

EXHIBIT 2
DATE 2.15.05
HB 592

HB592
House Taxation Committee
February 15, 2005

Main Provisions of the Bill

- Standardize for all tax types when penalty and interest begins to accrue
- Changes the interest rate on delinquent taxes and overpayments to coincide with the IRS interest rate on underpayments of individual income taxes and allows for the rate to change annually
- Requires that interest be computed on a daily basis
- Reduces the penalty for late payment of taxes to 1% per month to a maximum of 9% for most tax types
- For certain trust taxes (withholding, rental vehicle, lodging facility, and retail telecommunications excise taxes) the penalty for late payment of tax is 1.5% per month to a maximum of 15% if the tax reporting liability exceeds \$3,000
- Standardizes the penalty for purposely and knowingly failing to file a return at an amount not less than \$1,000 or more than \$10,000
- Changes the amount of interest for underpayment of estimated taxes for Individual Income Tax and Corporation License Tax to the same rate for all other taxes
- Further synchronizes all taxes in Title 15 with the Uniform Penalty and Interest statute.