

House File 2529 - Introduced

HOUSE FILE 2529
BY COMMITTEE ON WAYS AND MEANS
(SUCCESSOR TO HF 2088)

A BILL FOR

1 An Act providing for the waiver of tax penalties and interest
2 under certain circumstances and including effective date and
3 retroactive applicability provisions.
4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. WAIVER OF PENALTIES AND INTEREST — REFUNDS.

2 1. Notwithstanding sections 421.8, 421.27, and 422.25, if a
3 taxpayer has filed a return for tax year 2008 relying in good
4 faith on the expectation that the state of Iowa would conform
5 to the federal Internal Revenue Code in computing net income
6 for state tax purposes, the director of revenue shall, for any
7 taxpayer amending the return in the time permitted by statute,
8 waive any penalty or interest due as a result of either a
9 failure to timely pay the tax due or the filing of a defective
10 or incorrect return.

11 2. If, prior to the effective date of this Act, a taxpayer
12 paid penalties or interest as a result of a good-faith reliance
13 on the state conforming to the Internal Revenue Code in
14 computing net income for state tax purposes, the department
15 of revenue shall refund such penalties and interest to the
16 taxpayer.

17 Sec. 2. EFFECTIVE UPON ENACTMENT AND RETROACTIVE
18 APPLICABILITY. This Act, being deemed of immediate importance,
19 takes effect upon enactment and applies retroactively to
20 January 1, 2008, for tax years beginning on or after that date
21 and before January 1, 2009.

22 EXPLANATION

23 This bill relates to the assessment of penalties and
24 interest against taxpayers who filed returns expecting the
25 state of Iowa to conform with certain federal income tax
26 provisions.

27 In 2009, the state of Iowa did not conform to the federal
28 provisions related to the computation of net income. This
29 bill allows the director of revenue to waive the assessment of
30 penalties and interest against taxpayers who relied in good
31 faith on the state conforming to the federal provisions and who
32 timely amend their return. Any penalty and interest paid are
33 to be refunded.

34 The bill takes effect upon enactment and applies only to tax
35 year 2008.