

1 STATE OF OKLAHOMA

2 2nd Session of the 54th Legislature (2014)

3 HOUSE BILL 2507

By: Sears

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5
6 AS INTRODUCED

7 An Act relating to revenue and taxation; amending 68
8 O.S. 2011, Sections 217, 227, 253, 1361, 2375,
9 2385.3, as amended by Section 8, Chapter 357, O.S.L.
10 2012, and 2385.6, as amended by Section 9, Chapter
11 357, O.S.L. 2012 (68 O.S. Supp. 2013, Sections 2385.3
12 and 2385.6), which relate to assessment of taxes
13 against certain responsible persons; modifying
14 provisions related to imposition of penalty;
15 modifying time period; modifying period of time
16 related to hearing involving refund claim; modifying
17 provisions related to responsibility of certain
18 persons for payment of state taxes; specifying
19 provisions applicable to sales tax, withheld income
20 tax or motor fuel tax; and providing an effective
21 date.

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24 BE IT ENACTED BY THE PEOPLE OF THE STATE OF OKLAHOMA:

SECTION 1. AMENDATORY 68 O.S. 2011, Section 217, is
amended to read as follows:

Section 217. A. If any amount of tax imposed or levied by any
state tax law, or any part of such amount, is not paid before such
tax becomes delinquent, there shall be collected on the total
delinquent tax interest at the rate of one and one-quarter percent
(1 1/4%) per month from the date of the delinquency until paid.

1 B. Interest upon any amount of state tax determined as a
2 deficiency, under the provisions of Section 221 of this title, shall
3 be assessed at the same time as the deficiency and shall be paid
4 upon notice and demand of the Oklahoma Tax Commission at the rate of
5 one and one-quarter percent (1 1/4%) per month from the date
6 prescribed in the state tax law levying such tax for the payment
7 thereof to the date the deficiency is assessed.

8 C. If any tax due under state sales, use, tourism, mixed
9 beverage gross receipts, or motor fuel tax laws, or any part
10 thereof, is not paid within fifteen (15) days after such tax becomes
11 delinquent a penalty of ten percent (10%) on the total amount of tax
12 due and delinquent shall be added thereto, collected and paid.
13 However, the Tax Commission shall not collect the penalty assessed
14 if the taxpayer remits the tax and interest within ~~thirty (30)~~ sixty
15 (60) days of the mailing of a proposed assessment or voluntarily
16 pays the tax upon the filing of an amended return.

17 D. If any tax due under any state tax law other than those
18 specified in subsection C of this section, or any part thereof, is
19 not paid within thirty (30) days after such tax becomes delinquent a
20 penalty of ten percent (10%) on the total amount of tax due and
21 delinquent shall be added thereto, collected and paid. However, the
22 Tax Commission shall not collect the penalty assessed if the
23 taxpayer remits the tax and interest within sixty (60) days of the
24

1 mailing of a proposed assessment or voluntarily pays the tax upon
2 the filing of an amended return.

3 E. If any part of any deficiency, arbitrary or jeopardy
4 assessment made by the Tax Commission is based upon or occasioned by
5 the taxpayer's negligence or by the failure or refusal of any
6 taxpayer to file with the Tax Commission any report or return, as
7 required by this title, or by any state tax law, within ten (10)
8 days after a written demand for such report or return has been
9 served upon any taxpayer by the Tax Commission by letter, the Tax
10 Commission may assess and collect, as a penalty, twenty-five percent
11 (25%) of the amount of the assessment. For purposes of this
12 subsection, "negligence" shall mean the consistent understatement of
13 income, consistent understatement of receipts or a system of
14 recordkeeping by the taxpayer that consistently results in an
15 inaccurate reporting of tax liability.

16 F. If any part of any deficiency is due to fraud with intent to
17 evade tax, then fifty percent (50%) of the total amount of the
18 deficiency, in addition to such deficiency, including interest as
19 herein provided, shall be added, collected and paid.

20 G. All penalties or interest imposed by this title, or any
21 state tax law, shall be recoverable by the Tax Commission as a part
22 of the tax with respect to which they are imposed, the penalties
23 bearing interest as provided in this section for the tax, and all
24 penalties and interest shall be apportioned as provided for the

1 apportionment of the tax on which such penalties or interest are
2 collected.

