
SUBSTITUTE HOUSE BILL 3283

State of Washington

60th Legislature

2008 Regular Session

By House Finance (originally sponsored by Representatives Herrera, Takko, Orcutt, Hurst, Eddy, Sump, Ericks, Fromhold, McCoy, Hudgins, Kelley, Kessler, Dunn, Ormsby, Linville, Roach, and McCune)

READ FIRST TIME 02/12/08.

1 AN ACT Relating to relieving active duty military personnel of
2 interest and penalties on delinquent excise taxes; and amending RCW
3 82.32.050.

4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

5 **Sec. 1.** RCW 82.32.050 and 2007 c 111 s 106 are each amended to
6 read as follows:

7 (1) If upon examination of any returns or from other information
8 obtained by the department it appears that a tax or penalty has been
9 paid less than that properly due, the department shall assess against
10 the taxpayer such additional amount found to be due and shall add
11 thereto interest on the tax only. The department shall notify the
12 taxpayer by mail, or electronically as provided in RCW 82.32.135, of
13 the additional amount and the additional amount shall become due and
14 shall be paid within thirty days from the date of the notice, or within
15 such further time as the department may provide.

16 (a) For tax liabilities arising before January 1, 1992, interest
17 shall be computed at the rate of nine percent per annum from the last
18 day of the year in which the deficiency is incurred until the earlier
19 of December 31, 1998, or the date of payment. After December 31, 1998,

1 the rate of interest shall be variable and computed as provided in
2 subsection (2) of this section. The rate so computed shall be adjusted
3 on the first day of January of each year for use in computing interest
4 for that calendar year.

5 (b) For tax liabilities arising after December 31, 1991, the rate
6 of interest shall be variable and computed as provided in subsection
7 (2) of this section from the last day of the year in which the
8 deficiency is incurred until the date of payment. The rate so computed
9 shall be adjusted on the first day of January of each year for use in
10 computing interest for that calendar year.

11 (c) Interest imposed after December 31, 1998, shall be computed
12 from the last day of the month following each calendar year included in
13 a notice, and the last day of the month following the final month
14 included in a notice if not the end of a calendar year, until the due
15 date of the notice. If payment in full is not made by the due date of
16 the notice, additional interest shall be computed until the date of
17 payment. The rate of interest shall be variable and computed as
18 provided in subsection (2) of this section. The rate so computed shall
19 be adjusted on the first day of January of each year for use in
20 computing interest for that calendar year.

21 (2) For the purposes of this section, the rate of interest to be
22 charged to the taxpayer shall be an average of the federal short-term
23 rate as defined in 26 U.S.C. Sec. 1274(d) plus two percentage points.
24 The rate set for each new year shall be computed by taking an
25 arithmetical average to the nearest percentage point of the federal
26 short-term rate, compounded annually. That average shall be calculated
27 using the rates from four months: January, April, and July of the
28 calendar year immediately preceding the new year, and October of the
29 previous preceding year.

30 (3) No assessment or correction of an assessment for additional
31 taxes, penalties, or interest due may be made by the department more
32 than four years after the close of the tax year, except (a) against a
33 taxpayer who has not registered as required by this chapter, (b) upon
34 a showing of fraud or of misrepresentation of a material fact by the
35 taxpayer, or (c) where a taxpayer has executed a written waiver of such
36 limitation. The execution of a written waiver shall also extend the
37 period for making a refund or credit as provided in RCW 82.32.060(2).

1 (4) For the purposes of this section, "return" means any document
2 a person is required by the state of Washington to file to satisfy or
3 establish a tax or fee obligation that is administered or collected by
4 the department of revenue and that has a statutorily defined due date.

5 (5) Notwithstanding any other provision of this section, no
6 interest or penalties may be assessed during any period of armed
7 conflict on delinquent taxes imposed on a business where the majority
8 owner of the business is an individual who is on active duty in the
9 military, and the individual is participating in a conflict and
10 assigned to a duty station outside the territorial boundaries of the
11 United States. However, a business is not exempt from interest and
12 penalties, as provided in this subsection, if the gross income of the
13 business exceeded one million dollars in the calendar year prior to the
14 individual's initial deployment outside the United States for the armed
15 conflict. Interest and penalties may not be waived for more than
16 twenty-four months.

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