

**House Study Bill 272 - Introduced**

HOUSE FILE \_\_\_\_\_  
BY (PROPOSED COMMITTEE ON  
WAYS AND MEANS BILL BY  
CHAIRPERSON HEIN)

**A BILL FOR**

1 An Act relating to tax collection and penalties, tax permits,  
2 and loans made by state-chartered banks.  
3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. Section 421.27, Code 2021, is amended to read as  
2 follows:

3 **421.27 Penalties.**

4 1. *Failure to timely file a return ~~or deposit form.~~*

5 a. If a person fails to file a return with the department  
6 on or before the due date ~~a return or deposit form,~~ there shall  
7 be added to the tax ~~shown due or required to be shown due~~  
8 remaining unpaid by the due date a penalty of ~~ten~~ five percent  
9 of the remaining unpaid tax ~~shown due or required to be shown~~  
10 ~~due.~~

11 b. In the case of a specified business with no tax ~~shown~~  
12 ~~due or required to be shown~~ due that fails to timely file an  
13 income return, the specified business shall pay the greater of  
14 the following penalty amounts:

15 (1) Two hundred dollars.

16 (2) An amount equal to ~~ten~~ five percent of the imputed Iowa  
17 liability of the specified business, not to exceed twenty-five  
18 thousand dollars.

19 c. The penalty, if assessed pursuant to paragraph "a" or  
20 "b", shall be in addition to any other penalty provided by law.

21 d. The penalty, if assessed pursuant to paragraph "a" or  
22 "b", shall be waived by the department upon a showing by the  
23 taxpayer of any of the following conditions:

24 (1) An amount of tax greater than zero is ~~required to be~~  
25 ~~shown~~ due and at least ninety percent of the tax ~~required to be~~  
26 ~~shown~~ due has been paid by the due date of the tax.

27 (2) (a) ~~Those taxpayers who are~~ A taxpayer who is  
28 required to file a monthly or quarterly returns, ~~or monthly or~~  
29 ~~semimonthly deposit forms~~ return may have one late return or  
30 ~~deposit form~~ one late payment within a three-year period.

31 (b) If the taxpayer receives a waiver of a penalty under  
32 this subparagraph, the taxpayer must make timely filings  
33 and payments for three years prior to being eligible for  
34 receiving another waiver under this subparagraph. If the  
35 taxpayer receives a waiver under this subparagraph, the waiver

1 shall apply to penalties assessed under this subsection and  
2 subsection 2.

3 (c) The use of any other penalty exception ~~will~~ shall  
4 not count as a late return or ~~deposit form~~ late payment for  
5 purposes of ~~this exception~~ receiving a waiver by the taxpayer  
6 under this subparagraph.

7 (3) The death of a taxpayer, death of a member of the  
8 immediate family of the taxpayer, or death of the person  
9 directly responsible for filing the return and paying the tax,  
10 when the death interferes with timely filing of a return or  
11 timely payment of tax.

12 (4) The onset of serious, long-term illness or  
13 hospitalization of the taxpayer, of a member of the immediate  
14 family of the taxpayer, or of the person directly responsible  
15 for filing the return and paying the tax when such illness or  
16 hospitalization interferes with the timely filing of a return  
17 or timely payment of tax.

18 (5) Destruction of records by fire, flood, or other act of  
19 God when the destruction interferes with the timely filing of a  
20 return or timely payment of tax.

21 (6) The taxpayer presents proof that the taxpayer relied  
22 upon applicable, documented, written advice specifically  
23 made to the taxpayer, to the taxpayer's preparer, or to an  
24 association representative of the taxpayer from the department,  
25 state department of transportation, county treasurer, or  
26 federal internal revenue service, whichever is appropriate,  
27 that the reliance was the direct cause of the failure to file  
28 or failure to pay, and that the advice has not been superseded  
29 by a court decision, ruling by a quasi-judicial body, or the  
30 adoption, amendment, or repeal of a rule or law.

