

J. Ways and Means 3/9 Do Pass 3/18 (p. 824)

HOUSE FILE 2362

Ways and Means
Hester, Chair
Rush
Lura

APR 19 1982

HOUSE FILE 2362

BY COMMITTEE ON WAYS AND MEANS

WAYS & MEANS CALENDAR

(Formerly Study Bill 118)

Passed House, Date 3-11-82 (p. 663) Passed Senate, Date 4-14-82 (p. 1194)

Vote: Ayes 97 Nays 0 Vote: Ayes 48 Nays 0

Approved May 5, 1982

A BILL FOR

1 An Act relating to the penalty for failure to pay or remit
 2 ninety percent of tax for state motor vehicle fuel taxes,
 3 freight line and equipment car mileage taxes, income
 4 taxes, franchise taxes, inheritance and estate taxes,
 5 local hotel and motel taxes, and generation skipping
 6 transfer taxes, including provision for a variable
 7 interest rate for underpayment or overpayment on estimated
 8 payments of corporate income and franchise taxes, and
 9 making the Act retroactive to January 1, 1982, effective
 10 upon publication.

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

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1 Section 1. Section 324.65, Code 1981, as amended by Acts
2 of the Sixty-ninth General Assembly, 1981 Session, chapter
3 131, section 3, is amended to read as follows:

4 324.65 PENALTY FOR FAILURE TO PROMPTLY REPORT OR PAY FUEL
5 TAXES. If a licensee or other person fails to file a required
6 report with the appropriate state agency on or before the
7 due date, unless it is shown that the failure was due to
8 reasonable cause there shall be added to the amount required
9 to be shown as tax due on the return five percent of the
10 amount of the tax if the failure is for not more than one
11 month, with an additional five percent for each additional
12 month or fraction of a month during which the failure
13 continues, not exceeding twenty-five percent in the aggregate.
14 If a licensee or other person fails to remit at least ninety
15 percent of the tax due with the filing of the return on or
16 before the due date or ~~fails-to-pay~~ pays less than ninety
17 percent of any amount-of-the tax required to be shown on the
18 return, unless it is shown that the failure was due to
19 reasonable cause, there shall be added to the tax a penalty
20 of five percent of the amount of the tax due, if the failure
21 is for not more than one month, with an additional five percent
22 for each additional month or fraction of a month during which
23 the failure continues, not exceeding twenty-five percent in
24 the aggregate. The taxpayer shall also pay interest on the
25 tax or additional tax at the rate in effect under section
26 1 of this Act counting each fraction of a month as an entire
27 month, computed from the date the return was required to be
28 filed.

29 PARAGRAPH DIVIDED. The appropriate state agency shall
30 not remit any part of a penalty for delinquent payment where
31 the delinquency results from the fact that a check given in
32 payment is not honored because of insufficient funds in the
33 account upon which the check was drawn. However, if it appears
34 as a result of an investigation or from a preponderance of
35 the evidence adduced at a hearing that there has been a

1 deliberate attempt on the part of a licensee, or other person
2 to evade payment of fuel taxes there shall be added to the
3 assessment against the offending person and collected a penalty
4 of fifty percent of the tax due. When penalties are applicable
5 for failure to file a return and failure to pay the tax due
6 or required on the return, the penalty provision for failure
7 to file ~~shall-be~~ is in lieu of the penalty for failure to
8 pay the tax due or required on the return, except in the case
9 of a deliberate attempt on the part of the licensee or other
10 person to evade payment of fuel taxes. Any report required
11 of licensees or persons operating under divisions I, II and
12 III, upon which no tax may be due, ~~shall-be~~ is subject to
13 a penalty of ten dollars if the report is not timely filed
14 with the appropriate state agency.

15 Sec. 2. Section 422.16, subsection 10, paragraph b, Code
16 1981, as amended by Acts of the Sixty-ninth General Assembly,
17 1981 Session, chapter 131, section 5, is amended to read as
18 follows:

19 b. Any employer or withholding agent required under this
20 chapter to withhold taxes on wages or other taxable Iowa
21 income subject to this chapter who fails to file a monthly
22 deposit form or quarterly return for the withholding of tax
23 with the department on or before the due date, unless it is
24 shown that the failure was due to reasonable cause, is subject
25 to a penalty determined by adding to the amount required to
26 be shown as tax due on the monthly deposit form or quarterly
27 return five percent of the amount of the tax if the failure
28 is for not more than one month, with an additional five percent
29 for each additional month or fraction of a month during which
30 the failure continues, not exceeding twenty-five percent in
31 the aggregate. If any person or withholding agent fails to
32 remit at least ninety percent of the tax due with the filing
33 of the monthly deposit form or quarterly return on or before
34 the due date, or ~~fails-to-pay-any-amount-of~~ pays less than
35 ninety percent of any tax required to be shown on the monthly

