

March 22, 1963.
Place on Calendar.

House File 557
By COMMITTEE ON TAX REVISION.

Passed House, Date..... Passed Senate, Date.....
Vote: Ayes..... Nays..... Vote: Ayes..... Nays.....
Approved.....

A BILL FOR

An Act to allow a fee to retailers who make a timely and accurate return and remittance of retail sales tax and use tax to the state tax commission and to provide for an annual renewal of the retail sales tax permit with payment of an annual renewal fee for each such permit.

Be It Enacted by the General Assembly of the State of Iowa:

1 Section 1. Section four hundred twenty-two point fifty-two
2 (422.52), Code 1962, subsection two (2), is hereby amended by add-
3 ing thereto the following:

4 "The state tax commission shall allow each retailer, at the time
5 of filing such return, to pay to the commission the amount of the
6 tax herein imposed less a discount of one percent (1%) from each
7 quarterly return which is allowed to reimburse the taxpayer for the
8 expenses incurred in keeping records, preparing and filing returns,
9 remitting the tax promptly and supplying data to the commission on
10 request; provided, however, that such retailer shall file his return
11 and remit the correct amount of tax due within the specified time
12 limits. Should the retailer fail to file his return within the
13 specified time limits and remit the correct amount of tax due, the
14 one percent (1%) deduction from tax due shall not be allowed, and
15 the provisions of subsection one (1) of section four hundred twenty-
16 two point fifty-eight (422.58) of the Code shall become effective.
17 The state tax commission may deny the benefits of this subsection in
18 case of fraud, evasion, or failure to keep accurate and clear records
19 as required."

1 Sec. 2. Section four hundred twenty-two point fifty-three
2 (422.53), Code 1962, is hereby repealed and the following enacted in
3 lieu thereof:

4 1. Sixty (60) days after the effective date of this section, it
5 shall be unlawful for any person to engage in or transact business as
6 a retailer within this state unless a permit or permits have been
7 issued to him as hereinafter prescribed, except as otherwise provided
8 in subsection six (6) of this section. Every person desiring to
9 engage in or conduct business as a retailer within this state shall
10 file with the commission an application for a permit or permits.
11 Every application for such a permit shall be made upon a form pre-
12 scribed by the commission and shall set forth the name under which
13 the applicant transacts or intends to transact business, the location
14 of his place or places of business, and such other information as the
15 commission may require. The application shall be signed by the owner
16 if a natural person; in the case of an association or partnership,
17 by a member or partner thereof; in the case of a corporation, by an
18 executive officer thereof or some person specifically authorized by
19 the corporation to sign the application, to which shall be attached
20 the written evidence of his authority.

21 2. At the time of making such application, the applicant shall pay
22 to the commission a permit fee of three dollars (\$3.00) for each
23 permit, and the applicant must have a permit for each place of busi-
24 ness. Such permit shall be issued for one year or fraction thereof.
25 Such permit shall be effective from July 1 to the following June 30
26 and must be renewed each year thereafter by payment in advance of a
27 renewel fee of three dollars (\$3.00) to the commission on or before
28 June 30 of the relevant year for the next succeeding year.

29 3. Upon the payment of the permit fee or fees herein

30 required, the commission may grant and issue to each applicant
31 a permit or renewal for each place of business within the state
32 in such manner or form as the commission may by rule determine.

33 A permit is not assignable and shall be valid only for the
34 person in whose name it is issued and for the transaction
35 of business at the place designated therein. It shall at all
36 times be conspicuously displayed at the place for which issued.

37 4. Whenever the holder of a permit fails to comply with
38 any of the provisions of this division or any orders, rules or
39 regulations of the commission prescribed and adopted under this
40 division, the commission upon hearing, giving ten (10) days
41 notice of the time and place of the hearing to show cause why
42 his permit should not be revoked, may revoke the permit. The
43 commission shall also have the power to restore licenses after
44 such revocation.

45 5. The commission shall charge a fee of five dollars (\$5.00)
46 for the issuance of a permit to a retailer whose permit has been
47 previously revoked.

48 6. Persons not regularly engaged in selling at retail and
49 not having a permanent place of business, but who are temporarily
50 engaged in selling from trucks, portable roadside stands,
51 concessionaires at state, county, district or local fairs, carnivals
52 and the like, shall report and remit the tax on a nonpermit basis,
53 under such rules as the commission shall provide for the efficient
54 collection of the sales tax on such sales.”

1 Sec. 3. Section four hundred twenty-three point thirteen
2 (423.13), Code 1962, is hereby amended by adding at the end thereof
3 a new paragraph as follows:

4 “Each retailer described herein who files the quarterly

5 return and remittance required by this chapter within the time
6 therein prescribed shall be entitled to deduct from the tax
7 otherwise due an amount equal to one percent (1%) of said tax,
8 to cover to some extent his cost of keeping records, collecting
9 the tax and preparing and filing the return. Should the
10 retailer fail to file his return and remit the correct tax due
11 within the time prescribed by law, no fee shall be allowed but
12 the penalties provided by section four hundred twenty-three
13 point eighteen (423.18) of the Code shall apply. The commission
14 may deny the benefits of this section in cases of fraud, evasion
15 or failure to keep accurate and clear records as required.

1 Sec. 4. This Act being deemed of immediate importance
2 shall be in full force and effect from and after its publication
3 in The Lamoni Chronicle, a newspaper published at Lamoni, Iowa,
4 and in The Recorder, a newspaper published at Greene, Iowa.

EXPLANATION OF HOUSE FILE 557

The purpose of section 1 of this act provides for a one percent retention of total sales tax paid each quarter by those retailers who file returns within the specified time period and remit the correct amount due. The result will be to provide compensation for costs of collection.

Retailers will have an incentive to make prompt payment of tax due, this is, a discount for prompt payment. However, this benefit is lost and a penalty is assessed should they not file within specified time limits. The state tax commission believes this bill will help to eliminate losses by encouraging retailers to pay promptly. In addition, field auditors may be released from the task of checking overdue accounts for more fruitful auditing tasks.

Section 2 of the above bill will require an annual three dollar sales tax permit. The fee is now 50 cents for one time only, during the life of the business. This does not pay for the cost of administration. The annual permit will encourage the state sales tax inspectors to be more diligent in visiting all places of business for the purpose of collecting sales tax on new lines of merchandise which are taxable. The three dollar annual permit will promote and encourage better collection of the Iowa sales tax.

Section 3 will compensate to some extent the costs of the non-Iowa vendors' expense in collecting and remitting use tax for Iowa. This should encourage more and better cooperation which is sorely needed.