

2018 Regular Session

SENATE BILL NO. 348

BY SENATOR APPEL

TAX/TAXATION. Provides a penalty waiver for employers that did not immediately begin using the 2018 state income tax withholding tables. (gov sig)

1 AN ACT  
2 To enact R.S. 47:113.1 and 118(I)(3), relative to tax administration; to provide that penalties  
3 for employers that did not immediately begin to use the 2018 state withholding tables  
4 shall not apply; to provide for a waiver of the underpayment of estimated tax penalty  
5 for individuals whose employers did not immediately begin to use the 2018 state  
6 withholding tables; to provide for an effective date; and to provide for related  
7 matters.

8 Be it enacted by the Legislature of Louisiana:  
9 Section 1. R.S. 47:113.1 and 118(I)(3) are hereby enacted to read as follows:

10 **§113.1. Penalty waiver**  
11 **The employer penalty provided for in this Subpart for remitting an**  
12 **incorrect amount of employee withholding during February, March, or April**  
13 **2018 shall not apply if the reason for the incorrect withholding is that the**  
14 **employer did not begin using the 2018 state withholding tables or formula on**  
15 **or before February 16, 2018, provided that the employer began to use the 2018**  
16 **state withholding tables on or before May 1, 2018.**

17 \* \* \*

1 §118. Failure by individual to pay estimated income tax; penalty

2 \* \* \*

3 I. Penalty waiver. The secretary may waive, in whole or in part, payment of  
4 the penalty provided for in Subsection A of this Section if the individual submits an  
5 application for waiver of the penalty on or before one year from the statutory due  
6 date of the tax return associated with the underpayment not including any applicable  
7 extensions, showing the individual acted in good faith in failing to make the  
8 estimated payments. With the exception of those situations when, in the opinion of  
9 the secretary, the individual has acted with intentional disregard for the laws of the  
10 state, the secretary may presume the individual acted in good faith under the  
11 following circumstances:

12 \* \* \*

13 **(3) If, for the tax year beginning January 1, 2018, the reason for the**  
14 **underpayment of estimated tax is that the individual's employer did not begin**  
15 **to use the 2018 state withholding tables or formula before March 1, 2018.**

16 Section 2. This Act shall become effective upon signature by the governor or, if not  
17 signed by the governor, upon expiration of the time for bills to become law without signature  
18 by the governor, as provided by Article III, Section 18 of the Constitution of Louisiana. If  
19 vetoed by the governor and subsequently approved by the legislature, this Act shall become  
20 effective on the day following such approval.

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The original instrument and the following digest, which constitutes no part  
of the legislative instrument, were prepared by Leonore Heavey.

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DIGEST

SB 348 Original                      2018 Regular Session                      Appel

Present law authorizes the assessment of a penalty for employers that do not withhold the correct amount of tax.

Proposed law provides that the penalty for failure to remit the correct amount of withholding tax shall not apply if the failure to do so was because the employer did not immediately begin using the 2018 withholding tables.

Present law authorizes the assessment of a penalty for individuals who underpay their estimated income tax.

Proposed law provides that the taxpayer will be considered to have acted in good faith for

purposes of the application of the penalty waiver of the penalty if the underpayment was due to the failure of the individual's employer to begin using the 2018 withholding tables timely.

Effective upon signature of the governor or lapse of time for gubernatorial action.

(Adds R.S. 47:113.1 and 118(I)(3))