax at any time, in
81 accordance with section four hundred twenty-two point thirty
82 (422.30), Code 1962. The state tax commission may authorize
83 incorporated banks and trust companies which are depositories
84 or financial agents of the United States, or of this state,
85 to receive any tax imposed under this Act, in such manner, at
86 such times and under such conditions as it may prescribe; and
87 it shall prescribe the manner, times, and conditions under
88 which the receipt of such tax by such banks and trust companies
89 is to be treated as payment of such tax to the commission.

90 '3. Every withholding agent employing not more than two
91 persons who expects to employ either or both of such persons
92 for the full calendar year may, with respect to such persons,
93 pay with the withholding tax return due for the first calendar
94 quarter of the year the full amount of income taxes required
95 to be withheld from the wages of such persons for the full
96 calendar year. The amount to be paid shall be computed as
97 if the employee were employed for the full calendar year for
98 the same wages and with the same pay periods as prevailed
99 during the first quarter of the year with respect to such
100 employee. No such lump sum payment of withheld income tax
101 shall be made without the written consent of all employees
102 involved. The withholding agent shall be entitled to recover
103 from the employee any part of such lump sum payment that
104 represents an advance to the employee. If a withholding
105 agent pays a lump sum with the first quarterly return he shall
106 be excused from filing further quarterly returns for the
107 calendar year involved unless he hires other or additional
108 employees.

109 '4. Every withholding agent who fails to withhold or pay to
110 the commission any sums required by this Act to be withheld and
111 paid, shall be personally, individually, and corporately liable
112 therefor to the state of Iowa, and any sum or sums withheld in
113 accordance with the provisions of subsections one (1) and twelve
114 (12) hereof, shall be deemed to be held in trust for the state
115 of Iowa.

116 '5. In the event a withholding agent fails to withhold and
117 pay over to the commission any amount required to be withheld
118 under subsections one (1) and twelve (12) of this section, such
119 amount may be assessed against such employer or withholding
120 agent in the same manner as prescribed for the assessment of
121 income tax under the provisions of Divisions II and V, Chapter
122 four hundred twenty-two (422), Code 1962.

123 '6. Whenever the state tax commission determines that any
124 employer or withholding agent has failed to withhold and/or
125 pay over to the state tax commission sums required to be with-
126 held under subsections one (1) and twelve (12) of this section
127 the unpaid amount thereof shall be a lien as defined in section
128 four hundred twenty-two point twenty-six (422.26), Code 1962,
129 shall attach to the property of said employer or withholding
130 agent as therein provided, and in all other respects the pro-
131 cedure with respect to such lien shall apply as set forth in
132 said section four hundred twenty-two point twenty-six (422.26),
133 Code 1962.

134 '7. Every withholding agent required to deduct and withhold
135 a tax under subsections one (1) and twelve (12) of this section
136 shall furnish to such employee, nonresident, or other person in
137 respect of the remuneration paid by such employer or withholding
138 agent to such employee, nonresident, or other person during the
139 calendar year, on or before January 31 of the succeeding year,
140 or, in the case of employees, if the employee's employment is
141 terminated before the close of such calendar year, within
142 thirty (30) days from the day on which the last payment of wages
143 is made, if requested by such employee, but not later than
144 January 31 of the following year, a written statement showing
145 the following:

146 'a. The name and address of such employer or withholding
147 agent, and the identification number of such employer or with-
148 holding agent.

149 'b. The name of the employee, nonresident, or other person
150 and his federal social security account number, together with
151 the last known address of such employee, nonresident, or other
152 person to whom wages have been paid during such period.

153 'c. The gross amount of wages, or other taxable income, paid
154 to the employee, nonresident, or other person.

155 'd. The total amount deducted and withheld as tax under the
156 provisions of subsections one (1) and twelve (12) of this section.

157 'e. The total amount of federal income tax withheld.

158 'The statements required to be furnished by this subsection
159 in respect of any wages or other taxable Iowa income shall be
160 in such form or forms as the state tax commission may, by regu-
161 lation, prescribe.

162 ... employer or withholding agent shall be liable for
163 the payment of the tax required to be deducted and withheld or
164 the amount actually deducted, whichever is greater, under sub-
165 sections one (1) and twelve (12) of this section; and any amount
166 deducted and withheld as tax under subsections one (1) and
167 twelve (12) of this section during any calendar year upon the
168 wages of any employee, nonresident, or other person shall be
169 allowed as a credit to the employee, nonresident, or other
170 person against the tax imposed by section four hundred twenty-
171 two point five (422.5), Code 1962, irrespective of whether or
172 not such tax has been, or will be, paid over by the employer or
173 withholding agent to the state tax commission as provided by
174 this Act.

175 '9. The amount of any overpayment of the individual income
176 tax liability of the employee taxpayer, nonresident, or other
177 person which may result from the withholding and payment of
178 withheld tax by the employer or withholding agent to the state
179 tax commission under subsections one (1) and twelve (12) hereof,
180 as compared to the individual income tax liability of the
181 employee taxpayer, nonresident, or other person properly and
182 correctly determined under the provisions of section four hund-
183 red twenty-two point four (422.4), Code 1962, to and including
184 section four hundred twenty-two point twenty-five (422.25),
185 Code 1962, may be credited against any income tax or install-
186 ment thereof then due the state of Iowa and any balance of one
187 (1) dollar or more shall be refunded to the employee taxpayer,
188 nonresident or other person with interest at six (6) percent

189 per annum, such interest to begin to accrue forty-five (45) days
190 after the date the return was due to be filed or was filed,
191 whichever is the later date. Amounts less than one (1) dollar
192 shall be refunded to the taxpayer, nonresident, or other person
193 only upon written application, in accordance with section four
194 hundred twenty-two point sixty-seven (422.67), Code 1962, only
195 if such application is filed within twelve (12) months after
196 the due date of the return. Refunds in the amount of one (1)
197 dollar or more provided for by this subsection shall be paid
198 by the state treasurer by means of warrants drawn by the compt-
199 roller at the direction of the state tax commission, or an autho-
200 rized employee of the state tax commission, and the taxpayer's
201 return of income shall constitute a claim for refund for this
202 purpose, except in respect to amounts of less than one (1)
203 dollar. There is hereby appropriated, out of any funds in the
204 state treasury not otherwise appropriated, a sum sufficient
205 to carry out the provisions of this subsection.