1 deposit form or quarterly return, unless it is shown that
2 the failure was due to reasonable cause, there shall be added
3 to the tax a penalty of five percent of the amount of the
4 tax due, if the failure is for not more than one month, with
5 an additional five percent for each additional month or
6 fraction of a month during which the failure continues, not
7 exceeding twenty-five percent in the aggregate. When penalties
8 are applicable for failure to file a monthly deposit form
9 or quarterly return and failure to pay the tax due or required
10 on the monthly deposit form or quarterly return, the penalty
11 provision for failure to file is in lieu of the penalty
12 provision for failure to pay the tax due or required on the
13 monthly deposit form or quarterly return. The taxpayer shall
14 also pay interest on the tax or additional tax at the rate
15 in effect under section 1 of this Act for each month counting
16 each fraction of a month as an entire month, computed from
17 the date the monthly deposit form or quarterly return was
18 required to be filed. The penalty and interest become a part
19 of the tax due from the withholding agent.

20 Sec. 3. Section 422.25, subsection 2, Code 1981, as amended
21 by Acts of the Sixty-ninth General Assembly, 1981 Session,
22 chapter 131, section 8, is amended to read as follows:

23 2. In addition to the tax or additional tax determined
24 by the department under subsection 1, the taxpayer shall pay
25 interest on the tax or additional tax at the rate in effect
26 under section 1 of this Act for each month counting each
27 fraction of a month as an entire month, computed from the
28 date the return was required to be filed. In case of failure
29 to file a return with the department on or before the due
30 date determined with regard to any extension of time for
31 filing, unless it is shown that the failure was due to
32 reasonable cause and not due to willful neglect, there shall
33 be added to the amount required to be shown as tax on the
34 return five percent of the amount of the tax if the failure
35 is for not more than one month, with an additional five percent

1 for each additional month or fraction thereof during which
2 the failure continues, not exceeding twenty-five percent in
3 the aggregate. If any person fails to remit at least ninety
4 percent of the tax due with the filing of the return on or
5 before the due date, or ~~fails-to-pay-any-amount-of~~ pays less
6 than ninety percent of any tax required to be shown on the
7 return, unless it is shown that the failure was due to
8 reasonable cause, there shall be added to the tax a penalty
9 of five percent of the tax due, if the failure is for not
10 more than one month, with an additional five percent for each
11 additional month or fraction of a month during which the
12 failure continues, not exceeding twenty-five percent in the
13 aggregate. In case of willful failure to file a return with
14 intent to evade tax, or in case of willfully filing a false
15 return with intent to evade tax, in lieu of the penalty
16 otherwise provided in this subsection, there shall be added
17 to the amount required to be shown as tax on the return fifty
18 percent of the amount of the tax. When penalties are
19 applicable for failure to file a return and failure to pay
20 the tax due or required on the return, the penalty provision
21 for failure to file is in lieu of the penalty provision for
22 failure to pay the tax due or required on the return except
23 in the case of willful failure to file a return and willfully
24 filing of a false return with intent to evade tax.

25 Sec. 4. Section 422.88, subsection 1, Code 1981, is amended
26 to read as follows:

27 1. If the taxpayer submits an underpayment of the estimated
28 tax, the taxpayer ~~shall-be~~ is subject to an underpayment
29 penalty at the rate ~~of-three-fourths-of-one-percent-per-month~~
30 established under Acts of the Sixty-ninth General Assembly,
31 1981 Session, chapter 131, section 1 upon the amount of the
32 underpayment for the period of the underpayment.

33 Sec. 5. Section 422.91, unnumbered paragraph 1, Code 1981,
34 as amended by Acts of the Sixty-ninth General Assembly, 1981
35 Session, chapter 133, section 3, is amended to read as follows:

1 Any amount of tax paid on a declaration of estimated tax
2 shall be a credit against the amount of tax due on a final,
3 completed return, and any overpayment of five dollars or more
4 shall be refunded to the taxpayer with interest, the interest
5 to begin to accrue on the first day of the second calendar
6 month following the date of payment or the date the return
7 was due to be filed or was filed, whichever is the latest,
8 at the rate ~~of three-fourths of one percent per month or~~
9 ~~fraction of a month~~ established under Acts of the Sixty-ninth
10 General Assembly, 1981 Session, chapter 131, section 1, and
11 the return shall constitute a claim for refund for this
12 purpose. Amounts less than five dollars shall be refunded
13 to the taxpayer only upon written application in accordance
14 with section 422.73, but only if the application is filed
15 within twelve months after the due date for the return.

