HR 5550

Penalty and Interest Reform Act of 2002

Congress: 107 (2001–2003, Ended)
Chamber: House
Policy Area: Taxation
Introduced: Oct 3, 2002
Current Status: Referred to the House Committee on Ways and Means.
Latest Action: Referred to the House Committee on Ways and Means. (Oct 3, 2002)
Official Text: https://www.congress.gov/bill/107th-congress/house-bill/5550

Sponsor

Name: Rep. Houghton, Amo [R-NY-31]
Party: Republican • **State:** NY • **Chamber:** House

Cosponsors

No cosponsors are listed for this bill.

Committee Activity

Committee	Chamber	Activity	Date
Ways and Means Committee	House	Referred To	Oct 3, 2002

Subjects & Policy Tags

Policy Area:

Taxation

Related Bills

No related bills are listed.

Summary (as of Oct 3, 2002)

Penalty and Interest Reform Act of 2002 - Amends the Internal Revenue Code (Code) to move failure to pay estimated tax penalty provisions from chapter 68 (Additions to the Tax, Additional Amounts, and Assessable Penalties) to chapter 67 (Determination of Interest Rate; Compounding of Interest) of the Code while converting such current tax penalty provisions into interest provisions. Exempts from the interest penalty an underpayment of less than $2,000.

Excludes from gross income interest paid on any tax overpayment by individuals.

Abates interest with respect to: (1) an erroneous refund check without regard to the refund amount (currently $50,000); and (2) taxpayer reliance on written erroneous Internal Revenue Service (IRS) advice.

Permits making cash bond deposits to offset potential tax underpayments.

Applies the interest netting rules without regard to the 45-day period for individuals.

Waives certain penalties for first-time unintentional minor errors for individuals.

Establishes a civil penalty, in addition to other penalties provided by law, for certain frivolous tax submissions. Directs the IRS to prescribe a list of frivolous submissions. Gives a person an opportunity to withdraw such submission upon notice by the IRS.

Actions Timeline

- **Oct 3, 2002:** Introduced in House
- **Oct 3, 2002:** Referred to the House Committee on Ways and Means.

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