31 (7) Reliance upon results in a previous audit was a direct  
32 cause for the failure to file or the failure to pay where the  
33 previous audit expressly and clearly addressed the issue and  
34 the previous audit results have not been superseded by a court  
35 decision, or the adoption, amendment, or repeal of a rule or

1 law.

2 (8) Under rules prescribed by the director, the taxpayer  
3 presents documented proof of substantial authority to rely  
4 upon a particular position or upon proof that all facts and  
5 circumstances are disclosed on a return ~~or deposit form~~.

6 (9) The return, ~~deposit form~~, or payment is timely, but  
7 erroneously, mailed with adequate postage to the internal  
8 revenue service, another state agency, or a local government  
9 agency and the taxpayer provides proof of timely mailing with  
10 adequate postage.

11 (10) The tax has been paid by the wrong licensee and the  
12 payments were timely remitted to the department for one or more  
13 tax periods prior to notification by the department.

14 (11) The failure to file was discovered through a sanctioned  
15 self-audit program conducted by the department.

16 (12) If the availability of funds in payment of tax required  
17 to be made through electronic funds transfer is delayed and the  
18 delay of availability is due to reasons beyond the control of  
19 the taxpayer. "*Electronic funds transfer*" means any transfer  
20 of funds, other than a transaction originated by check, draft,  
21 or similar paper instrument, that is initiated through an  
22 electronic terminal telephone, computer, magnetic tape, or  
23 similar device for the purpose of ordering, instructing, or  
24 authorizing a financial institution to debit or credit an  
25 account.

26 ~~(13) The failure to file a timely inheritance tax return~~  
27 ~~resulting solely from a disclaimer that required the personal~~  
28 ~~representative to file an inheritance tax return. The penalty~~  
29 ~~shall be waived if such return is filed and any tax due is paid~~  
30 ~~within the later of nine months from the date of death or sixty~~  
31 ~~days from the delivery or filing of the disclaimer pursuant to~~  
32 ~~section 633E.12.~~

33 (14) That an Iowa inheritance tax return is filed for  
34 an estate within the later of nine months from the date of  
35 death or sixty days from the filing of a disclaimer by the

1 beneficiary of the estate refusing to take the property or  
2 right or interest in the property.

3 2. ~~Failure to timely pay the tax shown due, or the tax~~  
4 ~~required to be shown due, with the filing of a return or deposit~~  
5 ~~form.~~ If a person fails to pay the tax shown due ~~or required~~  
6 ~~to be shown due, on a return or deposit form~~ on or before the  
7 due date, there shall be added to the tax shown due ~~or required~~  
8 ~~to be shown due~~ remaining unpaid by the due date a penalty of  
9 five percent of the unpaid tax due. The penalty shall be in  
10 addition to any other penalty provided by law. The penalty, if  
11 assessed, shall be waived by the department upon a showing by  
12 the taxpayer of any of the following conditions:

13 a. ~~At least ninety percent of the tax required to be~~  
14 ~~shown due has been paid by the due date of the tax~~ Any reason  
15 listed under subsection 1, paragraph "d", except subsection 1,  
16 paragraph "d", subparagraph (11).

17 b. The taxpayer voluntarily files an amended return and pays  
18 all tax shown to be due on the return prior to any contact by  
19 the department, except under a sanctioned self-audit program  
20 conducted by the department.

21 c. (1) Except in the case of a final federal partnership  
22 adjustment governed by subparagraph (2), the taxpayer  
23 voluntarily files an amended return which includes a copy of  
24 the federal document showing the final disposition or final  
25 federal adjustments and pays any additional Iowa tax due within  
26 one hundred eighty days of the final determination date of the  
27 federal government's audit. For purposes of this subparagraph,  
28 "final determination date" means the same as defined in section  
29 422.25.

