

Section 40-2A-11**Civil penalties levied in addition to other penalties provided by law.**

(a) Failure to timely file return. Except in the case of an individual income tax return filed with no tax due at the time of filing, if a taxpayer fails to file any return required to be filed with the department on or before the date prescribed therefor, determined with regard to any extension of time for filing, there shall be assessed as a penalty the greater of 10 percent of any additional tax required to be paid with the return or fifty dollars (\$50).

(b) Failure to timely pay tax.

(1) If a taxpayer fails to pay to the department the amount of tax shown as due on a return required to be filed on or before the date prescribed for payment of the tax, determined with regard to any extension of time for payment, there shall be added as a penalty one percent of the amount of the tax due if the failure to pay is for not more than one month, with an additional one percent for each additional month or fraction thereof during which failure to pay continues, not exceeding 25 percent in the aggregate. In lieu of the penalty provided in the immediately preceding sentence, for any tax for which a monthly or quarterly return is required, or for which no return is required, the department shall add a failure to timely pay penalty of 10 percent of the unpaid amount shown as tax due on the return or the amount stated in the notice and demand.

(2) If a taxpayer fails to pay to the department any amount of any tax required to be shown on any return, which is not so shown, within 30 calendar days from the date of the first notice and demand therefore, there shall be added as a penalty one percent of the amount of the tax due if the failure to pay is for not more than one month, with an additional one percent for each additional month or fraction thereof during which failure to pay continues, not exceeding 25 percent in the aggregate. In lieu of the penalty provided in the immediately preceding sentence, for any tax for which a monthly or quarterly return is required, or for which no return is required, the department shall add a failure to timely pay penalty of 10 percent of the unpaid amount stated in the notice and demand unless payment is received within 30 calendar days from the date of the first notice and demand.

(c) Underpayment due to negligence. If any part of any underpayment of tax is due to negligence or disregard of rules or regulations, there shall be added to the tax an amount equal to five percent of that part of the tax attributable to negligence or disregard of rules or regulations.

For purposes of this subsection, the term "negligence" includes any failure to make a reasonable attempt to comply with Title 40, and the term "disregard" includes any careless, reckless, or intentional disregard.

(d) Underpayment due to fraud. If any part of any underpayment of tax required to be shown on a return is due to fraud, there shall be added to the tax an amount equal to 50 percent of that portion of the underpayment which is attributable to fraud.

For purposes of this section, the term "fraud" shall have the same meaning as ascribed to the term under 26 U.S.C. Section 6663, as in effect from time to time.

(e) Frivolous return penalty. If a taxpayer files a "frivolous return," as that term is used in 26 U.S.C. Section 6702, that taxpayer may be liable for a penalty of up to two hundred fifty dollars (\$250).

(f) Frivolous appeal penalty. If any appeal to the Alabama Tax Tribunal or circuit court is determined to be frivolous or primarily for the purpose of delay or to impede collection of any tax, a penalty of two hundred fifty dollars (\$250) or 25 percent of the tax in question, whichever is greater, shall be assessed in addition to any tax due.

(g) Penalties not exclusive. The penalties provided in this section for failure to timely file a return, failure to timely pay tax, filing a frivolous return, filing a frivolous appeal, or negligence may be asserted against the same taxpayer for the same tax period. If the fraud penalty is asserted, no other penalties shall be asserted.

(h) Waiver of penalties. Notwithstanding the foregoing, any penalty under this title or Section 10-2B-15.02 shall be waived upon a determination of reasonable cause. Reasonable cause shall include, but not be limited to, those instances in which the taxpayer has acted in good faith. The burden of proving reasonable cause shall be on the taxpayer.

(i) Discount sustained for just causes. All other provisions of tax laws notwithstanding, the Commissioner of the Department of Revenue, upon review of the circumstances involved, may authorize continuance of a statute-allowable discount when timely payment is made, but filing is delayed for just causes.

(j) Penalty and interest assessed as tax. All penalties and interest administered by the department shall be assessed and collected in the same manner as taxes.

(k) Penalty not to apply to registration and titling of motor vehicles. The penalties provided herein shall not apply to the registration or titling of motor vehicles.

(Acts 1992, No. 92-186, p. 349, §10; Acts 1995, No. 95-607, p. 1279, §2; Act 98-637, p. 1406, §1; Act 2009-144, p. 268, §11; Act 2012-378, p. 994, §1; Act 2015-316, §1; Act 2015-368, §1.)