

POLICY RECOMMENDATIONS

SUBJECT: Increase in Late Filing/Payment Penalties to 6% per month up to a maximum of 30% effective July 1, 1991 (1991 HB1830/SB739).

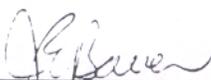
ISSUE ONE: How do the penalties apply if an individual income tax return is timely filed on May 1, but payment is not included?

RECOMMENDATION: The late payment penalty would apply for five months or until full payment is made. The rate of the penalty would vary since the return was timely filed prior to the effective date of the rate change as provided below:

Late payment penalty of 5% assessed in May and June.

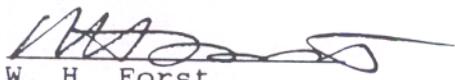
Late payment penalty of 6% assessed in July, August and September.

Total late payment penalty of 28%.



Janie E. Bowen, Director
Tax Policy Division

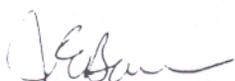
4/25/91
Date

APPROVED: 
W. H. Forst
Tax Commissioner

5/1/91
Date

ISSUE TWO: How would the penalties apply if a sales tax return is filed late after July 1, but includes full payment of the tax?

RECOMMENDATION: Because the return is filed after July 1, the late filing penalty would apply at 6% per month, up to the maximum penalty of 30%. The taxable period (before or after July 1) does not matter in this case, nor does the fact that the tax was paid in full, since the return was filed late and after July 1.



Janie E. Bowen, Director
Tax Policy Division

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ISSUE THREE: A) How would the penalties apply if a sales tax return is filed before July 1 with full payment, but it is not timely filed?

B) How would the penalties apply if a sales tax return is filed before July 1 without a payment, but it is not timely filed?

RECOMMENDATION: A) Because the return is filed before July 1, the late filing penalty would apply at 5% per month for each month or fraction thereof that the return is late.

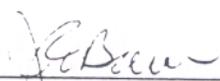
B) The late filing/payment penalties would apply for a five month period or until full payment is made.

For example, if the return was due March 20 and filed without a payment on June 15, the rate of the penalties would vary since the return was filed prior to July 1 as provided below:

Late filing penalty of 5% assessed for ^{March,} April, May and June.

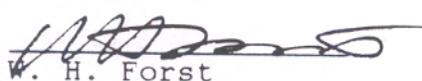
Late payment penalty of 6% assessed for July.

Total late filing/payment penalties of 26%.



Janie E. Bowen, Director
Tax Policy Division

4/15/91
Date

APPROVED: 
W. H. Forst
Tax Commissioner

5/1/91
Date