

- (1) FAILS TO PAY AN INSTALLMENT WHEN DUE; OR
- (2) ESTIMATES A TAX THAT IS:

(I) LESS THAN 50% OF THE TAX REQUIRED TO BE SHOWN ON THE RETURN FOR THE CURRENT TAXABLE YEAR; AND

(II) LESS THAN THE TAX PAID FOR THE PRIOR TAXABLE YEAR.

(B) INCOME TAX.

A TAX COLLECTOR SHALL ASSESS A PENALTY NOT EXCEEDING 25% OF THE AMOUNT UNDERESTIMATED, IF A PERSON WHO IS REQUIRED TO ESTIMATE AND PAY INCOME TAX UNDER § 10-803 OF THIS ARTICLE:

- (1) FAILS TO PAY AN INSTALLMENT WHEN DUE; OR
- (2) ESTIMATES A TAX THAT IS:

(I) LESS THAN 90% OF THE TAX REQUIRED TO BE SHOWN ON THE RETURN FOR THE CURRENT TAXABLE YEAR; AND

(II) LESS THAN THE TAX PAID FOR THE PRIOR TAXABLE YEAR.

REVISOR'S NOTE: Subsection (a) of this section is new language added to state expressly that which only was implied by former Art. 81, §§ 128(h)(1) and 128A(f)(1), which made a financial institution failing to "pay ... any portion of a tax ... subject to the ... penalties ... in the subtitle 'Income Tax'".

Subsection (b) of this section is new language derived without substantive change from former Art. 81, § 312(o), as it related to penalties.

The Tax - General Article Review Committee notes, for consideration by the General Assembly, that only interest is assessed for underpayment of estimated public service company franchise tax. There is no provision for the assessment of a penalty.

Defined terms: "Financial institution franchise tax" § 1-101
 "Income tax" § 1-101 "Person" § 1-101
 "Tax collector" § 13-101

13-703. FALSE RETURNS.

IF, WITH THE INTENT TO EVADE THE PAYMENT OF TAX, A PERSON, INCLUDING AN OFFICER OF A CORPORATION, OR A GOVERNMENTAL UNIT MAKES A FALSE FINANCIAL INSTITUTION FRANCHISE TAX, INCOME TAX, OR SALES AND USE TAX RETURN, THE TAX COLLECTOR SHALL ASSESS A PENALTY NOT EXCEEDING: