



Executive Committee

Filed: 5/5/2010

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LRB096 06409 RCE 41171 a

1 AMENDMENT TO SENATE BILL 377

2 AMENDMENT NO. _____. Amend Senate Bill 377 by replacing
3 everything after the enacting clause with the following:

4 "Section 5. The Uncollected State Claims Act is amended by
5 adding Section 2.1 as follows:

6 (30 ILCS 205/2.1 new)

7 Sec. 2.1. Sale of debts certified as uncollectible. After
8 accounts have been certified by the Attorney General as
9 uncollectible pursuant to this Act, the State Comptroller may
10 sell the debts to one or more outside private vendors. Sales
11 shall be conducted under rules adopted by the State Comptroller
12 using a request for proposals procedure similar to that
13 procedure under the Illinois Procurement Code. The outside
14 private vendors shall remit to the State Comptroller the
15 purchase price for debts sold under this Section. The State
16 Comptroller shall deposit the money received under this Section

1 into the General Revenue Fund. This Section does not apply to
2 any tax debt owing to the Department of Revenue.

3 Section 10. The Illinois State Collection Act of 1986 is
4 amended by adding Section 9 as follows:

5 (30 ILCS 210/9 new)

6 Sec. 9. Deferral and compromise of past due debt.

7 (a) In this Section, "past due debt" means any debt owed to
8 the State that has been outstanding for more than 12 months.
9 "Past due debt" does not include any debt if any of the actions
10 required under this Section would violate federal law or
11 regulation.

12 (b) State agencies may enter into a deferred payment plan
13 for the purpose of satisfying a past due debt. The deferred
14 payment plan must meet the following requirements:

15 (1) The term of the deferred payment plan may not
16 exceed 2 years.

17 (2) The first payment of the deferred payment plan must
18 be at least 10% of the total amount due.

19 (3) All subsequent monthly payments for the deferred
20 payment plan must be assessed as equal monthly principal
21 payments, together with interest.

22 (4) The deferred payment plan must include interest at
23 a rate that is the same as the interest required under the
24 State Prompt Payment Act.

1 (5) The deferred payment plan must be approved by the
2 Secretary or Director of the State agency.

3 (c) State agencies may compromise past due debts. Any
4 action taken by a State agency to compromise a past due debt
5 must meet the following requirements:

6 (1) The amount of the compromised debt shall be no less
7 than 80% of the total of the past due debt.

8 (2) Once a past due debt has been compromised, the
9 debtor must remit to the State agency the total amount of
10 the compromised debt. However, the State agency may collect
11 the compromised debt through a payment plan not to exceed 6
12 months. If the State agency accepts the compromised debt
13 through a payment plan, then the compromised debt shall be
14 subject to the same rate of interest as required under the
15 State Prompt Payment Act.

16 (3) Before a State agency accepts a compromised debt,
17 the amount of the compromised debt must be approved by the
18 State Comptroller.

19 (d) State agencies may sell a past due debt to one or more
20 outside private vendors. Sales shall be conducted under rules
21 adopted by the State Comptroller using a request for proposals
22 procedure similar to that procedure under the Illinois
23 Procurement Code. The outside private vendors shall remit to
24 the State Agency the purchase price for debts sold under this
25 subsection.

26 (e) The State agency shall deposit all amounts received

1 under this Section into the General Revenue Fund.

2 (f) This Section does not apply to any tax debt owing to
3 the Department of Revenue.

4 Section 15. The Tax Delinquency Amnesty Act is amended by
5 changing Section 10 as follows:

6 (35 ILCS 745/10)

7 Sec. 10. Amnesty program. The Department shall establish an
8 amnesty program for all taxpayers owing any tax imposed by
9 reason of or pursuant to authorization by any law of the State
10 of Illinois and collected by the Department.

11 The amnesty program shall be for a period from October 1,
12 2003 through November 15, 2003 and for a period beginning on
13 October 1, 2010 and ending November 15, 2010.

14 The amnesty program shall provide that, upon payment by a
15 taxpayer of all taxes due from that taxpayer to the State of
16 Illinois for any taxable period ending (i) after June 30, 1983
17 and prior to July 1, 2002 for the tax amnesty period occurring
18 from October 1, 2003 through November 15, 2003, and (ii) after
19 June 30, 2002 and prior to July 1, 2010 for the tax amnesty
20 period beginning on October 1, 2010 through November 15, 2010,
21 the Department shall abate and not seek to collect any interest
22 or penalties that may be applicable and the Department shall
23 not seek civil or criminal prosecution for any taxpayer for the
24 period of time for which amnesty has been granted to the

1 taxpayer. Failure to pay all taxes due to the State for a
2 taxable period shall invalidate any amnesty granted under this
3 Act. Amnesty shall be granted only if all amnesty conditions
4 are satisfied by the taxpayer.

5 Amnesty shall not be granted to taxpayers who are a party
6 to any criminal investigation or to any civil or criminal
7 litigation that is pending in any circuit court or appellate
8 court or the Supreme Court of this State for nonpayment,
9 delinquency, or fraud in relation to any State tax imposed by
10 any law of the State of Illinois.

11 Voluntary payments made under this Act shall be made by
12 cash, check, guaranteed remittance, or ACH debit.

13 The Department shall adopt rules as necessary to implement
14 the provisions of this Act.

15 Except as otherwise provided in this Section, all money
16 collected under this Act that would otherwise be deposited into
17 the General Revenue Fund shall be deposited as follows: (i)
18 one-half into the Common School Fund; (ii) one-half into the
19 General Revenue Fund. Two percent of all money collected under
20 this Act shall be deposited by the State Treasurer into the Tax
21 Compliance and Administration Fund and, subject to
22 appropriation, shall be used by the Department to cover costs
23 associated with the administration of this Act.

24 (Source: P.A. 93-26, eff. 6-20-03.)

25 Section 20. The Uniform Penalty and Interest Act is amended

1 by changing Sections 3-2, 3-3, 3-4, 3-5, 3-6, and 3-7.5 as
2 follows:

3 (35 ILCS 735/3-2) (from Ch. 120, par. 2603-2)

4 Sec. 3-2. Interest.

5 (a) Interest paid by the Department to taxpayers and
6 interest charged to taxpayers by the Department shall be paid
7 at the annual rate determined by the Department. For periods
8 prior to January 1, 2004, that rate shall be the underpayment
9 rate established under Section 6621 of the Internal Revenue
10 Code. For periods after December 31, 2003, that rate shall be:

11 (1) for the one-year period beginning with the date of
12 underpayment or overpayment, the short-term federal rate
13 established under Section 6621 of the Internal Revenue
14 Code.

15 (2) for any period beginning the day after the one-year
16 period described in paragraph (1) of this subsection (a),
17 the underpayment rate established under Section 6621 of the
18 Internal Revenue Code.

19 (b) The interest rate shall be adjusted on a semiannual
20 basis, on January 1 and July 1, based upon the underpayment
21 rate or short-term federal rate going into effect on that
22 January 1 or July 1 under Section 6621 of the Internal Revenue
23 Code.

24 (c) This subsection (c) is applicable to returns due on and
25 before December 31, 2000. Interest shall be simple interest

1 calculated on a daily basis. Interest shall accrue upon tax and
2 penalty due. If notice and demand is made for the payment of
3 any amount of tax due and if the amount due is paid within 30
4 days after the date of such notice and demand, interest under
5 this Section on the amount so paid shall not be imposed for the
6 period after the date of the notice and demand.

7 (c-5) This subsection (c-5) is applicable to returns due on
8 and after January 1, 2001. Interest shall be simple interest
9 calculated on a daily basis. Interest shall accrue upon tax
10 due. If notice and demand is made for the payment of any amount
11 of tax due and if the amount due is paid within 30 days after
12 the date of the notice and demand, interest under this Section
13 on the amount so paid shall not be imposed for the period after
14 the date of the notice and demand.

