

FILED JAN 11 1996

SENATE FILE 2042  
BY BENNETT

Passed Senate, Date \_\_\_\_\_ Passed House, Date \_\_\_\_\_  
Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_ Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_  
Approved \_\_\_\_\_

**A BILL FOR**

1 An Act relating to the amount of the penalty for failure to file  
2 a tax return or deposit form before the due date and for  
3 failure to remit a certain percent of tax due before an  
4 extension is made and providing an effective and applicability  
5 date provision.

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

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S.F. 2042

1 Section 1. Section 421.27, subsection 1, unnumbered  
2 paragraph 1, Code 1995, is amended to read as follows:

3 If a person fails to file with the department on or before  
4 the due date a return or deposit form there shall be added to  
5 the tax shown due or required to be shown due a penalty of ~~ten~~  
6 five percent of the tax shown due or required to be shown due  
7 if filed within ten days following the due date and a penalty  
8 of ten percent if filed after ten days following the due date.  
9 The penalty, if assessed, shall be waived by the department  
10 upon a showing of any of the following conditions:

11 Sec. 2. Section 421.27, subsection 5, Code 1995, is  
12 amended to read as follows:

13 5. FAILURE TO REMIT ON EXTENSION. If a person fails to  
14 remit at least ninety percent of the tax required to be shown  
15 due by the time an extension for further time to file a return  
16 is made, there shall be added to the tax shown due or required  
17 to be shown due a penalty of ~~ten~~ five percent of the tax due  
18 if filed within ten days following the due date and a penalty  
19 of ten percent if filed after ten days following the due date.

20 Sec. 3. This Act, being deemed of immediate importance,  
21 takes effect upon enactment and applies to the filing of tax  
22 returns or deposit forms or extensions for filing of tax  
23 returns due on or after the effective date of this Act.

24 EXPLANATION

25 State tax law imposes a penalty for failure to file on or  
26 before the due date a return or deposit or for failure to  
27 remit at least 90 percent of the tax due by the time an  
28 extension for filing a return is made. The penalty under the  
29 present law is 10 percent of the amount of the tax required to  
30 be shown due. The bill changes this to 5 percent if the  
31 taxpayer is only 10 days late. The bill maintains the 10  
32 percent penalty if the failure is for longer than 10 days.

33 The bill takes effect upon enactment and applies to returns  
34 or deposits or making of extensions due on or after the  
35 effective date of the bill.