

# HB2631



## 100TH GENERAL ASSEMBLY

State of Illinois

2017 and 2018

HB2631

by Rep. Margo McDermed

### SYNOPSIS AS INTRODUCED:

35 ILCS 735/3-5

from Ch. 120, par. 2603-5

Amends the Uniform Penalty and Interest Act. In a Section concerning penalties for negligence, provides that no penalty shall be imposed if the taxpayer is a business with fewer than 50 employees and the deficit in the audit is not more than 1%. Effective immediately.

LRB100 08286 HLH 18388 b

FISCAL NOTE ACT  
MAY APPLY

A BILL FOR

1 AN ACT concerning revenue.

2 **Be it enacted by the People of the State of Illinois,**  
3 **represented in the General Assembly:**

4 Section 5. The Uniform Penalty and Interest Act is amended  
5 by changing Section 3-5 as follows:

6 (35 ILCS 735/3-5) (from Ch. 120, par. 2603-5)

7 Sec. 3-5. Penalty for negligence.

8 (a) If any return or amended return is prepared  
9 negligently, but without intent to defraud, and filed, in  
10 addition to any penalty imposed under Section 3-3 of this Act,  
11 a penalty shall be imposed in an amount equal to 20% of any  
12 resulting deficiency.

13 (b) Negligence includes any failure to make a reasonable  
14 attempt to comply with the provisions of any tax Act and  
15 includes careless, reckless, or intentional disregard of the  
16 law or regulations.

17 (c) No penalty shall be imposed under this Section if it is  
18 shown that failure to comply with the tax Act is due to  
19 reasonable cause. A taxpayer is not negligent if the taxpayer  
20 shows substantial authority to support the return as filed.

21 (c-5) No penalty shall be imposed under this Section if the  
22 taxpayer is a business with fewer than 50 employees and the  
23 deficit in the audit is not more than 1%.

1           (d) If a taxpayer has a tax liability for the taxable  
2 period ending after June 30, 1983 and prior to July 1, 2002  
3 that is eligible for amnesty under the Tax Delinquency Amnesty  
4 Act and the taxpayer fails to satisfy the tax liability during  
5 the amnesty period provided for in that Act for that taxable  
6 period, then the penalty imposed by the Department shall be  
7 imposed in an amount that is 200% of the amount that would  
8 otherwise be imposed in accordance with this Section.

9           (e) If a taxpayer has a tax liability for the taxable  
10 period ending after June 30, 2002 and prior to July 1, 2009  
11 that is eligible for amnesty under the Tax Delinquency Amnesty  
12 Act, except for any tax liability reported pursuant to Section  
13 506(b) of the Illinois Income Tax Act (35 ILCS 5/506(b)) that  
14 is not final, and the taxpayer fails to satisfy the tax  
15 liability during the amnesty period provided for in that Act  
16 for that taxable period, then the penalty imposed by the  
17 Department under this Section shall be imposed in an amount  
18 that is 200% of the amount that would otherwise be imposed  
19 under this Section.

20           (Source: P.A. 96-1435, eff. 8-16-10.)

21           Section 99. Effective date. This Act takes effect upon  
22 becoming law.