15 (d) No interest shall be paid upon any overpayment of tax
16 if the overpayment is refunded or a credit approved within 90
17 days after the last date prescribed for filing the original
18 return, or within 90 days of the receipt of the processable
19 return, or within 90 days after the date of overpayment,
20 whichever date is latest, as determined without regard to
21 processing time by the Comptroller or without regard to the
22 date on which the credit is applied to the taxpayer's account.
23 In order for an original return to be processable for purposes
24 of this Section, it must be in the form prescribed or approved
25 by the Department, signed by the person authorized by law, and
26 contain all information, schedules, and support documents

1 necessary to determine the tax due and to make allocations of
2 tax as prescribed by law. For the purposes of computing
3 interest, a return shall be deemed to be processable unless the
4 Department notifies the taxpayer that the return is not
5 processable within 90 days after the receipt of the return;
6 however, interest shall not accumulate for the period following
7 this date of notice. Interest on amounts refunded or credited
8 pursuant to the filing of an amended return or claim for refund
9 shall be determined from the due date of the original return or
10 the date of overpayment, whichever is later, to the date of
11 payment by the Department without regard to processing time by
12 the Comptroller or the date of credit by the Department or
13 without regard to the date on which the credit is applied to
14 the taxpayer's account. If a claim for refund relates to an
15 overpayment attributable to a net loss carryback as provided by
16 Section 207 of the Illinois Income Tax Act, the date of
17 overpayment shall be the last day of the taxable year in which
18 the loss was incurred.

19 (e) Interest on erroneous refunds. Any portion of the tax
20 imposed by an Act to which this Act is applicable or any
21 interest or penalty which has been erroneously refunded and
22 which is recoverable by the Department shall bear interest from
23 the date of payment of the refund. However, no interest will be
24 charged if the erroneous refund is for an amount less than \$500
25 and is due to a mistake of the Department.

26 (f) If a taxpayer has a tax liability for the taxable

1 period ending after June 30, 1983 and prior to July 1, 2002
2 that is eligible for amnesty under the Tax Delinquency Amnesty
3 Act and the taxpayer fails to satisfy the tax liability during
4 the amnesty period provided for in that Act for that taxable
5 period, then the interest charged by the Department under this
6 Section shall be imposed at a rate that is 200% of the rate
7 that would otherwise be imposed under this Section.

8 (g) If a taxpayer has a tax liability for the taxable
9 period ending after June 30, 2002 and prior to July 1, 2010
10 that is eligible for amnesty under the Tax Delinquency Amnesty
11 Act and the taxpayer fails to satisfy the tax liability during
12 the amnesty period provided for in that Act for that taxable
13 period, then the interest charged by the Department under this
14 Section shall be imposed in an amount that is 200% of the
15 amount that would otherwise be imposed under this Section.

16 (Source: P.A. 95-331, eff. 8-21-07.)

17 (35 ILCS 735/3-3) (from Ch. 120, par. 2603-3)

18 Sec. 3-3. Penalty for failure to file or pay.

19 (a) This subsection (a) is applicable before January 1,
20 1996. A penalty of 5% of the tax required to be shown due on a
21 return shall be imposed for failure to file the tax return on
22 or before the due date prescribed for filing determined with
23 regard for any extension of time for filing (penalty for late
24 filing or nonfiling). If any unprocessable return is corrected
25 and filed within 21 days after notice by the Department, the

1 late filing or nonfiling penalty shall not apply. If a penalty
2 for late filing or nonfiling is imposed in addition to a
3 penalty for late payment, the total penalty due shall be the
4 sum of the late filing penalty and the applicable late payment
5 penalty. Beginning on the effective date of this amendatory Act
6 of 1995, in the case of any type of tax return required to be
7 filed more frequently than annually, when the failure to file
8 the tax return on or before the date prescribed for filing
9 (including any extensions) is shown to be nonfraudulent and has
10 not occurred in the 2 years immediately preceding the failure
11 to file on the prescribed due date, the penalty imposed by
12 Section 3-3(a) shall be abated.