16 Sec. 6. Section 435.5, Code 1981, is amended to read as
17 follows:

18 435.5 PENALTY. In case of failure to file a return with
19 the department on or before the due date, unless it is shown
20 that the failure was due to reasonable cause and not due to
21 willful neglect, there shall be added to the amount required
22 to be shown as tax on the return five percent of the amount
23 of tax if the failure is for not more than one month, with
24 an additional five percent for each additional month or
25 fraction thereof during which the failure continues, not
26 exceeding twenty-five percent in the aggregate. If any person
27 fails to remit at least ninety percent of the tax due with
28 the filing of the return on or before the due date, or ~~fails~~
29 ~~to pay~~ pays less than ninety percent of the total amount of
30 the tax due as shown on the return, unless it is shown that
31 the failure was due to reasonable cause, there shall be added
32 to the tax a penalty of five percent of the tax due, if the
33 failure is for not more than one month, with an additional
34 five percent for each additional month or fraction of a month
35 during which the failure continues, not exceeding twenty-five

1 percent in the aggregate. In case of willful failure to file
2 a return with intent to evade tax, or in case of willfully
3 filing a false return with intent to evade tax, in lieu of
4 the penalty above provided, there shall be added to the amount
5 required to be shown as tax on the return fifty percent of
6 the amount of the tax. When penalties are applicable for
7 failure to file a return and failure to pay the tax due or
8 required on the return, the penalty provision for failure
9 to file ~~shall-be~~ is in lieu of the penalty provision for
10 failure to pay the tax due or required on the return except
11 in the case of willful failure to file a return and willfully
12 filing of a false return with intent to evade tax.

13 Sec. 7. Section 450.63, subsection 2, Code 1981, is amended
14 to read as follows:

15 2. If a person liable for the payment of tax as stated
16 in section 450.5 fails to file a return with the department
17 of revenue on or before the due date, unless it is shown that
18 the failure was due to reasonable cause, there shall be added
19 to the amount of tax required to be shown as tax due on the
20 return five percent of the amount of the tax, if the failure
21 is for not more than one month, with an additional five percent
22 for each additional month or fraction of a month during which
23 the failure continues, not exceeding twenty-five percent in
24 the aggregate. If a person fails to remit at least ninety
25 percent of the tax due with the filing of the return on or
26 before the due date or fails-to-pay pays less than ninety
27 percent of any amount-of tax required to be shown on the
28 return, unless it is shown that the failure was due to
29 reasonable cause, there shall be added to the tax a penalty
30 of five percent of the amount of the tax due, if the failure
31 is for not more than one month, with an additional five percent
32 for each additional month or fraction of a month during which
33 the failure continues, not exceeding twenty-five percent in
34 the aggregate. When penalties are applicable for failure
35 to file a return and failure to pay the tax due or required

1 to be shown on the return, the penalty provision for failure
2 to file ~~shall be~~ is in lieu of the penalty provision for
3 failure to pay the tax due or required to be shown on the
4 return.

5 Sec. 8. This Act, except sections 4 and 5, is retroactive
6 to January 1, 1982 for tax returns due on or after that date.

7 Sec. 9. Sections 4 and 5 of this Act are retroactive to
8 January 1, 1982 for computation of underpayments of estimated
9 taxes already due and payable or to become due and payable
10 on or after that date and for computation on interest on over-
11 payments already paid or to become due and payable on or after
12 that date.

13 Sec. 10. This Act, being deemed of immediate importance,
14 takes effect from and after its publication in the Diamond
15 Trail News, a newspaper published in Sully, Iowa, and in The
16 Manchester Press, a newspaper published in Manchester, Iowa.

17 EXPLANATION

18 The bill amends the penalty provisions of the motor fuel,
19 income, franchise, inheritance and estate tax laws and the
20 freight line and equipment car tax law. It provides that
21 if 90 percent of the tax is paid with the timely filing of
22 the return, no additional civil penalty will be assessed for
23 failing to pay the total amount due. These provisions are
24 retroactive to January 1, 1982 for returns due on or after
25 that date.

26 During the 1981 Session of the Sixty-ninth General Assembly,
27 legislation was enacted which provided for the calculation
28 of the rate of interest or penalty on delinquent tax payments
29 at a variable rate. While the rate of interest or penalty
30 for underpayment of individual estimated tax was revised,
31 the penalty for underpayment of corporate estimated taxes
32 and estimated franchise taxes was not. Section 4 and 5 of
33 this bill changes the stated three-fourths of one percent
34 per month to the variable rate of interest used in computing
35 the penalty for the underpayment of other taxes and the

1 interest payable on overpayments. Sections 4 and 5 are
2 retroactive to January 1, 1982 for the computation of interest
3 on underpayments of estimated taxes already due and payable
4 or to become due on or after that date.

5 The bill takes effect upon publication.

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FISCAL NOTE

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House File 2362

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Requested by Rep. Schnekloth

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February 19, 1982

In compliance with a written request there is hereby submitted a
Fiscal Note for H.F. 2362 pursuant to Joint Rule 16.

11

H.F. 2362 amends penalty provisions for motor fuel, income, franchise, inheritance and
estate, and freight line and equipment car tax laws. The bill provides that if 90 per
cent of tax due is paid with the timely filing of the return, no additional civil
penalty will be assessed for failing to pay the total tax due.

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Under current law, penalties are assessed if 100 percent of tax due is not remitted with
the filing of the return for all taxes except the sales and use taxes where the 90 per
cent provision already applies.

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H.F. 2362 also provides for a variable interest rate for underpayment or overpayment of
corporate income and franchise taxes. Current law provides for the variable rate to be
used for all other state taxes, while a fixed rate of three-fourths of one percent is
used for franchise and corporate taxes.

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Provisions of H.F. 2362 are retroactive to January 1, 1982.

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No specific estimate of the fiscal impact of the proposed legislation is possible.

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Source: Department of Revenue

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FILED FEBRUARY 23, 1982

BY GERRY RANKIN
Fiscal Director

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HOUSE FILE 2362

AN ACT

RELATING TO THE PENALTY FOR FAILURE TO PAY OR REMIT NINETY PERCENT OF TAX FOR STATE MOTOR VEHICLE FUEL TAXES, FREIGHT LINE AND EQUIPMENT CAR MILEAGE TAXES, INCOME TAXES, FRANCHISE TAXES, INHERITANCE AND ESTATE TAXES, LOCAL HOTEL AND MOTEL TAXES, AND GENERATION SKIPPING TRANSFER TAXES, INCLUDING PROVISION FOR A VARIABLE INTEREST RATE FOR UNDERPAYMENT OR OVERPAYMENT ON ESTIMATED PAYMENTS OF CORPORATE INCOME AND FRANCHISE TAXES, AND MAKING THE ACT RETROACTIVE TO JANUARY 1, 1982, EFFECTIVE UPON PUBLICATION.

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

Section 1. Section 324.65, Code 1981, as amended by Acts of the Sixty-ninth General Assembly, 1981 Session, chapter 131, section 3, is amended to read as follows:

324.65 PENALTY FOR FAILURE TO PROMPTLY REPORT OR PAY FUEL TAXES. If a licensee or other person fails to file a required report with the appropriate state agency on or before the due date, unless it is shown that the failure was due to reasonable cause there shall be added to the amount required to be shown as tax due on the return five percent of the amount of the tax if the failure is for not more than one month, with an additional five percent for each additional month or fraction of a month during which the failure continues, not exceeding twenty-five percent in the aggregate. If a licensee or other person fails to remit at least ninety percent of the tax due with the filing of the return on or before the due date or fails-to-pay pays less than ninety percent of any amount-of-the tax required to be shown on the return, unless it is shown that the failure was due to

reasonable cause, there shall be added to the tax a penalty of five percent of the amount of the tax due, if the failure is for not more than one month, with an additional five percent for each additional month or fraction of a month during which the failure continues, not exceeding twenty-five percent in the aggregate. The taxpayer shall also pay interest on the tax or additional tax at the rate in effect under section 1 of this Act counting each fraction of a month as an entire month, computed from the date the return was required to be filed.

