

Assembly Bill No. 110

CHAPTER 410

An act to add Section 19164.1 to the Revenue and Taxation Code, relating to taxation.

[Approved by Governor October 1, 2001. Filed with Secretary of State October 2, 2001.]

LEGISLATIVE COUNSEL'S DIGEST

AB 110, Zettel. Personal income taxes: credit: credentialed teachers.

The Personal Income Tax Law authorizes various credits against the taxes imposed by those laws, including a credit against taxes imposed by those laws for credentialed teachers in an amount equal to specified amounts, depending upon years of service as a teacher.

Existing law requires the Franchise Tax Board to impose an accuracy-related penalty equal to 20% of the amount of tax underpaid, if the underpayment is attributable to negligence or results from a substantial understatement or undervaluation of specified categories of income subject to tax.

This bill would provide that the accuracy-related penalty does not apply to tax credits authorized for credentialed teachers claimed on tax returns filed for taxable years beginning on or after January 1, 2000, and before January 1, 2001.

The people of the State of California do enact as follows:

SECTION 1. Section 19164.1 is added to the Revenue and Taxation Code, to read:

19164.1. (a) Any understatement determined pursuant to subdivision (a) of Section 19164 (relating to the accuracy-related penalty) may not include amounts that are attributable to the credit allowed under Section 17052.2 (relating to the teacher retention tax credit).

(b) This section applies only to tax credits claimed under Section 17052.2 for taxable years beginning on or after January 1, 2000, and before January 1, 2001.

SEC. 2. This act provides for a tax levy within the meaning of Article IV of the Constitution and shall go into immediate effect.

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