For purposes of this subsection, the term ‘employment taxes’ means the taxes imposed by subtitle C.

(d) Authority to abate penalty where deposit sent to Secretary

The Secretary may abate the penalty imposed by subsection (a) with respect to the first time a depositor is required to make a deposit if the amount required to be deposited is inadvertently sent to the Secretary instead of to the appropriate government depository.

(e) Designation of periods to which deposits apply

(1) In general

A deposit made under this section shall be applied to the most recent period or periods within the specified tax period to which the deposit relates, unless the person making such deposit designates a different period or periods to which such deposit is to be applied.

(2) Time for making designation

A person may make a designation under paragraph (1) only during the 90-day period beginning on the date of a notice that a penalty under subsection (a) has been imposed for the specified tax period to which the deposit relates.


AMENDMENTS

1998—Subsec. (c)(2). Pub. L. 105–206, §3304(b)(1), amended par. (2) generally. Prior to amendment, par. (2) read as follows: ‘‘such failure occurs during the 1st quarter that such person was required to deposit any employment tax, and’’.


Subsec. (e)(1). Pub. L. 105–206, §3304(c), reenacted heading without change and amended text of par. (1) generally. Prior to amendment, text read as follows: ‘‘A person may, with respect to any deposit of tax to be reported on such person’s return for a specified tax period, designate the period or periods within such specified tax period to which the deposit is to be applied for purposes of this section.’’


1989—Pub. L. 101–239 substituted ‘‘taxes or overstatement of deposits’’ as section catchline and amended text of par. (1) generally. Prior to amendment, par. (1) read as follows: ‘‘If any instrument in payment, by any commercial instrument or by any other means, of any amount receivable under this title is not duly paid, in accordance with commercial standards, of any amount receivable under this title, for provisions imposing a penalty of five percent for the failure to deposit on the date prescribed any amount of tax imposed by this title, for provisions imposing a penalty of one percent of the amount of underpayment each month but not to exceed six percent in the aggregate.’’


Subsec. (b). Pub. L. 97–34, §724(a), substituted provisions relating to conditions for imposition of penalties for overstated deposit claims and definition of ‘‘overstated deposit claim’’, for provisions relating to imposition of penalties after due date for return.

1976—Subsec. (a). Pub. L. 94–455 struck out ‘‘or his delegate’’ after ‘‘Secretary’’.

1969—Subsec. (a). Pub. L. 91–172 substituted provisions imposing a penalty of five percent for the failure to deposit on the date prescribed any amount of tax imposed by this title, for provisions imposing a penalty of one percent of the amount of underpayment each month but not to exceed six percent in the aggregate.

EFFECTIVE DATE OF 1998 AMENDMENT

Pub. L. 105–206, title III, §3304(d), July 22, 1998, 112 Stat. 742, provided that:

‘‘(1) IN GENERAL.—The amendments made by this section [amending this section] shall apply to deposits required to be made after the 180th day after the date of the enactment of this Act [July 22, 1998].’’

‘‘(2) APPLICATION TO CURRENT LIABILITIES.—The amendment made by subsection (c) [amending this section] shall apply to deposits required to be made after December 31, 2001.’’

EFFECTIVE DATE OF 1996 AMENDMENT

Section 304(b) of Pub. L. 104–168 provided that: ‘‘The amendments made by subsection (a) [amending this section] shall apply to deposits required to be made after the date of the enactment of this Act [July 30, 1996].’’ Amendment by section 701(c)(3) of Pub. L. 104–168 applicable in case of proceedings commenced after July 30, 1996, see section 701(d) of Pub. L. 104–168, set out as a note under section 6640 of this title.

EFFECTIVE DATE OF 1989 AMENDMENT

Section 7742(c) of Pub. L. 101–239 provided that: ‘‘The amendments made by this section [amending this section] shall apply to deposits required to be made after December 31, 1989.’’

EFFECTIVE DATE OF 1986 AMENDMENT

Section 8001(b) of Pub. L. 99–509 provided that: ‘‘The amendment made by subsection (a) [amending this section] shall apply to penalties assessed after the date of the enactment of this Act [Oct. 21, 1986].’’

EFFECTIVE DATE OF 1981 AMENDMENT

Section 724(c) of Pub. L. 97–34 provided that: ‘‘The amendments made by this section [amending this section and sections 6644 and 5761 of this title] shall apply to returns filed after the date of the enactment of this Act [Aug. 13, 1981].’’

