



The Watchdog

A Legislative Update from Iowans for Tax Relief



Monday, August 27, 2007

Interim Report #3

OWE BACK TAXES TO THE STATE?: Take Advantage of Iowa's Tax Amnesty Program from September 4th through October 31st.

LEGISLATION ELIMINATES PENALTIES, CUTS INTEREST DUE BY HALF, AND WAIVES CRIMINAL AND CIVIL PENALTIES:

On May 24 of this year Governor Culver signed Senate File 580, a bill to create a state tax amnesty program from September 4, 2007 to October 31, 2007.

While the motivation for the legislation was likely the \$53.9 million in revenue the state expects to collect during the amnesty period, this is an opportunity for Iowans who, for whatever reason, have a delinquent tax liability to clear up that liability and avoid penalties, half of the interest costs, and threats of civil or criminal prosecution. **The program does NOT eliminate any of the actual tax owed to the state.**

A similar amnesty program was approved by Governor Branstad in 1986 and netted the state an additional \$35 million.

WHAT TAXES ARE ELIGIBLE?

- 1) individual income tax
- 2) corporate income tax
- 3) withholding tax
- 4) fiduciary income tax
- 5) sales and use tax
- 6) local option sales tax
- 7) hotel and motel tax
- 8) automobile rental tax
- 9) inheritance tax
- 10) motor fuel and special fuel tax
- 11) environmental protection charge
- 12) cigarette and tobacco taxes
- 13) motor vehicle lease tax
- 14) drug stamp tax

WHO IS ELIGIBLE?

The program applies to all tax periods for which the original tax return was due on or prior to December 31, 2006.

Here is a list of situations eligible for participation in the program:

- 1) Taxpayers who did not file a required return.
- 2) Taxpayers who misreported, understated, or omitted any tax liability on a return previously filed.
- 3) Taxpayers who erroneously claimed credits or deductions.
- 4) Taxpayers who have a current accounts receivable liability.

Caution: This is an Iowa state tax program, ONLY! It does not cover any delinquent tax liabilities a taxpayer might have with the federal government or a local government.

WHAT ARE THE BENEFITS?

- 1) All penalties associated with the tax delinquency are waived (100%).
- 2) Half of the interest normally due to the tax delinquency is waived (50%).
- 3) Taxpayer will be granted amnesty from any future criminal or civil penalty that might otherwise have resulted from the tax delinquency.

IMPORTANT NOTE: All of these benefits are predicated on payment of 100% of the delinquent tax owed to the state. There is NO reduction in the amount of tax owed.



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TAX AMNESTY, continued...

OTHER IMPORTANT INFORMATION:

- 1) The Iowa Tax Amnesty program has a web site where taxpayers and their tax professionals can get more information:

web: www.iowataxamnesty.gov
email: iowataxamnesty@iowa.gov
- 2) Other contact information for the Iowa Tax Amnesty program:

Mail: Iowa Tax Amnesty
P.O. Box 1792
Des Moines, IA 50306

Phone: 1-877-4BAKTAX
(877-422-5829)
- 3) Unlike regular tax returns, tax amnesty forms CANNOT be filed electronically.
- 4) Taxpayers CANNOT use the amnesty period to set up an installment payment plan for their delinquent tax -- it must be paid in full during the period in order to receive all the benefits.

CONCLUSION: WHY PARTICIPATE?

Taxpayers participating in the Tax Amnesty program can clear up unpaid, under reported, or overdue taxes without further legal or administrative proceedings.

Taxpayers can resolve any outstanding accounts receivable liabilities.

Taxpayers can save money because the program offers a one-time chance to pay without penalty

and only one-half of the interest that would otherwise be owed.

POSITION OF IOWANS FOR TAX RELIEF:

Iowans for Tax Relief was neither for or against passage of SF 580, in fact, our organization registered as "Undecided" on the Senate study bill that preceded SF 580.

We do not either encourage or discourage our members who might be eligible for participation in the program to come forward. The information offered in this edition of **The Watchdog** is provided to educate our members about the program and to provide them with program details to assist their own personal decision making process.

TAX EDUCATION FOUNDATION BRINGS NEW WEBSITE ONLINE TO PROVIDE IOWANS WITH UP TO DATE TAX AND SPENDING DATA:

Tax Education Foundation, the educational arm of Iowans for Tax Relief, recently brought online a new website dedicated to providing Iowans with up to date data on tax and spending data and information on a whole variety of hot tax and spending topics.

The new site can be found at:

www.taxeducationfoundation.org

On the front page you can see the Iowa state TAX-O-METER that shows a running total of how much taxes the state has collected since the beginning of the current fiscal year (July 1, 2007).

NOTE: We just went over the billion dollar mark for FY 2007!

The Watchdog is a weekly update of issues which are being considered by the Iowa Legislature. It is a service to members of Iowans for Tax Relief. Permission is granted to forward this to any interested individuals.

Comments or questions concerning **The Watchdog** should be directed to:
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