Montana Department of REVENUE

HB592

Revise Uniform Penalty & Interest Statutes
Section by Section Detail

April 11, 2005

SENATE TAXATION
EXHIBIT NO. 3
DATE 4-11-05
BILL NO. HB 592

Montana Department of REVENUE

HB592 - Section by Section Detail

- **Section 1.** Removes a provision related to federal individual income tax audits received by the department to ensure consistent application of interest
- **Section 2.** Main provisions of the bill:
  - Reduces the penalty for non-payment of tax from 1.5% per month (maximum of 18%) to 1.0% per month (maximum of 9%)
  - For certain trust tax payments in excess of $3,000, reduces the penalty for non-payment of tax from 1.5% per month (maximum of 18%) to 1.5% per month (maximum of 15%)
  - Inserts a general provision regarding purposely and knowingly failing to file a return and increases the penalty from a max of $200 to a penalty of not less than $1,000 to not more than $10,000.
  - Changes the annual interest rate from 12% per annum to an annual adjusted rate equal to the 4th Quarter rate determined by the IRS for underpayment of tax or 8% whichever is greater for Individual Income Tax and all self-assessed interest
  - For interest assessed by the Department, the interest rate remains at 12% except for Individual Income Tax
  - Makes the new interest rate applicable to all outstanding liabilities as of 1-1-2007
  - Provides for a standard grace period of 30 days to pay a tax before P&I will update
- **Section 3.** Brings the Rail Car Tax under the uniform P&I provisions
- **Section 4.** Removes the 60-day grace period for penalty calculations from Individual Income Tax for department determinations of additional tax due

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HB592 - Section by Section Detail (cont.)

- **Section 5.** Standardizes penalty provisions for employers paying withholding tax
- **Section 6.** Standardizes the interest rate for late payment of estimated tax for Individual Income Tax to the rate specified in 15-1-216
- **Section 7.** Removes the purposely and knowingly provision from Individual Income Tax that is included in 15-1-216 under the bill
- **Section 8.** Removes the 60-day grace period for penalty accruing for Individual Income Tax and further ties Individual Income Tax to the uniform penalty and interest statute
- **Section 9.** Clarifies that underpayment of estimated tax interest is computed based upon the composite tax liability rather than each participant
- **Section 10.** Further references to the uniform penalty and interest statute for Corporation License Tax
- **Section 11**. Ties penalty and interest associated with consolidated returns to 15-1-216
- **Section 12.** Further references in Corporation License Tax to 15-1-216

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HB592 - Section by Section Detail (cont.)

- **Section 13.** Standardizes the interest rate for late payment of estimated tax for Corporation License Tax to the rate specified in 15-1-216
- **Section 14.** Removes the failure to file and filing of a fraudulent return provisions from Corporation License Tax statute as the bill moves these provisions to 15-1-216
- **Section 15.** Adds language to the Coal Severance Tax to tie penalties to 15-1-216
- **Section 16.** Removes language from Oil & Gas Production Taxes no longer necessary related to local government severance taxes
- **Section 17.** Clarifies the due date for Metalliferous Mines Tax to aid in the uniform computation of penalty and interest
- **Section 18.** Clarifies the due date for Metalliferous Mines Tax to aid in the uniform computation of penalty and interest
- **Section 19.** Adds a reference for Metalliferous Mines Tax to 15-1-216
- **Section 20.** Additional clarification regarding the due date of Metalliferous Mines Tax to aid in the uniform computation of penalty and interest

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- **Section 21.** Adds a reference for Metalliferous Mines Tax to 15-1-216
- **Section 22.** Adds a reference for the Micaceous Mineral Mines tax to 15-1-216
- **Section 23.** Clarifies due date for Resource Indemnity Trust tax to aid in the uniform computation of penalty and interest
- **Section 24.** Adds a reference for Resource Indemnity Trust tax to 15-1-216
- **Section 25.** Adds a reference for Resource Indemnity Trust tax to 15-1-216
- **Section 26.** Adds a reference for Public Contractor's Fees and Tax to 15-1-216
- **Section 27.** Adds a reference for the Electrical Energy Producer's Tax to 15-1-216
- **Section 28.** Adds a reference for the Retail Telecommunications Excise Tax to 15-1-216

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HB592 - Section by Section Detail (cont.)

- **Section 29.** Adds a reference for Retail Communications Excise Tax to 15-1-216
- **Section 30.** Adds a reference for Cement Taxes to 15-1-216
- **Section 31.** Adds a reference for Nursing Facility Utilization Fees to 15-1-216
- **Section 32.** Removes the 30-day grace period for penalty accruing for Lodging Facility Use Tax for consistent application for all tax types
- **Section 33.** Adds a reference for Hospital Facility Utilization Fees to 15-1-216
- **Section 34.** Adds a reference for Intermediate Care Facility for the Developmentally Disabled – Utilization Fees to 15-1-216
- **Section 35.** Removes the 30-day grace period that is now in 15-1-216 from the Sales Tax part of the Lodging Facility Use Tax
- **Section 36.** Adds a reference for Electrical Generation Tax to 15-1-216

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HB592 - Section by Section Detail (cont.)

- **Section 37.** Repeals 15-31-545 which is no longer necessary given the other changes in the bill
- **Section 38.** Coordination section with HB158 covering changes in 15-30-209
- **Section 39.** Provides for an effective date for the most parts of the bill and changes in penalty and interest rates.
- **Section 40.** Provides for applicability dates for the bill