13 (a-5) This subsection (a-5) is applicable to returns due on
14 and after January 1, 1996 and on or before December 31, 2000. A
15 penalty equal to 2% of the tax required to be shown due on a
16 return, up to a maximum amount of \$250, determined without
17 regard to any part of the tax that is paid on time or by any
18 credit that was properly allowable on the date the return was
19 required to be filed, shall be imposed for failure to file the
20 tax return on or before the due date prescribed for filing
21 determined with regard for any extension of time for filing.
22 However, if any return is not filed within 30 days after notice
23 of nonfiling mailed by the Department to the last known address
24 of the taxpayer contained in Department records, an additional
25 penalty amount shall be imposed equal to the greater of \$250 or
26 2% of the tax shown on the return. However, the additional

1 penalty amount may not exceed \$5,000 and is determined without
2 regard to any part of the tax that is paid on time or by any
3 credit that was properly allowable on the date the return was
4 required to be filed (penalty for late filing or nonfiling). If
5 any unprocessable return is corrected and filed within 30 days
6 after notice by the Department, the late filing or nonfiling
7 penalty shall not apply. If a penalty for late filing or
8 nonfiling is imposed in addition to a penalty for late payment,
9 the total penalty due shall be the sum of the late filing
10 penalty and the applicable late payment penalty. In the case of
11 any type of tax return required to be filed more frequently
12 than annually, when the failure to file the tax return on or
13 before the date prescribed for filing (including any
14 extensions) is shown to be nonfraudulent and has not occurred
15 in the 2 years immediately preceding the failure to file on the
16 prescribed due date, the penalty imposed by Section 3-3(a-5)
17 shall be abated.

18 (a-10) This subsection (a-10) is applicable to returns due
19 on and after January 1, 2001. A penalty equal to 2% of the tax
20 required to be shown due on a return, up to a maximum amount of
21 \$250, reduced by any tax that is paid on time or by any credit
22 that was properly allowable on the date the return was required
23 to be filed, shall be imposed for failure to file the tax
24 return on or before the due date prescribed for filing
25 determined with regard for any extension of time for filing.
26 However, if any return is not filed within 30 days after notice

1 of nonfiling mailed by the Department to the last known address
2 of the taxpayer contained in Department records, an additional
3 penalty amount shall be imposed equal to the greater of \$250 or
4 2% of the tax shown on the return. However, the additional
5 penalty amount may not exceed \$5,000 and is determined without
6 regard to any part of the tax that is paid on time or by any
7 credit that was properly allowable on the date the return was
8 required to be filed (penalty for late filing or nonfiling). If
9 any unprocessable return is corrected and filed within 30 days
10 after notice by the Department, the late filing or nonfiling
11 penalty shall not apply. If a penalty for late filing or
12 nonfiling is imposed in addition to a penalty for late payment,
13 the total penalty due shall be the sum of the late filing
14 penalty and the applicable late payment penalty. In the case of
15 any type of tax return required to be filed more frequently
16 than annually, when the failure to file the tax return on or
17 before the date prescribed for filing (including any
18 extensions) is shown to be nonfraudulent and has not occurred
19 in the 2 years immediately preceding the failure to file on the
20 prescribed due date, the penalty imposed by Section 3-3(a-10)
21 shall be abated.

22 (b) This subsection is applicable before January 1, 1998. A
23 penalty of 15% of the tax shown on the return or the tax
24 required to be shown due on the return shall be imposed for
25 failure to pay:

26 (1) the tax shown due on the return on or before the

1 due date prescribed for payment of that tax, an amount of
2 underpayment of estimated tax, or an amount that is
3 reported in an amended return other than an amended return
4 timely filed as required by subsection (b) of Section 506
5 of the Illinois Income Tax Act (penalty for late payment or
6 nonpayment of admitted liability); or

7 (2) the full amount of any tax required to be shown due
8 on a return and which is not shown (penalty for late
9 payment or nonpayment of additional liability), within 30
10 days after a notice of arithmetic error, notice and demand,
11 or a final assessment is issued by the Department. In the
12 case of a final assessment arising following a protest and
13 hearing, the 30-day period shall not begin until all
14 proceedings in court for review of the final assessment
15 have terminated or the period for obtaining a review has
16 expired without proceedings for a review having been
17 instituted. In the case of a notice of tax liability that
18 becomes a final assessment without a protest and hearing,
19 the penalty provided in this paragraph (2) shall be imposed
20 at the expiration of the period provided for the filing of
21 a protest.

