

Introduced by Senator Maldonado

February 10, 2009

An act to amend Section ~~17048~~ 19341 of the Revenue and Taxation Code, relating to taxation.

LEGISLATIVE COUNSEL'S DIGEST

SB 137, as amended, Maldonado. ~~Income taxes: tax tables. Income tax: overpayments: interest.~~

Existing income and corporation tax laws require the payment of interest on overpayments of tax, except that no interest is required if the overpayments are refunded or credited within specified 90-day time periods.

This bill would provide that, in the case of any individual or fiduciary taxable under the Personal Income Tax Law for taxable years beginning on or after January 1, 2008, no interest shall be allowed on any overpayments that are refunded or credited within 60 days after the return is filed.

This bill would make a legislative finding and declaration regarding the public purpose served by the bill.

~~The Personal Income Tax Law imposes specified taxes based upon gross income, and, among other things, provides for the computation of taxes in accordance with tax tables prescribed by the Franchise Tax Board.~~

~~This bill would make technical, nonsubstantive changes to those provisions:~~

Vote: majority. Appropriation: no. Fiscal committee: ~~no~~-yes.
State-mandated local program: no.

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

1 *SECTION 1. Section 19341 of the Revenue and Taxation Code*
 2 *is amended to read:*

3 19341. (a) Except as provided in subdivisions (b), (c), and (d),
 4 if any overpayment of tax is refunded or credited within 90 days
 5 after the return is filed, or within 90 days after the last day
 6 prescribed for filing the return of tax (determined without regard
 7 to any extension of time for filing the return), whichever is later,
 8 no interest shall be allowed under Section 19340 on the
 9 overpayment.

10 For the purposes of this section, “overpayment of tax” includes
 11 a refund in excess of tax liability as prescribed in subdivision (j)
 12 of Section 17053.5.

13 (b) In the case of returns which set forth no determination or
 14 amount of tax liability, or credits other than that allowed under
 15 Section 17053.5, and which are filed solely for the purpose of
 16 claiming the renter credit, no interest shall be allowed on refunds
 17 made within 90 days from the date on which the return is filed, or
 18 within 90 days after the last day prescribed for filing the return,
 19 whichever is later. This subdivision applies only when
 20 communication with the claimant or other verification is necessary
 21 to determine entitlement to the claimed credit.

22 (c) ~~It~~ *Except as provided in subdivisions (b) and (d), in the case*
 23 of an individual or fiduciary taxable under Part 10 (commencing
 24 with Section 17001), for the ~~1982~~ 2008 taxable year and each
 25 taxable year thereafter, ~~the 90-day time periods specified in~~
 26 ~~subdivision (a) shall be 45 days~~ *no interest shall be allowed under*
 27 *Section 19340 on any overpayment of tax that is refunded or*
 28 *credited within 60 days after the return is filed.*

29 (d) In the case of a return of tax which is filed after the last date
 30 prescribed for filing the return (determined with regard to
 31 extensions), no interest shall be allowed or paid for any day before
 32 the date on which the return is filed.

33 *SEC. 2. The Legislature finds and declares that the interest*
 34 *allowed to taxpayers by this act with respect to the 2008 taxable*
 35 *year serves a public purpose and does not constitute a gift of public*
 36 *funds within the meaning of Section 6 of Article XVI of the*
 37 *California Constitution.*

1 SECTION 1. Section 17048 of the Revenue and Taxation Code
2 is amended to read:

3 ~~17048. (a) In lieu of the tax imposed under Section 17041,~~
4 ~~individuals with taxable income of such amounts as prescribed by~~
5 ~~the Franchise Tax Board, shall compute their taxes under tax tables~~
6 ~~prescribed by the Franchise Tax Board. The tax tables shall reflect~~
7 ~~the tax imposed under Section 17041 in income progressions of~~
8 ~~not less than one hundred dollars (\$100) taking into account the~~
9 ~~marital or other status of the individual. For purposes of this part,~~
10 ~~the tax imposed by this section shall be treated as tax imposed by~~
11 ~~Section 17041.~~

12 ~~(b) Subdivision (a) shall not apply to any of the following:~~

13 ~~(1) An individual to whom subdivision (b) of Section 17504~~
14 ~~(relating to the tax on lump-sum distributions) applies for the~~
15 ~~taxable year.~~

16 ~~(2) An individual making a return under Section 443(a)(1) of~~
17 ~~the Internal Revenue Code for a period of less than 12 months on~~
18 ~~account of a change in annual accounting period.~~

19 ~~(3) An estate or trust.~~