EFFECTIVE DATE OF 1969 AMENDMENT

Amendment by Pub. L. 91–172 applicable with respect to deposits the time for making of which is after Dec. 31, 1969, see section 943(d) of Pub. L. 91–172, set out as a note under section 6651 of this title.

§ 6657. Bad checks
If any instrument in payment, by any commercially acceptable means, of any amount receivable under this title is not duly paid, in addition to any other penalties provided by law, there shall be paid as a penalty by the person who tendered such instrument, upon notice and demand by the Secretary, in the same manner as tax, an amount equal to 2 percent of the amount of such instrument, except that if the amount of such instrument is less than $1,250, the penalty under this section shall be $25 or the amount of such instrument, whichever is the lesser. This section shall not apply if the person tendered such instrument in good faith and with reasonable cause to believe that it would be duly paid.


**AMENDMENTS**

2010—Pub. L. 111–198, § 3(a)(2), substituted “such instrument” for “such check” wherever appearing.

Public L. 111–198, § 3(a)(1), substituted “If any instrument in payment, by any commercially acceptable means, of any amount” for “If any check or money order in payment of any amount”.

2007—Pub. L. 110–28 substituted “$1,250” for “$750” and “$25” for “$15”.

1988—Pub. L. 100–647 substituted “2” for “1”, “$750” for “$500”, and “$15” for “$5”.

1976—Pub. L. 94–455 struck out “or his delegate” after “Secretary.”

**EFFECTIVE DATE OF 2010 AMENDMENT**

Pub. L. 111–198, § 3(b), July 2, 2010, 124 Stat. 1356, provided that: “The amendments made by this section [amending this section] shall apply to instruments tendered after the date of the enactment of this Act [July 2, 2010].”

**EFFECTIVE DATE OF 2007 AMENDMENT**

Pub. L. 110–28, title VIII, § 8245(b), May 25, 2007, 121 Stat. 200, provided that: “The amendments made by this section [amending this section] apply to checks or money orders received after the date of the enactment of this Act [May 25, 2007].”

**EFFECTIVE DATE OF 1988 AMENDMENT**

Section 5071(b) of Pub. L. 100–647 provided that: “The amendment made by subsection (a) [amending this section] shall apply to checks or money orders received after the date of the enactment of this Act [Nov. 10, 1988].”

§ 6658. Coordination with title 11

(a) Certain failures to pay tax

No addition to the tax shall be made under section 6651, 6654, or 6655 for failure to make timely payment of tax with respect to a period during which a case is pending under title 11 of the United States Code—

(1) if such tax was incurred by the estate and the failure occurred pursuant to an order of the court finding probable insufficiency of funds of the estate to pay administrative expenses, or

(2) if—

(A) such tax was incurred by the debtor before the earlier of the order for relief or (in the involuntary case) the appointment of a trustee, and

(B)(i) the petition was filed before the due date prescribed by law (including extensions) for filing a return of such tax, or

(ii) the date for making the addition to the tax occurs on or after the day on which the petition was filed.

(b) Exception for collected taxes

Subsection (a) shall not apply to any liability for an addition to the tax which arises from the failure to pay or deposit a tax withheld or collected from others and required to be paid to the United States.


**PRIOR PROVISIONS**


**EFFECTIVE DATE**

Section effective Oct. 1, 1979, but not applicable to proceedings under title 11, Bankruptcy, commenced before Oct. 1, 1979, see section 7(e) of Pub. L. 96–589, set out as an Effective Date of 1980 Amendment note under section 108 of this title.


A prior section 6659 was renumbered section 6662 of this title.


A prior section 6660 was renumbered section 6662 of this title.


**EFFECTIVE DATE OF REPEAL**

Repeal applicable to returns the due date for which (determined without regard to extensions) is after Dec. 31, 1989, see section 7721(d) of Pub. L. 101–239, set out as an Effective Date of 1989 Amendment note under section 461 of this title.

**PART II—ACCURACY-RELATED AND FRAUD PENALTIES**

Sec.

6662. Imposition of accuracy-related penalty on underpayments.

6662A. Imposition of accuracy-related penalty on understatements with respect to reportable transactions.

6663. Imposition of fraud penalty.

6664. Definitions and special rules.

**AMENDMENTS**


§ 6662. Imposition of accuracy-related penalty on underpayments

(a) Imposition of penalty

If this section applies to any portion of an underpayment of tax required to be shown on a return, there shall be added to the tax an amount equal to 20 percent of the portion of the underpayment to which this section applies.