3 H. 1. Whenever an income tax refund is not paid to the
4 taxpayer within ninety (90) days after the return is filed or due,
5 whichever is later, with all documents as required by the Tax
6 Commission, entitling the taxpayer to a refund, then the Tax
7 Commission shall pay interest on the refund, at the same rate
8 specified for interest on delinquent tax payments. The payment of
9 interest on refunds provided for by this section shall apply to tax
10 year 1987 and subsequent tax years. The Tax Commission shall not be
11 required to pay interest on an income tax refund which is applied,
12 in whole or in part, to a prior year tax liability pursuant to
13 Section 2385.17 of this title or upon an income tax refund applied,
14 in whole or in part, to satisfy a debt owed to the Internal Revenue
15 Service of the United States or to a state agency, including the
16 Oklahoma Tax Commission, as provided by Section 205.2 of this title.

17 2. For tax returns filed after January 1, 2004, and before
18 January 2, 2010, whenever an income tax refund is not paid to the
19 taxpayer within the following number of days after the income tax
20 return is filed with all documents as required by the Tax Commission
21 or after the income tax return is due, whichever is later, entitling
22 the taxpayer to a refund, then the Tax Commission shall pay interest
23 on the refund at the same rate specified for interest on delinquent
24 tax payments:

- 1 a. for returns filed electronically, thirty (30) days,
2 and
3 b. for all other returns, one hundred fifty (150) days.

4 3. For tax returns filed after January 1, 2010, whenever an
5 income tax refund is not paid to the taxpayer within the following
6 number of days after the income tax return is filed with all
7 documents as required by the Tax Commission entitling the taxpayer
8 to a refund, then the Tax Commission shall pay interest on the
9 refund at the same rate specified for interest on delinquent tax
10 payments:

- 11 a. for returns filed electronically, twenty (20) days,
12 and
13 b. for all other returns, ninety (90) days.

14 SECTION 2. AMENDATORY 68 O.S. 2011, Section 227, is
15 amended to read as follows:

16 Section 227. (a) Any taxpayer who has paid to the State of
17 Oklahoma, through error of fact, or computation, or
18 misinterpretation of law, any tax collected by the Tax Commission
19 may, as hereinafter provided, be refunded the amount of such tax so
20 erroneously paid, without interest.

21 (b) Any taxpayer who has so paid any such tax may, within three
22 (3) years from the date of payment thereof file with the Tax
23 Commission a verified claim for refund of such tax so erroneously
24 paid. The Tax Commission may accept an amended sales tax,

1 withholding tax or other report or return as a verified claim for
2 refund if the amended report or return establishes a liability less
3 than the original report or return previously filed.

4 (c) Said claim so filed with the Tax Commission, except for an
5 amended report or return, shall specify the name of the taxpayer,
6 the time when and period for which said tax was paid, the nature and
7 kind of tax so paid, the amount of the tax which said taxpayer
8 claimed was erroneously paid, the grounds upon which a refund is
9 sought, and such other information or data relative to such payment
10 as may be necessary to an adjustment thereof by the Tax Commission.
11 It shall be the duty of the Commission to determine what amount of
12 refund, if any, is due as soon as practicable after such claim has
13 been filed and advise the taxpayer about the correctness of his
14 claim and the claim for refund shall be approved or denied by
15 written notice to the taxpayer.

16 (d) If the claim for refund is denied, the taxpayer may file a
17 demand for hearing with the Commission. The demand for hearing must
18 be filed on or before the ~~thirtieth~~ sixtieth day after the date the
19 notice of denial was mailed. If the taxpayer fails to file a demand
20 for hearing, the claim for refund shall be barred.

21 (e) Upon the taxpayer's timely filing of a demand for hearing,
22 the Commission shall set a date for hearing upon the claim for
23 refund which date shall not be later than sixty (60) days from the
24 date the demand for hearing was mailed. The taxpayer shall be

1 notified of the time and place of the hearing. The hearing may be
2 held after the sixty-day period provided by this subsection upon
3 agreement of the taxpayer.

4 (f) The provisions of this section shall not apply: (1) to
5 refunds of income tax erroneously paid, refunds of which tax shall
6 be payable out of the income tax adjustment fund as provided by law;
7 (2) to estate tax because the payment of such tax is covered by an
8 order of the Tax Commission and the estate and interested parties
9 are given notice that Commission's position and computation of the
10 tax will become final unless they protest and resist the payment
11 thereof as provided by statute; nor, (3) in any case where the tax
12 was paid after an assessment thereof was made by the Tax Commission
13 which assessment became final under the law.

