

423.37 Failure to file sales or use tax returns — incorrect returns — limitations period.

1. As soon as practicable after a return is filed and in any event within three years after the return is filed, the department shall examine it, assess and determine the tax due if the return is found to be incorrect, and give notice to the person liable for the tax of the assessment and determination as provided in [subsection 2](#). The period for the examination and determination of the correct amount of tax is unlimited in the case of a false or fraudulent return made with the intent to evade tax or in the case of a failure to file a return.

2. If a return required by [this subchapter](#) is not filed, or if a return when filed is incorrect or insufficient, the department shall determine the amount of tax due from information as the department may be able to obtain and, if necessary, may estimate the tax on the basis of external indices, such as number of employees of the person concerned, rentals paid by the person, stock on hand, or other factors. The determination may be made using any generally recognized valid and reliable sampling technique, whether or not the person being audited has complete records, as mutually agreed upon by the department and the taxpayer. The department shall give notice of the determination to the person liable for the tax. The determination shall fix the tax unless the person against whom it is assessed shall, within sixty days after the giving of notice of the determination, apply to the director for a hearing or unless the taxpayer contests the determination by paying the tax, interest, and penalty and timely filing a claim for refund. At the hearing, evidence may be offered to support the determination or to prove that it is incorrect. After the hearing the director shall give notice of the decision to the person liable for the tax.

3. The three-year period of limitation provided in [subsection 1](#) may be extended by a taxpayer by signing a waiver agreement form to be provided by the department. The agreement shall stipulate the period of extension and the tax period to which the extension applies. The agreement shall also provide that a claim for refund may be filed by the taxpayer at any time during the period of extension.

4. The period of limitation on examination and determination is unlimited under [this title](#) in the case of any action by the department to recover or rescind any tax expenditure as defined by [section 2.48](#), [subsection 1](#), or any other incentive or assistance, due to a failure to meet or maintain the requirements of a program administered by the economic development authority.

[2003 Acts, 1st Ex, ch 2, §130, 205; 2006 Acts, ch 1158, §51; 2013 Acts, ch 110, §2; 2020 Acts, ch 1118, §21, 31](#)

Referred to in §99G.30A, 321.105A, 421.10, 423.33, 423.45, 423.57, 423A.6, 423B.6, 423C.4, 423D.4, 423G.5
Legislative intent regarding the 2020 enactment of subsection 4; 2020 Acts, ch 1118, §30
NEW subsection 4