

March 18, 2019

	Yes	No
DOR Administrative Costs/Savings	X	

Department of Revenue
Analysis of S.F. 2199 (Rest)

	Fund Impact			
	<u>F.Y. 2020</u>	<u>F.Y. 2021</u>	<u>F.Y. 2022</u>	<u>F.Y. 2023</u>
		(000's)		
General Fund	\$0	\$0	\$0	\$0

Effective for tax years 2018 and 2019.

EXPLANATION OF THE BILL

A taxpayer is required to make timely estimated payments of individual income tax or corporate franchise tax. There is a penalty for underpayment of tax unless the underpayment is less than \$500 or the total payments equal 90% of the current year tax liability or 100% of the prior year's tax liability. Special rules apply for farmers and commercial fishermen, and taxpayers with adjusted gross income of more than \$150,000.

The proposal would waive the penalty for underpayment of individual income tax or corporate franchise tax under certain circumstances. To qualify, the underpayment cannot exceed \$1,000 (rather than \$500 under current law). The taxpayer must submit a request for a waiver, attesting that the underpayment of estimated tax is due to uncertainties resulting from the enactment of Public Law 117-97, known as the Tax Cuts and Jobs Act. The request must be in a form and manner prescribed by the Commissioner of Revenue.

REVENUE ANALYSIS DETAIL

- Although the proposal could eliminate penalties for some taxpayers, it would have no impact on income or corporate tax liability.
- The impact of the waived penalties and administrative costs are estimated in a separate fiscal note.

Minnesota Department of Revenue
Tax Research Division
www.revenue.state.mn.us/research/stats/Pages/Revenue-Analyses.aspx