22 (b-5) This subsection is applicable to returns due on and
23 after January 1, 1998 and on or before December 31, 2000. A
24 penalty of 20% of the tax shown on the return or the tax
25 required to be shown due on the return shall be imposed for
26 failure to pay:

1 (1) the tax shown due on the return on or before the
2 due date prescribed for payment of that tax, an amount of
3 underpayment of estimated tax, or an amount that is
4 reported in an amended return other than an amended return
5 timely filed as required by subsection (b) of Section 506
6 of the Illinois Income Tax Act (penalty for late payment or
7 nonpayment of admitted liability); or

8 (2) the full amount of any tax required to be shown due
9 on a return and which is not shown (penalty for late
10 payment or nonpayment of additional liability), within 30
11 days after a notice of arithmetic error, notice and demand,
12 or a final assessment is issued by the Department. In the
13 case of a final assessment arising following a protest and
14 hearing, the 30-day period shall not begin until all
15 proceedings in court for review of the final assessment
16 have terminated or the period for obtaining a review has
17 expired without proceedings for a review having been
18 instituted. In the case of a notice of tax liability that
19 becomes a final assessment without a protest and hearing,
20 the penalty provided in this paragraph (2) shall be imposed
21 at the expiration of the period provided for the filing of
22 a protest.

23 (b-10) This subsection (b-10) is applicable to returns due
24 on and after January 1, 2001 and on or before December 31,
25 2003. A penalty shall be imposed for failure to pay:

26 (1) the tax shown due on a return on or before the due

1 date prescribed for payment of that tax, an amount of
2 underpayment of estimated tax, or an amount that is
3 reported in an amended return other than an amended return
4 timely filed as required by subsection (b) of Section 506
5 of the Illinois Income Tax Act (penalty for late payment or
6 nonpayment of admitted liability). The amount of penalty
7 imposed under this subsection (b-10)(1) shall be 2% of any
8 amount that is paid no later than 30 days after the due
9 date, 5% of any amount that is paid later than 30 days
10 after the due date and not later than 90 days after the due
11 date, 10% of any amount that is paid later than 90 days
12 after the due date and not later than 180 days after the
13 due date, and 15% of any amount that is paid later than 180
14 days after the due date. If notice and demand is made for
15 the payment of any amount of tax due and if the amount due
16 is paid within 30 days after the date of the notice and
17 demand, then the penalty for late payment or nonpayment of
18 admitted liability under this subsection (b-10)(1) on the
19 amount so paid shall not accrue for the period after the
20 date of the notice and demand.

21 (2) the full amount of any tax required to be shown due
22 on a return and that is not shown (penalty for late payment
23 or nonpayment of additional liability), within 30 days
24 after a notice of arithmetic error, notice and demand, or a
25 final assessment is issued by the Department. In the case
26 of a final assessment arising following a protest and

1 hearing, the 30-day period shall not begin until all
2 proceedings in court for review of the final assessment
3 have terminated or the period for obtaining a review has
4 expired without proceedings for a review having been
5 instituted. The amount of penalty imposed under this
6 subsection (b-10) (2) shall be 20% of any amount that is not
7 paid within the 30-day period. In the case of a notice of
8 tax liability that becomes a final assessment without a
9 protest and hearing, the penalty provided in this
10 subsection (b-10) (2) shall be imposed at the expiration of
11 the period provided for the filing of a protest.

12 (b-15) This subsection (b-15) is applicable to returns due
13 on and after January 1, 2004 and on or before December 31,
14 2004. A penalty shall be imposed for failure to pay the tax
15 shown due or required to be shown due on a return on or before
16 the due date prescribed for payment of that tax, an amount of
17 underpayment of estimated tax, or an amount that is reported in
18 an amended return other than an amended return timely filed as
19 required by subsection (b) of Section 506 of the Illinois
20 Income Tax Act (penalty for late payment or nonpayment of
21 admitted liability). The amount of penalty imposed under this
22 subsection (b-15) (1) shall be 2% of any amount that is paid no
23 later than 30 days after the due date, 10% of any amount that
24 is paid later than 30 days after the due date and not later
25 than 90 days after the due date, 15% of any amount that is paid
26 later than 90 days after the due date and not later than 180

1 days after the due date, and 20% of any amount that is paid
2 later than 180 days after the due date. If notice and demand is
3 made for the payment of any amount of tax due and if the amount
4 due is paid within 30 days after the date of this notice and
5 demand, then the penalty for late payment or nonpayment of
6 admitted liability under this subsection (b-15)(1) on the
7 amount so paid shall not accrue for the period after the date
8 of the notice and demand.