206 '10. a. Any employer or withholding agent required under
207 the provisions of this Act to furnish a statement required by
208 this Act who willfully furnishes a false or fraudulent statement,
209 or who willfully fails to furnish such statement shall, for
210 each such failure, be subject to a civil penalty of one hundred
211 (100) dollars, such penalty to be in addition to any criminal
212 penalty otherwise provided by the Code of 1962.

213 'b. Any employer or withholding agent required under the
214 provisions of this Act to withhold taxes on wages or other tax-
215 able Iowa income subject to this Act who fails to withhold
216 such taxes, or to make the required returns or who fails to
217 timely remit to the tax commission the amounts withheld, shall
218 be liable for the amount of such taxes which should have been
219 withheld and paid, and in addition shall be subject to a civil
220 penalty, equal to five (5) percent of the amount which should
221 have been withheld and paid over to the commission, for each
222 month or fraction thereof during which such failure continues,
223 not to exceed twenty-five (25) percent in the aggregate; interest
224 at the rate of six (6) percent per annum shall be added to the
225 tax required to be transmitted beginning with the first day of
226 the second month following the end of the calendar quarter for
227 which the tax was not transmitted, and such interest and such
228 penalty shall become a part of the tax due from the withholding
229 agent.

230 'c. If any withholding agent, being a domestic or foreign
231 corporation, required under the provisions of this section to
232 withhold on wages or other taxable income subject to this
233 Act, fails to withhold the amounts required to be withheld,
234 make the required returns or remit to the state tax commission
235 the amounts withheld, the commission may, in its discretion,
236 having exhausted all other means of enforcement of the provisions
237 of this Act, certify such fact or facts to the secretary of
238 state, who shall thereupon cancel the articles of incorporation
239 or certificate of authority (as the case may be) of such corpora-
240 tion, and the rights of such corporation to carry on business
241 in the state of Iowa shall thereupon cease.

242 '11. a. Every person or married couple filing a joint
243 return shall make a declaration of estimated tax if his or their
244 Iowa income tax attributable to income other than wages subject
245 to withholding can reasonably be expected to amount to fifty
246 (50) dollars or more for the taxable year, except that, in the
247 cases of farmers and fishermen, the exceptions provided in the
248 Internal Revenue Code of 1954 with respect to such declarations
249 shall apply. The declaration provided for herein shall be
250 filed on or before the last day of the fourth (4th) month of
251 the taxpayer's tax year for which such declaration is filed, in
252 such form as the state tax commission may require by regulations.
253 The first installment shall be paid at the time of filing the
254 declaration, except that at the election of the person or married
255 couple filing jointly, any installment of the estimated tax
256 may be paid prior to the date prescribed for its payment.
257 Whenever a person or married couple filing a joint return have
258 reason to believe that his or their Iowa income tax may increase
259 or decrease, either for purposes of meeting the requirement to
260 file a declaration of estimated tax or for the purpose of in-
261 creasing or decreasing such declaration, an amended estimate
262 shall be filed by him or them to reflect such increase or
263 decrease in estimated Iowa income tax.

264 'b. In the case of persons or married couples filing jointly,
265 the total balance of the tax payable after credits for taxes
266 paid through withholding, as provided in subsection one (1) of
267 this section, or through declaration and payment of estimated
268 tax, or a combination of such withholding and declaration of
269 estimated tax payments, as provided herein, shall be due and
270 payable on or before April 30, next following the close of the
271 calendar year, or if the return should be made on the basis of
272 a fiscal year, then on or before the last day of the fourth (4th)
273 month next following the close of such fiscal year.

274 'c. The declaration provided for in this section may be filed
275 or amended during the taxable year under regulations prescribed
276 by the state tax commission.

277 'd. If a taxpayer is unable to make his own declaration, the
278 declaration may be made by a duly authorized agent, or by the
279 guardian or other person charged with the care of the person
280 or property of such taxpayer.

281 'e. Any amount of tax paid on a declaration of estimated
282 tax shall be a credit against the amount of tax found payable
283 on a final, completed return, as provided in subsection nine
284 (9) hereof, relating to the credit for the tax withheld against
285 the tax found payable or a return properly and correctly pre-
286 pared under the provisions of section four hundred twenty-two
287 point five (422.5), to and including section four hundred twenty-
288 two point twenty-five (422.25), Code 1962; and any overpayment
289 of one (1) dollar or more shall be refunded to the taxpayer and
290 such return shall constitute a claim for refund for this purpose.
291 Amounts less than one (1) dollar shall be refunded to the tax-
292 payer only upon written application in accordance with section
293 four hundred twenty-two point sixty-seven (422.67), Code 1962,
294 but only if such application is filed within twelve (12) months
295 after the due date for the return. The penalties provided by
296 the Internal Revenue Code of 1964, as amended, for failure to
297 file a declaration or for underpayment of the tax payable shall
298 apply to persons required to file declarations and make pay-