PARAGRAPH DIVIDED. The appropriate state agency shall not remit any part of a penalty for delinquent payment where the delinquency results from the fact that a check given in payment is not honored because of insufficient funds in the account upon which the check was drawn. However, if it appears as a result of an investigation or from a preponderance of the evidence adduced at a hearing that there has been a deliberate attempt on the part of a licensee or other person to evade payment of fuel taxes there shall be added to the assessment against the offending person and collected a penalty of fifty percent of the tax due. When penalties are applicable for failure to file a return and failure to pay the tax due or required on the return, the penalty provision for failure to file ~~shall-be~~ is in lieu of the penalty for failure to pay the tax due or required on the return, except in the case of a deliberate attempt on the part of the licensee or other person to evade payment of fuel taxes. Any report required of licensees or persons operating under divisions I, II and III, upon which no tax may be due, ~~shall-be~~ is subject to a penalty of ten dollars if the report is not timely filed with the appropriate state agency.

Sec. 2. Section 422.16, subsection 10, paragraph b, Code 1981, as amended by Acts of the Sixty-ninth General Assembly, 1981 Session, chapter 131, section 5, is amended to read as follows:

b. Any employer or withholding agent required under this chapter to withhold taxes on wages or other taxable Iowa income subject to this chapter who fails to file a monthly deposit form or quarterly return for the withholding of tax with the department on or before the due date, unless it is shown that the failure was due to reasonable cause, is subject to a penalty determined by adding to the amount required to be shown as tax due on the monthly deposit form or quarterly return five percent of the amount of the tax if the failure is for not more than one month, with an additional five percent for each additional month or fraction of a month during which the failure continues, not exceeding twenty-five percent in the aggregate. If any person or withholding agent fails to remit at least ninety percent of the tax due with the filing of the monthly deposit form or quarterly return on or before the due date, or ~~fails-to-pay-any-amount-of~~ pays less than ninety percent of any tax required to be shown on the monthly deposit form or quarterly return, unless it is shown that the failure was due to reasonable cause, there shall be added to the tax a penalty of five percent of the amount of the tax due, if the failure is for not more than one month, with an additional five percent for each additional month or fraction of a month during which the failure continues, not exceeding twenty-five percent in the aggregate. When penalties are applicable for failure to file a monthly deposit form or quarterly return and failure to pay the tax due or required on the monthly deposit form or quarterly return, the penalty provision for failure to file is in lieu of the penalty provision for failure to pay the tax due or required on the monthly deposit form or quarterly return. The taxpayer shall also pay interest on the tax or additional tax at the rate in effect under section 1 of this Act for each month counting each fraction of a month as an entire month, computed from the date the monthly deposit form or quarterly return was

required to be filed. The penalty and interest become a part of the tax due from the withholding agent.

Sec. 3. Section 422.25, subsection 2, Code 1981, as amended by Acts of the Sixty-ninth General Assembly, 1981 Session, chapter 131, section 8, is amended to read as follows:

2. In addition to the tax or additional tax determined by the department under subsection 1, the taxpayer shall pay interest on the tax or additional tax at the rate in effect under section 1 of this Act for each month counting each fraction of a month as an entire month, computed from the date the return was required to be filed. In case of failure to file a return with the department on or before the due date determined with regard to any extension of time for filing, unless it is shown that the failure was due to reasonable cause and not due to willful neglect, there shall be added to the amount required to be shown as tax on the return five percent of the amount of the tax if the failure is for not more than one month, with an additional five percent for each additional month or fraction thereof during which the failure continues, not exceeding twenty-five percent in the aggregate. If any person fails to remit at least ninety percent of the tax due with the filing of the return on or before the due date, or ~~fails-to-pay-any-amount-of~~ pays less than ninety percent of any tax required to be shown on the return, unless it is shown that the failure was due to reasonable cause, there shall be added to the tax a penalty of five percent of the tax due, if the failure is for not more than one month, with an additional five percent for each additional month or fraction of a month during which the failure continues, not exceeding twenty-five percent in the aggregate. In case of willful failure to file a return with intent to evade tax, or in case of willfully filing a false return with intent to evade tax, in lieu of the penalty otherwise provided in this subsection, there shall be added

to the amount required to be shown as tax on the return fifty percent of the amount of the tax. When penalties are applicable for failure to file a return and failure to pay the tax due or required on the return, the penalty provision for failure to file is in lieu of the penalty provision for failure to pay the tax due or required on the return except in the case of willful failure to file a return and willfully filing of a false return with intent to evade tax.