30 (2) (a) In the case of a final federal partnership  
31 adjustment arising from a partnership level audit, with respect  
32 to the audited partnership or a direct partner or indirect  
33 partner of the audited partnership, the audited partnership,  
34 direct partner, or indirect partner voluntarily and timely  
35 complies with its reporting and payment requirements under

1 section 422.25A, subsection 4 or 5.

2 (b) As used in this subparagraph, all words and phrases  
3 defined in section 422.25A shall have the same meaning given  
4 them by that section.

5 ~~d. The taxpayer presents proof that the taxpayer relied  
6 upon applicable, documented, written advice specifically  
7 made to the taxpayer, to the taxpayer's preparer, or to an  
8 association representative of the taxpayer from the department,  
9 state department of transportation, county treasurer, or  
10 federal internal revenue service, whichever is appropriate,  
11 that has not been superseded by a court decision, ruling by a  
12 quasi-judicial body, or the adoption, amendment, or repeal of  
13 a rule or law.~~

14 ~~e. Reliance upon results in a previous audit was a direct  
15 cause for the failure to pay the tax required to be shown due  
16 where the previous audit expressly and clearly addressed the  
17 issue and the previous audit results have not been superseded  
18 by a court decision, or the adoption, amendment, or repeal of  
19 a rule or law.~~

20 ~~f. Under rules prescribed by the director, the taxpayer  
21 presents documented proof of substantial authority to rely  
22 upon a particular position or upon proof that all facts and  
23 circumstances are disclosed on a return or deposit form.~~

24 ~~g. The return, deposit form, or payment is timely, but  
25 erroneously, mailed with adequate postage to the internal  
26 revenue service, another state agency, or a local government  
27 agency and the taxpayer provides proof of timely mailing with  
28 adequate postage.~~

29 ~~h. The tax has been paid by the wrong licensee and the  
30 payments were timely remitted to the department for one or more  
31 tax periods prior to notification by the department.~~

32 ~~i. That an Iowa inheritance tax return is filed for an  
33 estate within the later of nine months from the date of  
34 death or sixty days from the filing of a disclaimer by the  
35 beneficiary of the estate refusing to take the property or~~

1 ~~right or interest in the property.~~

2 3. *Audit and examination deficiencies.* If any person  
3 fails to pay the tax ~~required to be shown~~ due with the filing  
4 ~~of a return or deposit~~ and the department discovers the  
5 underpayment, there shall be added to the tax ~~required to be~~  
6 ~~shown due~~ a penalty of five percent of the unpaid tax required  
7 ~~to be shown due~~, which shall be in lieu of the penalty in  
8 subsection 2. The penalty, if assessed, shall be waived by  
9 the department upon a showing by the taxpayer of any of the  
10 following conditions:

11 a. At least ninety percent of the tax ~~required to be shown~~  
12 due has been paid by the due date.

13 b. The taxpayer presents proof that the taxpayer relied upon  
14 applicable, documented, written advice specifically made to  
15 the taxpayer, to the taxpayer's preparer, or to an association  
16 representative of the taxpayer from the department, state  
17 department of transportation, county treasurer, or federal  
18 internal revenue service, whichever is appropriate, that the  
19 reliance was the direct cause for the failure to pay, and that  
20 the advice has not been superseded by a court decision, ruling  
21 by a quasi-judicial body, or the adoption, amendment, or repeal  
22 of a rule or law.

23 c. Reliance upon results in a previous audit was a direct  
24 cause for the failure to pay the tax ~~shown due or required to~~  
25 ~~be shown due~~ where the previous audit expressly and clearly  
26 addressed the issue and the previous audit results have  
27 not been superseded by a court decision, or the adoption,  
28 amendment, or repeal of a rule or law.

29 d. Under rules prescribed by the director, the taxpayer  
30 presents documented proof of substantial authority to rely  
31 upon a particular position or upon proof that all facts and  
32 circumstances are disclosed on a return ~~or deposit form~~.

33 4. *Willful failure to file or deposit pay.*

34 a. (1) In case of willful failure to file a return  
35 ~~or deposit form~~ with the intent to evade tax or a filing

1 requirement, willful failure to pay with the intent to evade  
2 tax, or in case of willfully filing a false return ~~or deposit~~  
3 ~~form~~ with the intent to evade tax, in lieu of the penalties  
4 otherwise provided in this section, there shall be added to the  
5 tax remaining unpaid by the due date a penalty of seventy-five  
6 percent ~~shall be added to the amount shown due or required to~~  
7 ~~be shown as tax on the return or deposit form~~ of the unpaid tax.

8 (2) In case of a willful failure by a specified business to  
9 file an income return with no tax ~~shown due or required to be~~  
10 ~~shown~~ due with intent to evade a filing requirement, or in case  
11 of willfully filing a false income return with no tax ~~shown due~~  
12 ~~or required to be shown~~ due with the intent to evade reporting  
13 of Iowa-source income, the penalty imposed shall be the greater  
14 of the following amounts:

15 (a) One thousand five hundred dollars.

16 (b) An amount equal to seventy-five percent of the imputed  
17 Iowa liability of the specified business.

18 ~~(3) If penalties are applicable for failure to file a~~  
19 ~~return or deposit form and failure to pay the tax shown due or~~  
20 ~~required to be shown due on the return or deposit form, the~~  
21 ~~penalty provision for failure to file shall be in lieu of the~~  
22 ~~penalty provisions for failure to pay the tax shown due or~~  
23 ~~required to be shown due on the return or deposit form, except~~  
24 ~~in the case of willful failure to file a return or deposit form~~  
25 ~~or willfully filing a false return or deposit form with intent~~  
26 ~~to evade tax.~~

27 *b.* The penalties imposed under this subsection are not  
28 subject to waiver.

29 5. *Failure to remit on extension.* If a person fails to  
30 remit at least ninety percent of the tax ~~required to be shown~~  
31 due by the time an extension for further time to file a return  
32 is made, there shall be added to the tax ~~shown due or required~~  
33 ~~to be shown~~ due a penalty of ten percent of the unpaid tax due.

34 6. *Liability — fraudulent practice.* A person who makes  
35 an erroneous application for refund, credit, reimbursement,



1 rebate, or other payment shall be liable for any overpayment  
2 received or tax liability reduced plus interest at the rate in  
3 effect under [section 421.7](#).

4 *a.* In addition, a person commits a fraudulent practice and  
5 is liable for a penalty equal to seventy-five percent of the  
6 refund, credit, exemption, reimbursement, rebate, or other  
7 payment or benefit being claimed if the person does any of the  
8 following:

9 (1) Willfully makes a false or frivolous application for  
10 refund, credit, exemption, reimbursement, rebate, or other  
11 payment or benefit with intent to evade tax or with intent to  
12 receive a refund, credit, exemption, reimbursement, rebate, or  
13 other payment or benefit, to which the person is not entitled.

14 (2) Willfully submits any false information, document,  
15 or document containing false information in support of an  
16 application for refund, credit, exemption, reimbursement,  
17 rebate, or other payment or benefit with the intent to evade  
18 tax or with intent to receive a refund, credit exemption,  
19 reimbursement, rebate, or other payment or benefit, to which  
20 the person is not entitled.

21 (3) Willfully submits with any false information, document,  
22 or document containing false information in support of an  
23 application for refund with the intent to evade tax or with  
24 intent to receive a refund, credit, exemption, reimbursement,  
25 rebate, or other payment benefit, to which the person is not  
26 entitled.

27 *b.* Payments, penalties, and interest due under this  
28 subsection may be collected and enforced in the same manner as  
29 the tax imposed.

30 *c.* Penalties imposed under this subsection are not subject  
31 to waiver.