14 SECTION 3. AMENDATORY 68 O.S. 2011, Section 253, is
15 amended to read as follows:

16 Section 253. A. When the Oklahoma Tax Commission files a
17 proposed assessment against corporations, ~~or~~ limited liability
18 companies, or other legal entities for unpaid sales taxes, withheld
19 income taxes or motor fuel taxes collected pursuant to Article 5, 6
20 or 7 of this title, the Commission shall file such proposed
21 assessments against the ~~principal officers of the corporations or~~
22 ~~the managers or members~~ individuals personally liable for the tax.
23 ~~The principal officers of any corporation shall be liable for the~~
24 ~~payment of any tax as prescribed by this section if such officers~~

1 ~~were officers of the corporation during the period of time for which~~
2 ~~the assessment was made. Managers or members of any limited~~
3 ~~liability company shall be liable for the payment of any tax as~~
4 ~~prescribed by this section if the managers or members were specified~~
5 ~~as responsible for withholding or collection and remittance of taxes~~
6 ~~during the period of time for which the assessment was made. If no~~
7 ~~managers or members were specified to be responsible for the duty of~~
8 ~~withholding and remittance of taxes during the period of time for~~
9 ~~which the assessment was made, then all managers and members shall~~
10 ~~be liable.~~

11 The B. Any individual shall be liable for the payment of sales
12 tax, withheld income tax or motor fuel tax if during the period of
13 time for which the assessment was made the individual was
14 responsible for withholding or collection and remittance of taxes or
15 had direct control, supervision, or responsibility for filing
16 returns and making payments of the tax due the State of Oklahoma.

17 C. Personal liability of a principal officer for sales tax,
18 withheld income tax or motor fuel tax shall be determined in
19 accordance with the standards for determining liability for payment
20 of federal withholding tax pursuant to the Internal Revenue Code of
21 1986, as amended, or regulations promulgated pursuant to such
22 section.

23 SECTION 4. AMENDATORY 68 O.S. 2011, Section 1361, is
24 amended to read as follows:

1 Section 1361. A. 1. Except as otherwise provided by
2 subsection C of this section, the tax levied by Section 1350 et seq.
3 of this title shall be paid by the consumer or user to the vendor as
4 trustee for and on account of this state. Except as otherwise
5 provided by subsection C of this section, each and every vendor in
6 this state shall collect from the consumer or user the full amount
7 of the tax levied by Section 1350 et seq. of this title, or an
8 amount equal as nearly as possible or practicable to the average
9 equivalent thereof. Every person required to collect any tax
10 imposed by Section 1350 et seq. of this title, ~~and in the case of a~~
11 ~~corporation, each principal officer thereof,~~ shall be personally
12 liable for the tax. ~~In the case of a limited liability company, all~~
13 ~~managers and members under a duty to collect and remit taxes for the~~
14 ~~limited liability company shall be liable for the tax. If no~~
15 ~~managers or members have been specified to be under the duty of~~
16 ~~withholding and remitting taxes, then all managers and members shall~~
17 ~~be liable for the tax.~~

18 2. However, the Oklahoma Tax Commission shall relieve sellers
19 or certified service providers that follow the requirements of this
20 section from the tax otherwise applicable if it is determined that
21 the purchaser improperly claimed an exemption and to hold the
22 purchaser liable for the nonpayment of tax. This relief from
23 liability does not apply to:

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- 1 a. a seller or certified service provider (CSP) who
2 fraudulently fails to collect tax,
3 b. a seller who solicits purchasers to participate in the
4 unlawful claim of an exemption, or
5 c. a seller who accepts an exemption certificate when the
6 purchaser claims an entity-based exemption when:
7 (1) the subject of the transaction sought to be
8 covered by the exemption certificate is actually
9 received by the purchaser at a location operated
10 by the seller, and
11 (2) the Tax Commission provides an exemption
12 certificate that clearly and affirmatively
13 indicates that the claimed exemption is not
14 available in this state.

