

REFERENCE TITLE: **income tax; returns; filing extension.**

State of Arizona
House of Representatives
Fifty-fifth Legislature
First Regular Session
2021

HB 2114

Introduced by
Representatives Bolick: Toma

AN ACT

**AMENDING SECTION 42-1107, ARIZONA REVISED STATUTES; RELATING TO TAX
ADMINISTRATION.**

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:

2 Section 1. Section 42-1107, Arizona Revised Statutes, is amended to
3 read:

4 42-1107. Extension of time for filing returns

5 A. The department, pursuant to administrative rule, may grant an
6 automatic extension of time for filing an income tax return under title 43
7 if at least ninety ~~per cent~~ PERCENT of the tax liability disclosed by the
8 taxpayer's return for the reporting period is paid and if the request for
9 extension is received or mailed on or before the date the return is
10 otherwise due to be filed. If at least ninety ~~per cent~~ PERCENT of the tax
11 liability disclosed by the taxpayer's return for the reporting period has
12 not been paid at the time of filing for the extension, the taxpayer is
13 subject to a penalty of one-half of one ~~per cent~~ PERCENT of the tax not
14 paid for each ~~thirty day~~ THIRTY-DAY period or fraction of a ~~thirty day~~
15 THIRTY-DAY period elapsing between the date the return is otherwise due to
16 be filed and the date the tax is paid, not to exceed a total of
17 twenty-five ~~per cent~~ PERCENT. If a taxpayer is subject to both of the
18 penalties prescribed under this section and section 42-1125, the maximum
19 combined penalty that may be imposed on the taxpayer under both sections
20 shall not exceed twenty-five ~~per cent~~ PERCENT of the tax found to be
21 remaining due. A taxpayer is not subject to the penalties prescribed
22 under section 42-1125, subsection D if the taxpayer is subject to the
23 penalties prescribed under this section. If in its judgment good cause
24 exists, the department may grant a further extension or extensions of time
25 for filing the return pursuant to administrative rule. ~~No~~ EXCEPT AS
26 PROVIDED IN SUBSECTION D OF THIS SECTION, AN extension or extensions
27 granted under this subsection may NOT aggregate more than six months ~~from~~
28 AFTER the due date provided for the filing of returns.

29 B. If the taxpayer has been granted an extension or extensions of
30 time within which to file a federal income tax return for any taxable
31 year, the taxpayer is deemed to have been granted the same extension of
32 time for filing the Arizona income tax return if the taxpayer has paid at
33 least ninety ~~per cent~~ PERCENT of the tax liability disclosed by the
34 taxpayer's return for the reporting period. If at the time the taxpayer
35 has been granted a federal extension or extensions the taxpayer is
36 required to ~~make the payment of~~ PAY at least ninety ~~per cent~~ PERCENT under
37 this section, the payment shall be in a manner prescribed by the
38 department.

39 C. The department, for good cause, may extend the time for making
40 any other return required by chapter 5, articles 1, 4 and 5 of this title,
41 and may grant such reasonable additional time in which to make the return
42 as it deems proper, but the time for filing the return shall not be
43 extended beyond the first day of the third month next succeeding the
44 regular due date of the return.

1 D. THE DUE DATE FOR AN INCOME TAX RETURN FOR A TAXPAYER FILING A
2 CORPORATE OR EXEMPT ORGANIZATION RETURN THAT HAS BEEN GRANTED AN EXTENSION
3 OR EXTENSIONS PURSUANT TO SUBSECTION A OR B OF THIS SECTION IS SEVEN
4 MONTHS AFTER THE INITIAL DUE DATE PROVIDED FOR FILING RETURNS. THIS
5 SUBSECTION DOES NOT INCLUDE SMALL BUSINESS CORPORATION RETURNS FILED UNDER
6 SECTION 43-1126.

7 Sec. 2. Retroactivity

8 This act applies to taxable years beginning from and after December
9 31, 2020.