

**Illinois Department of Revenue  
Regulations**

<b>Title 86 Part 700 Section 700.320 Penalty for Negligence</b>
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**Section 700.320 Penalty for Negligence (UPIA Section 3-5)**

- a) *If any return or amended return is prepared negligently, but without intent to defraud, and filed, in addition to any penalty imposed under UPIA Section 3-3, a penalty shall be imposed in an amount equal to 20% of any resulting deficiency. (UPIA Section 3-5(a))*
  
- b) *Negligence includes any failure to make a reasonable attempt to comply with the provisions of any tax Act and includes careless, reckless, or intentional disregard of the law or rules. (UPIA Section 3-5(b))*
  
- c) *Penalty for negligence shall not apply where an assessment results from a reasonable difference of opinion as to taxability. (UPIA Section 3-5) A reasonable difference as to taxability may be established by evidence that shows that the issue in dispute between the taxpayer and the Department is:*
  - 1) not resolved by the plain language of the statute;
  - 2) an issue about which the Department has not adopted a rule of general applicability; and
  - 3) an issue about which the Illinois Supreme Court has not ruled and there are no opinions or inconsistent opinions of the Illinois Appellate Courts.
  
- d) *In computing the penalty under this Section for income tax purposes, the amount shown as the tax by the taxpayer upon the return is taken into account in determining the amount of the deficiency only if the return was filed on or before the last day prescribed by law for the filing of the return, including any extensions of the time for the filing. (IITA Section 1002(f))*

(Source: Amended at 43 Ill. Reg. 14342, effective November 26, 2019)