

**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; 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.**

~~[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

28 Subsection (2) if the owner, vendor, or purchaser files an amended return containing the amount  
29 of the exemption [is filed] prior to [~~notice of audit by the tax commission to~~] the owner, vendor,  
30 or purchaser receiving a notice of audit from the commission.

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

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

---

---

**Legislative Review Note**  
**as of 2-3-99 11:30 AM**

A limited legal review of this legislation raises no obvious constitutional or statutory concerns.

**Office of Legislative Research and General Counsel**