9 (b-20) This subsection (b-20) is applicable to returns due
10 on and after January 1, 2005.

11 (1) A penalty shall be imposed for failure to pay,
12 prior to the due date for payment, any amount of tax the
13 payment of which is required to be made prior to the filing
14 of a return or without a return (penalty for late payment
15 or nonpayment of estimated or accelerated tax). The amount
16 of penalty imposed under this paragraph (1) shall be 2% of
17 any amount that is paid no later than 30 days after the due
18 date and 10% of any amount that is paid later than 30 days
19 after the due date.

20 (2) A penalty shall be imposed for failure to pay the
21 tax shown due or required to be shown due on a return on or
22 before the due date prescribed for payment of that tax or
23 an amount that is reported in an amended return other than
24 an amended return timely filed as required by subsection
25 (b) of Section 506 of the Illinois Income Tax Act (penalty
26 for late payment or nonpayment of tax). The amount of

1 penalty imposed under this paragraph (2) shall be 2% of any
2 amount that is paid no later than 30 days after the due
3 date, 10% of any amount that is paid later than 30 days
4 after the due date and prior to the date the Department has
5 initiated an audit or investigation of the taxpayer, and
6 20% of any amount that is paid after the date the
7 Department has initiated an audit or investigation of the
8 taxpayer; provided that the penalty shall be reduced to 15%
9 if the entire amount due is paid not later than 30 days
10 after the Department has provided the taxpayer with an
11 amended return (following completion of an occupation,
12 use, or excise tax audit) or a form for waiver of
13 restrictions on assessment (following completion of an
14 income tax audit); provided further that the reduction to
15 15% shall be rescinded if the taxpayer makes any claim for
16 refund or credit of the tax, penalties, or interest
17 determined to be due upon audit, except in the case of a
18 claim filed pursuant to subsection (b) of Section 506 of
19 the Illinois Income Tax Act or to claim a carryover of a
20 loss or credit, the availability of which was not
21 determined in the audit. For purposes of this paragraph
22 (2), any overpayment reported on an original return that
23 has been allowed as a refund or credit to the taxpayer
24 shall be deemed to have not been paid on or before the due
25 date for payment and any amount paid under protest pursuant
26 to the provisions of the State Officers and Employees Money

1 Disposition Act shall be deemed to have been paid after the
2 Department has initiated an audit and more than 30 days
3 after the Department has provided the taxpayer with an
4 amended return (following completion of an occupation,
5 use, or excise tax audit) or a form for waiver of
6 restrictions on assessment (following completion of an
7 income tax audit).

8 (3) The penalty imposed under this subsection (b-20)
9 shall be deemed assessed at the time the tax upon which the
10 penalty is computed is assessed, except that, if the
11 reduction of the penalty imposed under paragraph (2) of
12 this subsection (b-20) to 15% is rescinded because a claim
13 for refund or credit has been filed, the increase in
14 penalty shall be deemed assessed at the time the claim for
15 refund or credit is filed.

16 (c) For purposes of the late payment penalties, the basis
17 of the penalty shall be the tax shown or required to be shown
18 on a return, whichever is applicable, reduced by any part of
19 the tax which is paid on time and by any credit which was
20 properly allowable on the date the return was required to be
21 filed.

22 (d) A penalty shall be applied to the tax required to be
23 shown even if that amount is less than the tax shown on the
24 return.

25 (e) This subsection (e) is applicable to returns due before
26 January 1, 2001. If both a subsection (b)(1) or (b-5)(1)

1 penalty and a subsection (b)(2) or (b-5)(2) penalty are
2 assessed against the same return, the subsection (b)(2) or
3 (b-5)(2) penalty shall be assessed against only the additional
4 tax found to be due.

5 (e-5) This subsection (e-5) is applicable to returns due on
6 and after January 1, 2001. If both a subsection (b-10)(1)
7 penalty and a subsection (b-10)(2) penalty are assessed against
8 the same return, the subsection (b-10)(2) penalty shall be
9 assessed against only the additional tax found to be due.