32 *7. Failure to use required form or manner.* If a person fails  
33 to remit payment of taxes in the form or manner required by the  
34 rules of the director, there shall be added to the amount of  
35 the tax a penalty of five percent of the amount of ~~tax shown~~

1 ~~due or required to be shown due~~ the payment remitted in the  
2 incorrect form or manner not to exceed five hundred dollars  
3 per instance of incorrect form or manner of payment. The  
4 penalty shall be in addition to any other penalty provided by  
5 law. The penalty imposed by **this subsection** shall be waived if  
6 the taxpayer did not receive notification of the requirement  
7 to remit tax payments electronically or if the electronic  
8 transmission of the payment was not in a format or by means  
9 specified by the director and the payment was made before the  
10 taxpayer was notified of the requirement to remit tax payments  
11 electronically.

12 8. *Additional penalty.* In addition to the penalties imposed  
13 by **this section**, if a taxpayer fails to file a return within  
14 ninety days of written ~~notice~~ demand issued by the department  
15 pursuant to the rules implementing this subsection that the  
16 taxpayer is required to do so, there shall be added to the  
17 amount ~~shown due or required to be shown due~~ a penalty in the  
18 amount of one thousand dollars. The penalty shall be waived by  
19 the department upon a showing of good reason as defined by the  
20 department by rule.

21 9. *Definitions.* As used in **this section**:

22 a. "Imputed Iowa liability" means any of the following:

23 (1) In the case of corporations other than corporations  
24 described in **section 422.34** or **section 422.36, subsection 5**,  
25 the corporation's Iowa net income after the application of the  
26 Iowa business activity ratio, if applicable, multiplied by the  
27 top income tax rate imposed under **section 422.33** for the tax  
28 year.

29 (2) In the case of financial institutions as defined in  
30 **section 422.61**, the financial institution's Iowa net income  
31 after the application of the Iowa business activity ratio, if  
32 applicable, multiplied by the franchise tax rate imposed under  
33 **section 422.63** for the tax year.

34 (3) In this case of all other entities, including  
35 corporations described in **section 422.36, subsection 5**, and all

1 other entities required to file an information return under  
2 section 422.15, subsection 2, the entity's Iowa net income  
3 after the application of the Iowa business activity ratio, if  
4 applicable, multiplied by the top income tax rate imposed under  
5 section 422.5A for the tax year.

6 *b.* "Income return" means an income tax return or information  
7 return required under section 422.15, subsection 2, or section  
8 422.36, 422.37, or 422.62.

9 *c.* "Specified business" means a partnership or other entity  
10 required to file an information return under section 422.15,  
11 subsection 2, a corporation required to file a return under  
12 section 422.36 or 422.37, or a financial institution required  
13 to file a return under section 422.62.

14 Sec. 2. Section 421.60, subsection 2, paragraph d, Code  
15 2021, is amended to read as follows:

16 *d.* (1) A taxpayer is permitted to designate in writing  
17 the type of tax and tax periods to which any voluntary payment  
18 relates, provided that separate written instructions accompany  
19 the payment. This paragraph does not apply to jeopardy  
20 assessments and does not apply if the department has to enforce  
21 collection of the payment.

22 (2) As used in this paragraph, "tax period" means a period  
23 of time for which a return is required.

24 Sec. 3. Section 422.25, subsection 4, Code 2021, is amended  
25 to read as follows:

26 4. *a.* All payments received must be credited first, to  
27 the penalty and interest accrued, and then to the tax due. If  
28 payments in multiple tax periods are unpaid, payments received  
29 shall be credited first to the penalty and interest accrued and  
30 then tax due for the earliest period, and then credited to each  
31 following tax period in chronological order from the earliest  
32 tax period to the latest tax period. Payments required to be  
33 made within a tax period must be credited first to the earliest  
34 deposit period within the tax period. For purposes of this  
35 subsection, the department shall not reapply prior payments

1 made on or before the due date of the original return by the  
2 taxpayer to penalty or interest determined to be due after the  
3 date of those prior payments, except that the taxpayer and the  
4 department may agree to apply payments in accordance with rules  
5 adopted by the director when there are both agreed and unagreed  
6 to items as a result of an examination.

