

U.S.C. Tax penalties being adopted by Reference in HB 115

Amendment L.35

26 U.S. Code § 6654 - Failure by individual to pay estimated income tax –

<https://www.law.cornell.edu/uscode/text/26/6654>

(a) ADDITION TO THE TAX Except as otherwise provided in this section, in the case of any underpayment of estimated tax by an individual, there shall be added to the tax under chapter 1 ^[1] the tax under chapter 2, and the tax under chapter 2A for the taxable year an amount determined by applying—

(1)

the underpayment rate established under section 6621,

(2)

to the amount of the underpayment,

(3)

for the period of the underpayment.

6621: **(2) UNDERPAYMENT RATE** The underpayment rate established under this section shall be the sum of—

(A)

the Federal short-term rate determined under subsection (b), plus

(B)

3 percentage points.

26 U.S. Code § 6662 - Imposition of accuracy-related penalty on underpayments

<https://www.law.cornell.edu/uscode/text/26/6662>

(a) IMPOSITION OF PENALTY

If this section applies to any portion of an underpayment of tax required to be shown on a return, there shall be added to the tax an amount equal to 20 percent of the portion of the underpayment to which this section applies.

(b) PORTION OF UNDERPAYMENT TO WHICH SECTION APPLIES This section shall apply to the portion of any underpayment which is attributable to 1 or more of the following:

(1)

Negligence or disregard of rules or regulations.

(2)

Any substantial understatement of income tax.

(3)

Any substantial valuation misstatement under chapter 1.

(4)

Any substantial overstatement of pension liabilities.

(5)

Any substantial estate or gift tax valuation understatement.

(6)

Any disallowance of claimed tax benefits by reason of a transaction lacking economic substance (within the meaning of section 7701(o)) or failing to meet the requirements of any similar rule of law.

(7)

Any undisclosed foreign financial asset understatement.

(8)

Any inconsistent estate basis.

This section shall not apply to any portion of an underpayment on which a penalty is imposed under section 6663. Except as provided in paragraph (1) or (2)(B) of section 6662A(e), this section shall not apply to the portion of any underpayment which is attributable to a reportable transaction understatement on which a penalty is imposed under section 6662A.

26 U.S. Code § 6664 - Definitions and special rules

<https://www.law.cornell.edu/uscode/text/26/6664> - definitions of underpayment, etc.

26 U.S. Code § 6694 - Understatement of taxpayer's liability by tax return preparer

<https://www.law.cornell.edu/uscode/text/26/6694>

(a) UNDERSTATEMENT DUE TO UNREASONABLE POSITIONS

(1) IN GENERAL If a tax return preparer—

(A) prepares any return or claim of refund with respect to which any part of an understatement of liability is due to a position described in paragraph (2), and

(B) knew (or reasonably should have known) of the position, such tax return preparer shall pay a penalty with respect to each such return or claim in an amount equal to the greater of \$1,000 or 50 percent of the income derived (or to be derived) by the tax return preparer with respect to the return or claim.

(b) UNDERSTATEMENT DUE TO WILLFUL OR RECKLESS CONDUCT

(1) IN GENERAL Any tax return preparer who prepares any return or claim for refund with respect to which any part of an understatement of liability is due to a conduct described in paragraph (2) shall pay a penalty with respect to each such return or claim in an amount equal to the greater of—

(A)

\$5,000, or

(B)

75 percent of the income derived (or to be derived) by the tax return preparer with respect to the return or claim.

(2) WILLFUL OR RECKLESS CONDUCT Conduct described in this paragraph is conduct by the tax return preparer which is—

(A)

a willful attempt in any manner to understate the liability for tax on the return or claim, or

(B)

a reckless or intentional disregard of rules or regulations.

26 U.S. Code § 6695 - Other assessable penalties with respect to the preparation of tax returns for other persons

<https://www.law.cornell.edu/uscode/text/26/6695>

(a) FAILURE TO FURNISH COPY TO TAXPAYER

Any person who is a tax return preparer with respect to any return or claim for refund who fails to comply with section 6107(a) with respect to such return or claim shall pay a penalty of \$50 for such failure, unless it is shown that such failure is due to reasonable cause and not due to willful neglect. The maximum penalty imposed under this subsection on any person with respect to documents filed during any calendar year shall not exceed \$25,000.

