

Guidelines for Imposing Interest and Penalty For Public Service Company Franchise Taxes

<u>Item</u>	<u>Interest</u>	<u>Penalty</u>
1. Underestimation of Taxes.		
a. Failure to pay installment when due. (TGA - §13-601, §13-702(a))	Interest charged from due date until tax is paid.	5% of unpaid tax for 1 to 30 days late. 10% of unpaid tax for 31 to 60 days late. 25% of unpaid tax for over 60 days late.
b. Estimated tax payment is less than 90% of current year tax due and less than 110% of the tax paid for the prior tax year. (TGA - §8-405, §13-602, §13-702(a))	Interest charged on difference between tax paid and the required minimum estimated tax. Interest imposed from due date until tax is paid.	If estimated tax paid is up to 5% less than the required minimum estimate, penalty is 10% of underestimate. If estimated tax paid is more than 5% less than the required minimum estimate, penalty is 25% of underestimate.
2. Failure to pay tax when due. (TGA - §13-601, §13-701)	Interest charged from due date until tax is paid.	5% of unpaid tax for 1 to 30 days late. 10% of unpaid tax for over 30 days late.
3. Failure to file return and pay tax within 30 days after notice of demand for return is mailed. (TGA - §13-708)		25% of the tax assessed.
4. Filing a false return or failing to file a return with the intent to evade payment of tax. (TGA - §13-703, §13-704)		100% of underpayment of tax. \$30.00 service charge.
5. Tax payment check not honored by bank. (TGA – §13-713)		Up to 25% of the tax assessed.
6. Failure to file the supporting documents of the filing within 30 days of the mailing of the Departments notice. The Department will estimate the Company's operating revenues and assess an additional penalty of up to 25% of the estimated tax liability.		

Note:

1. A company with an annual public service company franchise tax liability of less than \$1,000.00 is not required to make an estimated tax payment.