10 (f) If the taxpayer has failed to file the return, the
11 Department shall determine the correct tax according to its
12 best judgment and information, which amount shall be prima
13 facie evidence of the correctness of the tax due.

14 (g) The time within which to file a return or pay an amount
15 of tax due without imposition of a penalty does not extend the
16 time within which to file a protest to a notice of tax
17 liability or a notice of deficiency.

18 (h) No return shall be determined to be unprocessable
19 because of the omission of any information requested on the
20 return pursuant to Section 2505-575 of the Department of
21 Revenue Law (20 ILCS 2505/2505-575).

22 (i) If a taxpayer has a tax liability for the taxable
23 period ending after June 30, 1983 and prior to July 1, 2002
24 that is eligible for amnesty under the Tax Delinquency Amnesty
25 Act and the taxpayer fails to satisfy the tax liability during
26 the amnesty period provided for in that Act for that taxable

1 period, then the penalty imposed by the Department under this
2 Section shall be imposed in an amount that is 200% of the
3 amount that would otherwise be imposed under this Section.

4 (j) If a taxpayer has a tax liability for the taxable
5 period ending after June 30, 2002 and prior to July 1, 2010
6 that is eligible for amnesty under the Tax Delinquency Amnesty
7 Act and the taxpayer fails to satisfy the tax liability during
8 the amnesty period provided for in that Act for that taxable
9 period, then the penalty imposed by the Department under this
10 Section shall be imposed in an amount that is 200% of the
11 amount that would otherwise be imposed under this Section.

12 (Source: P.A. 92-742, eff. 7-25-02; 93-26, eff. 6-20-03; 93-32,
13 eff. 6-20-03; 93-1068, eff. 1-15-05.)

14 (35 ILCS 735/3-4) (from Ch. 120, par. 2603-4)

15 Sec. 3-4. Penalty for failure to file correct information
16 returns.

17 (a) Failure to file correct information returns -
18 imposition of penalty.

19 (1) In general. Unless otherwise provided in a tax Act,
20 in the case of a failure described in paragraph (2) of this
21 subsection (a) by any person with respect to an information
22 return, that person shall pay a penalty of \$5 for each
23 return or statement with respect to which the failure
24 occurs, but the total amount imposed on that person for all
25 such failures during any calendar year shall not exceed

1 \$25,000.

2 (2) Failures subject to penalty. The following
3 failures are subject to the penalty imposed in paragraph
4 (1) of this subsection (a):

5 (A) any failure to file an information return with
6 the Department on or before the required filing date,
7 or

8 (B) any failure to include all of the information
9 required to be shown on the return or the inclusion of
10 incorrect information.

11 (b) Reduction where correction in specified period.

12 (1) Correction within 60 days. If any failure described
13 in subsection (a) (2) is corrected within 60 days after the
14 required filing date:

15 (A) the penalty imposed by subsection (a) shall be
16 reduced by 50%; and

17 (B) the total amount imposed on the person for all
18 such failures during any calendar year which are so
19 corrected shall not exceed 50% of the maximum
20 prescribed in subsection (a) (1).

21 (c) Information return defined. An information return is
22 any tax return required by a tax Act to be filed with the
23 Department that does not, by law, require the payment of a tax
24 liability.

25 (d) If a taxpayer has a tax liability for the taxable
26 period ending after June 30, 1983 and prior to July 1, 2002

1 that is eligible for amnesty under the Tax Delinquency Amnesty
2 Act and the taxpayer fails to satisfy the tax liability during
3 the amnesty period provided for in that Act for that taxable
4 period, then the penalty imposed by the Department under this
5 Section shall be imposed in an amount that is 200% of the
6 amount that would otherwise be imposed under this Section.

7 (e) If a taxpayer has a tax liability for the taxable
8 period ending after June 30, 2002 and prior to July 1, 2010
9 that is eligible for amnesty under the Tax Delinquency Amnesty
10 Act and the taxpayer fails to satisfy the tax liability during
11 the amnesty period provided for in that Act for that taxable
12 period, then the penalty imposed by the Department under this
13 Section shall be imposed in an amount that is 200% of the
14 amount that would otherwise be imposed under this Section.