(b) FAILURE TO SIGN RETURN \$25,000

(c) FAILURE TO FURNISH IDENTIFYING NUMBER \$25,000

(d) FAILURE TO RETAIN COPY OR LIST \$25,000

(e) FAILURE TO FILE CORRECT INFORMATION RETURNS \$25,000

26 U.S. Code § 6700 - Promoting abusive tax shelters, etc.

<https://www.law.cornell.edu/uscode/text/26/6700>

(a) IMPOSITION OF PENALTY Any person who—

(1)

(A) organizes (or assists in the organization of)—

(i)

a partnership or other entity,

(ii)

any investment plan or arrangement, or

(iii)

any other plan or arrangement, or

(B)

participates (directly or indirectly) in the sale of any interest in an entity or plan or arrangement referred to in subparagraph (A), and

(2) makes or furnishes or causes another person to make or furnish (in connection with such organization or sale)—

(A)

a statement with respect to the allowability of any deduction or credit, the excludability of any income, or the securing of any other tax benefit by reason of holding an interest in the entity or participating in the plan or arrangement which the person knows or has reason to know is false or fraudulent as to any material matter, or

(B)

a gross valuation overstatement as to any material matter,

shall pay, with respect to each activity described in paragraph (1), a penalty equal to the \$1,000 or, if the person establishes that it is lesser, 100 percent of the gross income derived (or to be derived) by such person from such activity.

26 U.S. Code § 6701 - Penalties for aiding and abetting understatement of tax liability

<https://www.law.cornell.edu/uscode/text/26/6701>

(a) IMPOSITION OF PENALTY Any person—

(1)

who aids or assists in, procures, or advises with respect to, the preparation or presentation of any portion of a return, affidavit, claim, or other document,

(2)

who knows (or has reason to believe) that such portion will be used in connection with any material matter arising under the internal revenue laws, and

(3)

who knows that such portion (if so used) would result in an understatement of the liability for tax of another person,

shall pay a penalty with respect to each such document in the amount determined under subsection (b).

(b) AMOUNT OF PENALTY

(1) IN GENERAL

Except as provided in paragraph (2), the amount of the penalty imposed by subsection (a) shall be \$1,000.

26 U.S. Code § 6702 - Frivolous tax submissions

<https://www.law.cornell.edu/uscode/text/26/6702>

(a) CIVIL PENALTY FOR FRIVOLOUS TAX RETURNS A person shall pay a penalty of \$5,000 if—

(1) such person files what purports to be a return of a tax imposed by this title but which—

(A)

does not contain information on which the substantial correctness of the self-assessment may be judged, or

(B)

contains information that on its face indicates that the self-assessment is substantially incorrect, and

(2) the conduct referred to in paragraph (1)—

(A)

is based on a position which the Secretary has identified as frivolous under subsection (c), or

(B)

reflects a desire to delay or impede the administration of Federal tax laws.

26 U.S. Code § 6707 - Failure to furnish information regarding reportable transactions

<https://www.law.cornell.edu/uscode/text/26/6707>

a)IN GENERALIf a person who is required to file a return under section 6111(a) with respect to any reportable transaction—

(1)

fails to file such return on or before the date prescribed therefor, or

(2)

files false or incomplete information with the Secretary with respect to such transaction, such person shall pay a penalty with respect to such return in the amount determined under subsection (b).

(b)AMOUNT OF PENALTY

(1)IN GENERAL

Except as provided in paragraph (2), the penalty imposed under subsection (a) with respect to any failure shall be \$50,000.

