

March 13, 1970

HOUSE FILE 1334

Place on Calendar

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By COMMITTEE ON WAYS AND MEANS

Passed House, Date 3-17-70 Passed Senate, Date 4-8-70

Vote: Ayes 105 Nays 0 Vote: Ayes 49 Nays 0

Approved.....

A BILL FOR

1 An Act relating to computation of interest and penalties on
2 income tax.

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

4 Section 1. Section four hundred twenty-two point twenty-
5 five (422.25), Cole 1966, as amended by chapter three hundred
6 forty-two (342), section eighty-four (84), Acts of the Sixty-
7 second General Assembly, is hereby further amended as follows:

8 1. By striking from subsection one (1), lines twenty-
9 seven (27) through thirty-two (32), inclusive, and inserting
10 in lieu thereof the following:

11 "due is greater than the amount paid, the department shall
12 compute the amount due, together with interest and penalties
13 as provided in subsection two (2) of this section, and shall
14 notify the taxpayer by certified mail of the total, which
15 shall be a sum certain if paid on or before the last day
16 of the month in which the notice is postmarked, or on or before
17 the last day of the following month if the notice is post-
18 marked after the twentieth day of any month. The notice shall
19 also inform the taxpayer of the additional interest and
20 penalty which will be added to the total due if not paid
21 on or before the last day of the applicable month.

22 2. By inserting in subsection two (2), line seven (7), after
23 the word "filed" the following:

24 ", and computed on a calendar month basis, considering
25 each fraction of a month as an entire month".

EXPLANATION

This is a change in the manner in which delinquent taxpayers will be billed.

At present, they are audited and billed on a date certain and if the bill is not paid exactly on that date, additional billing and collection expense is incurred. With the adoption of this bill, the billing will be to the last day of the month and will state that additional charges will be made after the first of the following month. This change will prevent the field auditors from having to make additional calls to collect very small sums, which then in fact cost the department much more than the actual amount collected in most cases.