15 (Source: P.A. 93-26, eff. 6-20-03.)

16 (35 ILCS 735/3-5) (from Ch. 120, par. 2603-5)

17 Sec. 3-5. Penalty for negligence.

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

23 (b) Negligence includes any failure to make a reasonable
24 attempt to comply with the provisions of any tax Act and
25 includes careless, reckless, or intentional disregard of the

1 law or regulations.

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

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

14 (e) If a taxpayer has a tax liability for the taxable
15 period ending after June 30, 2002 and prior to July 1, 2010
16 that is eligible for amnesty under the Tax Delinquency Amnesty
17 Act and the taxpayer fails to satisfy the tax liability during
18 the amnesty period provided for in that Act for that taxable
19 period, then the penalty imposed by the Department under this
20 Section shall be imposed in an amount that is 200% of the
21 amount that would otherwise be imposed under this Section.

22 (Source: P.A. 93-26, eff. 6-20-03.)

23 (35 ILCS 735/3-6) (from Ch. 120, par. 2603-6)

24 Sec. 3-6. Penalty for fraud.

25 (a) If any return or amended return is filed with intent to

1 defraud, in addition to any penalty imposed under Section 3-3
2 of this Act, a penalty shall be imposed in an amount equal to
3 50% of any resulting deficiency.

4 (b) If any claim is filed with intent to defraud, a penalty
5 shall be imposed in an amount equal to 50% of the amount
6 fraudulently claimed for credit or refund.

7 (c) If a taxpayer has a tax liability for the taxable
8 period ending after June 30, 1983 and prior to July 1, 2002
9 that is eligible for amnesty under the Tax Delinquency Amnesty
10 Act and the taxpayer fails to satisfy the tax liability during
11 the amnesty period provided for in that Act for that taxable
12 period, then the penalty imposed by the Department under this
13 Section shall be imposed in an amount that is 200% of the
14 amount that would otherwise be imposed under this Section.

15 (d) If a taxpayer has a tax liability for the taxable
16 period ending after June 30, 2002 and prior to July 1, 2010
17 that is eligible for amnesty under the Tax Delinquency Amnesty
18 Act and the taxpayer fails to satisfy the tax liability during
19 the amnesty period provided for in that Act for that taxable
20 period, then the penalty imposed by the Department under this
21 Section shall be imposed in an amount that is 200% of the
22 amount that would otherwise be imposed under this Section.

23 (Source: P.A. 93-26, eff. 6-20-03.)

24 (35 ILCS 735/3-7.5)

25 Sec. 3-7.5. Bad check penalty.

1 (a) In addition to any other penalty provided in this Act,
2 a penalty of \$25 shall be imposed on any person who issues a
3 check or other draft to the Department that is not honored upon
4 presentment. The penalty imposed under this Section shall be
5 deemed assessed at the time of presentment of the check or
6 other draft and shall be treated for all purposes, including
7 collection and allocation, as part of the tax or other
8 liability for which the check or other draft represented
9 payment.

10 (b) If a taxpayer has a tax liability for the taxable
11 period ending after June 30, 1983 and prior to July 1, 2002
12 that is eligible for amnesty under the Tax Delinquency Amnesty
13 Act and the taxpayer fails to satisfy the tax liability during
14 the amnesty period provided for in that Act for that taxable
15 period, then the penalty imposed by the Department under this
16 Section shall be imposed in an amount that is 200% of the
17 amount that would otherwise be imposed under this Section.

18 (c) If a taxpayer has a tax liability for the taxable
19 period ending after June 30, 2002 and prior to July 1, 2010
20 that is eligible for amnesty under the Tax Delinquency Amnesty
21 Act and the taxpayer fails to satisfy the tax liability during
22 the amnesty period provided for in that Act for that taxable
23 period, then the penalty imposed by the Department under this
24 Section shall be imposed in an amount that is 200% of the
25 amount that would otherwise be imposed under this Section.

26 (Source: P.A. 93-26, eff. 6-20-03.)

1 Section 99. Effective date. This Act takes effect upon
2 becoming law.".