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Notice 14-08

Income Tax Penalty

(July 1, 2014)

During the 2014 Legislative Session House Bill 2643 was passed and signed into law. Section 18 of the Bill amends K.S.A. 79-3228, which deals with penalties and interest imposed with regard to Kansas income tax.

The amendments address a situation in which a taxpayer has timely filed an income tax return, and paid any tax due, and that return is subsequently adjusted and additional tax is assessed by the Department. In that event, if the taxpayer pays the additional tax within 30 days of notice of the liability no 50% penalty will be imposed under subsection (d) of K.S.A. 79-3228. If, however, the additional tax assessed is not paid within 30 days of notice of the liability a penalty is imposed. The amount of that penalty will be equal to 50% of the unpaid balance of tax due.

The amendments are effective for tax year 2014 and subsequent years. The amended language, found in subsection (d) of K.S.A. 79-3228, provides:

> (d) *For all taxable years ending after December 31, 2013,* if any taxpayer who has failed to file a return ~~or has filed an incorrect or insufficient return~~, and after notice from the director refuses or neglects within 20 days to file a proper return, the director shall determine the income of such taxpayer according to the best available information and assess the tax together with a penalty of 50% of the unpaid balance of tax due plus interest at the rate prescribed by subsection (a) of K.S.A. 79-2968, and amendments thereto, from the date the tax was originally due to the date of payment. *If, at any time, a taxpayer filed a return and paid in full the tax due as stated on the return, at the time required by or under the provisions of this act and subsequently is adjusted by the director, and a notice of liability is sent to the taxpayer, no penalty shall be assessed under the provisions of this subsection with respect to any underpayment of income tax liability due to the adjustment if any such tax is paid within 30 days of such notice of liability. If any such tax is not paid within 30 days of original notice, the penalty provided under the provisions of this subsection shall apply.*

Taxpayer Assistance

Additional copies of this notice, forms or publications are available from our web site, **www.ksrevenue.org**. If you have questions about this Notice, please contact:

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