26 U.S. Code § 6713 - Disclosure or use of information by preparers of returns

<https://www.law.cornell.edu/uscode/text/26/6713>

(a)IMPOSITION OF PENALTYIf any person who is engaged in the business of preparing, or providing services in connection with the preparation of, returns of tax imposed by chapter 1, or any person who for compensation prepares any such return for any other person, and who—

(1)

discloses any information furnished to him for, or in connection with, the preparation of any such return, or

(2)

uses any such information for any purpose other than to prepare, or assist in preparing, any such return,

shall pay a penalty of \$250 for each such disclosure or use, but the total amount imposed under this subsection on such a person for any calendar year shall not exceed \$10,000.

26 U.S. Code § 7201 - Attempt to evade or defeat tax

<https://www.law.cornell.edu/uscode/text/26/7201>

Any person who willfully attempts in any manner to evade or defeat any tax imposed by this title or the payment thereof shall, in addition to other penalties provided by law, be guilty of a felony and, upon conviction thereof, shall be fined not more than \$100,000 (\$500,000 in the case of a corporation), or imprisoned not more than 5 years, or both, together with the costs of prosecution.

26 U.S. Code § 7202 - Willful failure to collect or pay over tax

<https://www.law.cornell.edu/uscode/text/26/7202>

Any person required under this title to collect, account for, and pay over any tax imposed by this title who willfully fails to collect or truthfully account for and pay over such tax shall, in addition to other penalties provided by law, be guilty of a felony and, upon conviction thereof, shall be fined not more than \$10,000, or imprisoned not more than 5 years, or both, together with the costs of prosecution.
(Aug. 16, 1954, ch. 736, [68A Stat. 851](#).)

26 U.S. Code § 7206 - Fraud and false statements

<https://www.law.cornell.edu/uscode/text/26/7206>

Any person who—

(1) DECLARATION UNDER PENALTIES OF PERJURY

Willfully makes and subscribes any return, statement, or other document, which contains or is verified by a written declaration that it is made under the penalties of perjury, and which he does not believe to be true and correct as to every material matter; or

(2) AID OR ASSISTANCE

Willfully aids or assists in, or procures, counsels, or advises the preparation or presentation under, or in connection with any matter arising under, the internal revenue laws, of a return, affidavit, claim, or other document, which is fraudulent or is false as to any material matter, whether or not such falsity or fraud is with the knowledge or consent of the person authorized or required to present such return, affidavit, claim, or document; or

(3) FRAUDULENT BONDS, PERMITS, AND ENTRIES

Simulates or falsely or fraudulently executes or signs any bond, permit, entry, or other document required by the provisions of the internal revenue laws, or by any regulation made in pursuance thereof, or procures the same to be falsely or fraudulently executed, or advises, aids in, or connives at such execution thereof; or

(4) REMOVAL OR CONCEALMENT WITH INTENT TO DEFRAUD

Removes, deposits, or conceals, or is concerned in removing, depositing, or concealing, any goods or commodities for or in respect whereof any tax is or shall be imposed, or any property upon which levy is authorized by section 6331, with intent to evade or defeat the assessment or collection of any tax imposed by this title; or

(5) COMPROMISES AND CLOSING AGREEMENTS In connection with any compromise under section 7122, or offer of such compromise, or in connection with any closing agreement under section 7121, or offer to enter into any such agreement, willfully—

(A) Concealment of property

Conceals from any officer or employee of the United States any property belonging to the estate of a taxpayer or other person liable in respect of the tax, or

(B) Withholding, falsifying, and destroying records

Receives, withholds, destroys, mutilates, or falsifies any book, document, or record, or makes any false statement, relating to the estate or financial condition of the taxpayer or other person liable in respect of the tax;

shall be guilty of a felony and, upon conviction thereof, shall be fined not more than \$100,000 (\$500,000 in the case of a corporation), or imprisoned not more than 3 years, or both, together with the costs of

26 U.S. Code § 7207 - Fraudulent returns, statements, or other documents

Any person who willfully delivers or discloses to the Secretary any list, return, account, statement, or other document, known by him to be fraudulent or to be false as to any material matter, shall be fined not more than \$10,000 (\$50,000 in the case of a corporation), or imprisoned not more than 1 year, or both. Any person required pursuant to section 6047(b), section 6104(d), or subsection (i) or (j) of section 527 to furnish any information to the Secretary or any other person who willfully furnishes to the Secretary or such other person any information known by him to be fraudulent or to be false as to any material matter shall be fined not more than \$10,000 (\$50,000 in the case of a corporation), or imprisoned not more than 1 year, or both.