Sec. 4. Section 422.88, subsection 1, Code 1981, is amended to read as follows:

1. If the taxpayer submits an underpayment of the estimated tax, the taxpayer ~~shall be~~ is subject to an underpayment penalty at the rate ~~of three-fourths of one percent per month established under Acts of the Sixty-ninth General Assembly, 1981 Session, chapter 131, section 1~~ upon the amount of the underpayment for the period of the underpayment.

Sec. 5. Section 422.91, unnumbered paragraph 1, Code 1981, as amended by Acts of the Sixty-ninth General Assembly, 1981 Session, chapter 133, section 3, is amended to read as follows:

Any amount of tax paid on a declaration of estimated tax shall be a credit against the amount of tax due on a final, completed return, and any overpayment of five dollars or more shall be refunded to the taxpayer 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 ~~of three-fourths of one percent per month or fraction of a month established under Acts of the Sixty-ninth General Assembly, 1981 Session, chapter 131, section 1~~, and the return shall constitute a claim for refund for this purpose. Amounts less than five dollars shall be refunded to the taxpayer only upon written application in accordance with section 422.73, but only if the application is filed within twelve months after the due date for the return.

Sec. 6. Section 435.5, Code 1981, is amended to read as follows:

435.5 PENALTY. In case of failure to file a return with the department on or before the due date, unless it is shown that the failure was due to reasonable cause and not due to willful neglect, there shall be added to the amount required to be shown as tax on the return five percent of the amount of tax if the failure is for not more than one month, with an additional five percent for each additional month or fraction thereof during which the failure continues, not exceeding twenty-five percent in the aggregate. If any person fails to remit at least ninety percent of the tax due with the filing of the return on or before the due date, or ~~fails to pay~~ pays less than ninety percent of the total amount of the tax due as shown on the return, unless it is shown that the failure was due to reasonable cause, there shall be added to the tax a penalty of five percent of the tax due, if the failure is for not more than one month, with an additional five percent for each additional month or fraction of a month during which the failure continues, not exceeding twenty-five percent in the aggregate. In case of willful failure to file a return with intent to evade tax, or in case of willfully filing a false return with intent to evade tax, in lieu of the penalty above provided, there shall be added to the amount required to be shown as tax on the return fifty percent of the amount of the tax. When penalties are applicable for failure to file a return and failure to pay the tax due or required on the return, the penalty provision for failure to file ~~shall be~~ is in lieu of the penalty provision for failure to pay the tax due or required on the return except in the case of willful failure to file a return and willfully filing of a false return with intent to evade tax.

Sec. 7. Section 450.63, subsection 2, Code 1981, is amended to read as follows:

2. If a person liable for the payment of tax as stated in section 450.5 fails to file a return with the department of revenue on or before the due date, unless it is shown that the failure was due to reasonable cause, there shall be added to the amount of tax required to be shown as tax due on the return five percent of the amount of the tax, if the failure is for not more than one month, with an additional five percent for each additional month or fraction of a month during which the failure continues, not exceeding twenty-five percent in the aggregate. If a person fails to remit at least ninety percent of the tax due with the filing of the return on or before the due date or fails-to-pay pays less than ninety percent of any amount-of tax required to be shown on the return, unless it is shown that the failure was due to reasonable cause, there shall be added to the tax a penalty of five percent of the amount of the tax due, if the failure is for not more than one month, with an additional five percent for each additional month or fraction of a month during which the failure continues, not exceeding twenty-five percent in the aggregate. When penalties are applicable for failure to file a return and failure to pay the tax due or required to be shown on the return, the penalty provision for failure to file shall-be is in lieu of the penalty provision for failure to pay the tax due or required to be shown on the return.

Sec. 8. This Act, except sections 4 and 5, is retroactive to January 1, 1982 for tax returns due on or after that date.

Sec. 9. Sections 4 and 5 of this Act are retroactive to January 1, 1982 for computation of underpayments of estimated taxes already due and payable or to become due and payable on or after that date and for computation on interest on overpayments already paid or to become due and payable on or after that date.

Sec. 10. This Act, being deemed of immediate importance, takes effect from and after its publication in the Diamond Trail News, a newspaper published in Sully, Iowa, and in The Manchester Press, a newspaper published in Manchester, Iowa.

DELWYN STROMER
Speaker of the House

TERRY E. BRANSTAD
President of the Senate

I hereby certify that this bill originated in the House and is known as House File 2362, Sixty-ninth General Assembly.

ELIZABETH A. ISAACSON
Chief Clerk of the House

Approved May 3, 1982

ROBERT D. RAY
Governor