

SALES AND USE TAX EXEMPTIONS - PENALTY AND INTEREST

1999 GENERAL SESSION

STATE OF UTAH

Sponsor: Howard A. Stephenson

AN ACT RELATING TO THE SALES AND USE TAX ACT; LIMITING THE AMOUNT OF CERTAIN SALES AND USE TAX PENALTIES; AUTHORIZING THE STATE TAX COMMISSION TO WAIVE, REDUCE, OR COMPROMISE CERTAIN SALES AND USE TAX PENALTIES UNDER CERTAIN CIRCUMSTANCES; AND MAKING TECHNICAL CHANGES.

This act affects sections of Utah Code Annotated 1953 as follows:

AMENDS:

59-12-105, as last amended by Chapter 318, Laws of Utah 1998

Be it enacted by the Legislature of the state of Utah:

Section 1. Section **59-12-105** is amended to read:

59-12-105. Exempt sales to be reported -- Penalties.

~~[The] (1) An owner, vendor, or purchaser shall report to the commission the amount of sales or uses exempt under [Subsections] Subsection 59-12-104 (14), (20), (40), [and] or (41) [shall be reported to the commission by the owner, vendor, or purchaser, as the case may be. Upon failure by].~~

~~(2) Except as provided in Subsections (3) and (4), if the owner, vendor, or purchaser fails to report the full amount of the exemptions granted under [Subsections] Subsection 59-12-104 (14), (20), (40), [and] or (41) on the owner's, vendor's, or purchaser's original filed return, the commission shall impose a penalty equal to the lesser of:~~

~~(a) 10% of the sales [or] and use tax that would have been imposed if the exemption had not applied[. ~~The penalty shall not be imposed if]; or~~~~

~~(b) \$1,000.~~

~~(3) Notwithstanding Subsection (2), the commission may not impose a penalty under Subsection (2) if the owner, vendor, or purchaser files an amended return containing the amount of the exemption [is filed] prior to [notice of audit by the tax commission to] the owner, vendor,~~

or purchaser receiving a notice of audit from the commission.

(4) (a) Notwithstanding Subsection (2), the commission may waive, reduce, or compromise a penalty imposed under this section if the commission finds there are reasonable grounds for the waiver, reduction, or compromise.

(b) If the commission waives, reduces, or compromises a penalty under Subsection (4)(a), the commission shall make a record of the grounds for waiving, reducing, or compromising the penalty.