

Sec. 10. Section 4 is retroactive to January 1, 1981, for tax years beginning on or after January 1, 1981 but before January 1, 1982.

Sec. 11. Section 5 takes effect January 1, 1982 for tax years beginning on or after January 1, 1982.

Approved June 20, 1981

CHAPTER 133
INTEREST ON OVERPAID TAXES
H. F. 350

AN ACT relating to the computation of interest on overpayments made under the individual income, corporate income and franchise taxes and providing for its effect upon publication for overpayments resulting from returns due on or after April 30, 1981.

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

Section 1. Section 422.16, subsection 9, Code 1981, is amended to read as follows:

9. The amount of any overpayment of the individual income tax liability of the employee taxpayer, nonresident, or other person which may result from the withholding and payment of withheld tax by the employer or withholding agent to the department under subsections 1 and 12 hereof, as compared to the individual income tax liability of the employee taxpayer, nonresident, or other person properly and correctly determined under the provisions of section 422.4, to and including section 422.25, may be credited against any income tax or installment thereof then due the state of Iowa and any balance of one dollar or more shall be refunded to the employee taxpayer, nonresident or other person with interest at the rate of three-fourths of one percent per month or fraction of a month, such interest to begin to accrue ~~thirty--days after~~ on the first day of the second calendar month following the date the return was due to be filed or was filed, whichever is the later date. Amounts less than one dollar shall be refunded to the taxpayer, nonresident, or other person only upon written application, in accordance with section 422.73, only if such application is filed within twelve months after the due date of the return. Refunds in the amount of one dollar or more provided for by this subsection shall be paid by the treasurer of state by means of warrants drawn by the comptroller at the direction of the director, or an authorized employee of the department, and the taxpayer's return of income shall constitute a claim for refund for this purpose, except in respect to amounts of less than one dollar. There is hereby appropriated, out of any funds in the state treasury not otherwise appropriated, a sum sufficient to carry out the provisions of this subsection.

Sec. 2. Section 422.25, subsection 3, Code 1981, is amended to read as follows:

3. If the amount of the tax as determined by the department is less than the amount paid, the excess shall be refunded with interest ~~after-thirty-days from, 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 ~~later~~ latest, at the rate of three-fourths of one percent per month counting each fraction of a month as an entire month under the rules prescribed by the director. If an overpayment of tax results from a net operating loss or net capital loss which is carried back to a prior year, the overpayment, for purposes of computing interest on refunds, shall be considered as having been made at the close of the taxable year in which the net operating loss or net capital loss occurred ~~or thirty days-from on the first day of the second calendar month following~~ the date of the actual payment of the tax, whichever is later. However, when the net operating loss or net capital loss carryback to a prior year eliminates or reduces an underpayment of tax due for an earlier year, the full amount of the underpayment of tax shall bear interest at the rate of three-fourths of one percent per month counting each fraction of a month as an entire month from the due date of the tax for the earlier year to the last day of the taxable year in which the net operating loss or net capital loss occurred.

Sec. 3. Section 422.91, unnumbered paragraph 1, Code 1981, 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 ~~after-thirty-days-from, 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 ~~later~~ latest, at the rate of three-fourths of one percent per month or fraction of a month 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. 4. This Act applies to overpayments resulting from returns due on or after April 30, 1981.

Sec. 5. This Act, being deemed of immediate importance, takes effect from and after its publication in The Sioux County Capital, a newspaper published in Orange City, Iowa, and in The Waterloo Courier, a newspaper published in Waterloo, Iowa.

Approved May 11, 1981

I hereby certify that the foregoing Act, House File 350 was published in The Waterloo Courier, Waterloo, Iowa on May 15, 1981 and in The Sioux County Capital, Orange City, Iowa on June 15, 1981.

MARY JANE ODELL, *Secretary of State*