

WISCONSIN LEGISLATIVE COUNCIL AMENDMENT MEMO

2009 Assembly Bill 343

Assembly Amendment 1

Memo published: September 30, 2009 Contact: Pam Shannon, Senior Staff Attorney (266-2680)

Under *current law*, if an individual, fiduciary, or trust underpays the amount of estimated taxes it owes, the state imposes 12 % annual interest on the amount of the underpayment, unless one of a number of exceptions applies. One such exception is where the secretary of revenue determines that it is not equitable to impose the interest, due to casualty, disaster, or other unusual circumstances. Another exception applies to an individual who had no income or alternative minimum tax liability for the preceding 12-month taxable year and who was a full-time Wisconsin resident during that period.

Assembly Bill 343 creates another exception, under which no interest on an underpayment is due if the secretary of revenue determines that, in the interest of fairness, no interest should be imposed.

Also, under *current law*, individuals, corporations, insurance companies, and certain other entities are required to pay civil penalties for offenses such as failing to file a return by the statutorily required due date, failing to file an information return, or filing an incomplete or incorrect return. *Assembly Bill 343* permits the secretary of revenue to exercise discretion, in the interest of fairness, to waive or reduce the penalty that would otherwise be imposed under such circumstances. *Assembly Amendment 1* provides that the secretary may only exercise this discretion with respect to individuals, not corporations, insurance companies, or other entities.

Legislative History

The Assembly Committee on State Affairs and Homeland Security introduced and adopted Assembly Amendment 1, and recommended passage of the bill, as amended, on votes of Ayes, 5; Noes, 3.

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