



To Lead, Advocate and Connect as the Voice of Business

Senate Bill 457: Income Tax Interest and Penalty Waiver Act of 2019

Budget and Tax

March 6, 2019

SUPPORT

Senate Bill 457 is an emergency bill requires the Comptroller to waive all interest or penalties imposed on a taxpayer related to the payment of estimated income tax during calendar 2018.

The federal Tax Cuts and Jobs Act of 2017 (Public Law 115-97) was signed into law on December 22, 2017, and enacted significant changes to federal taxes, including the personal income tax. The Comptroller's Office estimates that as a result of the federal Act 71% of Maryland taxpayers will pay less in federal taxes, 13% will pay more, and the remaining 16% will not be impacted.

In January 2019, IRS announced that it will waive the federal estimated tax penalty for certain taxpayers whose tax year 2018 federal income tax withholding and estimated tax payments were less than the required amounts. IRS is generally waiving the penalty for any taxpayer who paid at least 85% of their total tax liability during the tax year. This relief is designed to help taxpayers who were unable to properly adjust their withholding and estimated tax payments in light of the changes enacted by the federal Tax Cuts and Jobs Act of 2017. Similarly, the Montgomery County Chamber of Commerce supports the Maryland Comptroller's Office waiving a similar penalty at the state level.

For these reasons, **we respectfully request Senate Bill 457 be given a favorable report.**

The Montgomery County Chamber of Commerce (MCCC) accelerates the success of our nearly 500 members by advocating for increased business opportunities, strategic investment in infrastructure, and balanced tax reform to advance Metro Maryland as a regional, national, and global location for business success. Established in 1959, MCCC is an independent non-profit membership organization and is proud to be a Montgomery County Green Certified Business.