7 b. As used in this subsection, "tax period" means a period  
8 of time for which a return is required.

9 Sec. 4. Section 423.14, subsection 2, paragraph b, Code  
10 2021, is amended to read as follows:

11 b. The tax upon the use of all tangible personal property  
12 and specified digital products other than that enumerated in  
13 paragraph "a", which is sold by a seller who is a retailer or  
14 its agent that is not otherwise required to collect sales tax  
15 under the provisions of [this chapter](#), ~~shall~~ may be collected by  
16 the retailer or agent and remitted to the department, pursuant  
17 to the provisions of paragraph "e", and [sections 423.24, 423.29,](#)  
18 [423.30, 423.32, and 423.33.](#)

19 Sec. 5. 1980 Iowa Acts, chapter 1156, section 32, is amended  
20 to read as follows:

21 SEC. 32. The general assembly of the state of Iowa  
22 hereby declares and states that it does not want any of the  
23 provisions of Public Law No. 96-221 (94 stat. 132), section  
24 501, subsection (a), paragraph (1), to apply with respect to  
25 loans, mortgages, credit sales, and advances made in this  
26 state; and that it does not want any of the provisions of  
27 Public Law No. 96-221 (94 stat. 132), Part B (section 511,  
28 subsections (a) and (b)), to apply with respect to loans made  
29 in this state; and that it does not want any of the provisions  
30 of any of the amendments contained in Public Law No. 96-221 (94  
31 stat. 132), sections ~~521,~~ 522 and 523 to apply with respect to  
32 loans made in this state; and that it does not want any of the  
33 provisions of Public Law No. 96-221 (94 stat. 132), section 524  
34 to apply with respect to loans made in this state. It is the  
35 intent of the general assembly of the state of Iowa in enacting

1 this section to exercise all authority granted by Congress  
2 and to satisfy all requirements imposed by congress in Public  
3 Law No. 96-221 (94 stat. 132), section 501 subsection (b),  
4 paragraph (2), and section 512, and section 524 subsection (i),  
5 paragraph (3), and section 525, for the purpose of rendering  
6 the provisions of Public Law No. 96-221 (94 stat. 132), Title  
7 V, inapplicable in this state.

8 Sec. 6. CANCELLATION OF UNUSED PERMITS. Notwithstanding  
9 any other provision of law to the contrary, from July 1, 2021,  
10 through December 31, 2021, the department of revenue shall have  
11 authority to cancel withholding tax permits, sales tax permits,  
12 or use tax permits that the department of revenue has verified  
13 are no longer in use.

14 EXPLANATION

15 The inclusion of this explanation does not constitute agreement with  
16 the explanation's substance by the members of the general assembly.

17 This bill relates to tax collection and penalties, tax  
18 permits, and loans made by state-chartered banks.

19 The bill updates language in Code section 421.27 (penalties)  
20 to enhance the readability of the Code section.

21 The bill specifies that the taxpayer has the burden to prove  
22 any of the conditions necessary to waive a penalty under Code  
23 section 421.27.

24 The bill reduces the penalty for the failure of a person to  
25 file a return from 10 percent of the tax shown due or required  
26 to be shown due to 5 percent of the unpaid tax.

27 Currently, if a business fails to file a return, the business  
28 pays a penalty of \$200 or an amount equal to 10 percent of the  
29 imputed Iowa liability, not to exceed \$25,000, whichever is  
30 greater. The bill modifies the penalty provision to specify  
31 the business pays a penalty of \$200 or an amount equal to 5  
32 percent of the imputed Iowa liability, not to exceed \$25,000,  
33 whichever is greater.

34 The bill specifies the penalties for failure to timely file a  
35 return are in addition to any other penalty provided by law.

1 The bill specifies that a taxpayer who is required to file a  
2 quarterly or monthly return may have one late return or payment  
3 over a three-year period before being ineligible to receive a  
4 waiver of a penalty for failing to file a return.