26 U.S. Code § 7216 - Disclosure or use of information by preparers of returns

<https://www.law.cornell.edu/uscode/text/26/7216>

(a) GENERAL RULE Any person who is engaged in the business of preparing, or providing services in connection with the preparation of, returns of the tax imposed by chapter 1, or any person who for compensation prepares any such return for any other person, and who knowingly or recklessly—

(1)

discloses any information furnished to him for, or in connection with, the preparation of any such return, or

(2)

uses any such information for any purpose other than to prepare, or assist in preparing, any such return,

shall be guilty of a misdemeanor, and, upon conviction thereof, shall be fined not more than \$1,000, or imprisoned not more than 1 year, or both, together with the costs of prosecution.

26 U.S. Code § 7407 - Action to enjoin tax return preparers

<https://www.law.cornell.edu/uscode/text/26/7407>

(a) AUTHORITY TO SEEK INJUNCTION

A civil action in the name of the United States to enjoin any person who is a tax return preparer from further engaging in any conduct described in subsection (b) or from further action as a tax return preparer may be commenced at the request of the Secretary. Any action under this section shall be brought in the District Court of the United States for the district in which the tax return preparer resides or has his principal place of business or in which the taxpayer with respect to whose tax return the action is brought resides. The court may exercise its jurisdiction over such action (as provided in section 7402(a)) separate and apart from any other action brought by the United States against such tax return preparer or any taxpayer.

(b) ADJUDICATION AND DECREES In any action under subsection (a), if the court finds—

(1)that a tax return preparer has—

(A)

engaged in any conduct subject to penalty under section 6694 or 6695, or subject to any criminal penalty provided by this title,

(B)

misrepresented his eligibility to practice before the Internal Revenue Service, or otherwise misrepresented his experience or education as a tax return preparer,

(C)

guaranteed the payment of any tax refund or the allowance of any tax credit, or

(D)

engaged in any other fraudulent or deceptive conduct which substantially interferes with the proper administration of the Internal Revenue laws, and

(2)

that injunctive relief is appropriate to prevent the recurrence of such conduct,

the court may enjoin such person from further engaging in such conduct. If the court finds that a tax return preparer has continually or repeatedly engaged in any conduct described in subparagraphs (A) through (D) of this subsection and that an injunction prohibiting such conduct would not be sufficient to prevent such person's interference with the proper administration of this title, the court may enjoin such person from acting as a tax return preparer.

26 U.S. Code § 7408 - Actions to enjoin specified conduct related to tax shelters and reportable transactions

<https://www.law.cornell.edu/uscode/text/26/7408>

(a) AUTHORITY TO SEEK INJUNCTION

A civil action in the name of the United States to enjoin any person from further engaging in specified conduct may be commenced at the request of the Secretary. Any action under this section shall be brought in the district court of the United States for the district in which such person resides, has his principal place of business, or has engaged in specified conduct. The court may exercise its jurisdiction over such action (as provided in section 7402(a)) separate and apart from any other action brought by the United States against such person.

(b) ADJUDICATION AND DECREEIn any action under subsection (a), if the court finds—

(1)

that the person has engaged in any specified conduct, and

(2)

that injunctive relief is appropriate to prevent recurrence of such conduct,

the court may enjoin such person from engaging in such conduct or in any other activity subject to penalty under this title.

(c) SPECIFIED CONDUCT For purposes of this section, the term “specified conduct” means any action, or failure to take action, which is—

(1)

subject to penalty under section 6700, 6701, 6707, or 6708, or

(2)

in violation of any requirement under regulations issued under [section 330 of title 31](#), United States Code.

(d) CITIZENS AND RESIDENTS OUTSIDE THE UNITED STATES

If any citizen or resident of the United States does not reside in, and does not have his principal place of business in, any United States judicial district, such citizen or resident shall be treated for purposes of this section as residing in the District of Columbia.