

STATEMENT OF PURPOSE

RS32088 / H0092

This legislation updates the process for filing income tax extensions. The income tax process is complicated and many taxpayers, particularly those with complicated returns, routinely need to file extensions. This legislation simplifies the Idaho extension process and accomplishes the following: Gives every Idaho taxpayer an automatic extension to file a return, but not an extension for the payment of taxes due. Eliminates the failure-to-file penalty for returns not filed when originally due. Reduces the failure-to-pay penalty from 2% per month to 1% per month. The Idaho extended due date is the 15th day of the seventh month following the close of the taxable year.

FISCAL NOTE

This legislation will have a one-time cost to administer of approximately \$50,000 for development time, system testing and validation. This legislation is estimated to result in a reduction of penalty dollars collected by the State Tax Commission in an amount of approximately \$1.7 million per year. If taxpayers extend their returns, changing the filing deadline to 30 days after the federal extended due date, will not impact which fiscal year payments are received.

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DISCLAIMER: This statement of purpose and fiscal note are a mere attachment to this bill and prepared by a proponent of the bill. It is neither intended as an expression of legislative intent nor intended for any use outside of the legislative process, including judicial review (Joint Rule 18).