5 Currently, there are 14 conditions a taxpayer may raise  
6 in order to be eligible to receive the waiver of a penalty  
7 for failing to file a return. The bill strikes one of these  
8 conditions relating to the failure to file an inheritance tax  
9 return that resulted from a disclaimer, so in such a situation  
10 the penalty is not waivable.

11 The penalty for failing to timely pay tax due is modified by  
12 the bill by assessing a 5 percent penalty against the unpaid  
13 tax due rather than 5 percent of the tax.

14 The bill allows most conditions a taxpayer may raise in order  
15 to be eligible to receive a waiver of a penalty for failing to  
16 file a return to apply to the waiver of the penalty for failing  
17 to timely pay a tax due.

18 If any person fails to pay the tax due and the department  
19 of revenue discovers the underpayment, the bill modifies the  
20 penalty from 5 percent of the tax to 5 percent of the unpaid  
21 tax. The bill specifies such a penalty is in lieu of the  
22 penalty for failing to timely pay a tax due.

23 The bill modifies the penalty for willful failure to file a  
24 return or pay a tax from 75 percent of the tax required to be  
25 shown or shown due to 75 percent of the unpaid tax.

26 The bill strikes a provision specifying which penalties are  
27 applicable if a person fails to file a return or fails to pay  
28 the tax, and willfully fails to file a return or willfully  
29 files a false return.

30 The bill modifies the criminal offense of fraudulent  
31 practice relating to state taxes to include actions of a  
32 taxpayer who willfully submits any false information in support  
33 of the taxpayer's taxes with the intent to receive a refund,  
34 credit exemption, reimbursement, rebate, or other payment or  
35 benefit, to which the tax person is not entitled.

1 The bill modifies the criminal offense of fraudulent  
2 practice relating to state taxes to include actions of a  
3 taxpayer who willfully submits false information in support of  
4 an application for a refund with the intent to evade tax or  
5 receive a refund.

6 The bill provides that the criminal offense of fraudulent  
7 practice is not waivable by the department of revenue.

8 The penalties for fraudulent practice range from a simple  
9 misdemeanor to a class "C" felony depending upon the amount of  
10 money or value of property involved.

11 The bill modifies the penalty for failure to use a required  
12 tax form to include failure to use the required manner to remit  
13 taxes. The penalty is modified from 5 percent of the amount of  
14 tax due or required to be shown due to 5 percent of the amount  
15 remitted in the incorrect form or manner not to exceed \$500 per  
16 instance of incorrect form or manner. The bill specifies the  
17 penalty is in addition to any other penalty provided by law.

18 Currently, in addition to any other tax penalty, if a  
19 taxpayer fails to file a return within 90 days of written  
20 notice by the department of revenue, a \$1,000 penalty is added  
21 to the amount of tax shown due or required to be shown due.  
22 The bill modifies the penalty by requiring the department of  
23 revenue to send a written demand to file a tax return, and if  
24 the taxpayer fails to file the return under rules adopted by  
25 the department, a \$1,000 penalty is assessed against the amount  
26 due.

27 The bill specifies the order in which a payment will be  
28 applied if a taxpayer has multiple unpaid tax periods.

29 The bill amends Code section 423.14(2)(b) by specifying  
30 that a seller of tangible personal property and specified  
31 digital products who is not otherwise required to collect sales  
32 tax may, but is not required to, collect and remit use tax.  
33 Current law requires the seller to collect and remit the use  
34 tax for such sales.

35 The bill strikes a provision from 1980 Iowa Acts, chapter

1 1156, section 32, restricting the ability of a state-chartered  
2 bank to use interest or fees on loans authorized by the  
3 chartering state in the issuance of loans in another state.  
4 The bill allows the department of revenue to cancel  
5 withholding tax, sales tax, or use tax permits the department  
6 has verified are no longer in use. The department may cancel  
7 the permits from July 1, 2021, through December 31, 2021.