15 3. The Tax Commission shall relieve a seller or CSP of the tax
16 otherwise applicable if the seller obtains a fully completed
17 exemption certificate or captures the relevant data elements
18 required by the Tax Commission within ninety (90) days subsequent to
19 the date of sale.

20 If the seller or CSP has not obtained an exemption certificate
21 or all relevant data elements as provided by the Tax Commission, the
22 seller may, within one hundred twenty (120) days subsequent to a
23 request for substantiation, either prove that the transaction was
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1 not subject to tax by other means or obtain a fully completed
2 exemption certificate from the purchaser, taken in good faith.

3 The Tax Commission shall relieve a seller or CSP of the tax
4 otherwise applicable if it obtains a blanket exemption certificate
5 for a purchaser with which the seller has a recurring business
6 relationship. The Tax Commission shall not request from the seller
7 or CSP renewal of blanket certificates or updates of exemption
8 certificate information or data elements when there is a recurring
9 business relationship between the buyer and seller. For purposes of
10 this section, a recurring business relationship exists when a period
11 of no more than twelve (12) months elapses between sales
12 transactions.

13 4. Upon the granting of relief from liability to the vendor as
14 provided in this section, the purchaser shall be liable for the
15 remittance of the tax, interest and penalty due thereon and the Tax
16 Commission shall pursue collection thereof from the purchaser in any
17 manner in which sales tax may be collected from a vendor.

18 B. Except as otherwise provided by subsection C of this
19 section, vendors shall add the tax imposed by Section 1350 et seq.
20 of this title, or the average equivalent thereof, to the sales
21 price, charge, consideration, gross receipts or gross proceeds of
22 the sale of tangible personal property or services taxed by Section
23 1350 et seq. of this title, and when added such tax shall constitute
24 a part of such price or charge, shall be a debt from the consumer or

1 user to vendor until paid, and shall be recoverable at law in the
2 same manner as other debts.

3 C. A person who has obtained a direct payment permit as
4 provided in Section 1364.1 of this title shall accrue all taxes
5 imposed pursuant to Section 1354 or 1402 of this title on all
6 purchases made by the person pursuant to the permit at the time the
7 purchased items are first used or consumed in a taxable manner and
8 pay the accrued tax directly to the Oklahoma Tax Commission on
9 reports as required by Section 1365 of this title.

10 D. Except as otherwise provided by subsection C of this
11 section, a vendor who willfully or intentionally fails, neglects or
12 refuses to collect the full amount of the tax levied by Section 1350
13 et seq. of this title, or willfully or intentionally fails, neglects
14 or refuses to comply with the provisions of Section 1350 et seq. of
15 this title, or remits or rebates to a consumer or user, either
16 directly or indirectly, and by whatsoever means, all or any part of
17 the tax levied by Section 1350 et seq. of this title, or makes in
18 any form of advertising, verbally or otherwise, any statement which
19 implies that the vendor is absorbing the tax, or paying the tax for
20 the consumer or user by an adjustment of prices or at a price
21 including the tax, or in any manner whatsoever, shall be deemed
22 guilty of a misdemeanor, and upon conviction thereof shall be fined
23 not more than Five Hundred Dollars (\$500.00), and upon conviction
24 for a second or other subsequent offense shall be fined not more

1 than One Thousand Dollars (\$1,000.00), or incarcerated for not more
2 than sixty (60) days, or both. Provided, sales by vending machines
3 may be made at a stated price which includes state and any municipal
4 sales tax.

5 E. A consumer or user who willfully or intentionally fails,
6 neglects or refuses to pay the full amount of tax levied by Section
7 1350 et seq. of this title or willfully or intentionally uses a
8 sales tax permit or direct payment permit which is invalid, expired,
9 revoked, canceled or otherwise limited to a specific line of
10 business or willfully or intentionally issues a resale certificate
11 to a vendor to evade the tax levied by Section 1350 et seq. of this
12 title shall be subject to a penalty in the amount of Five Hundred
13 Dollars (\$500.00) per reporting period upon determination thereof,
14 which shall be apportioned as provided for the apportionment of the
15 tax.

16 F. Any sum or sums collected or accrued or required to be
17 collected or accrued in Section 1350 et seq. of this title shall be
18 deemed to be held in trust for the State of Oklahoma, and, as
19 trustee, the collecting vendor or holder of a direct payment permit
20 as provided for in Section 1364.1 of this title shall have a
21 fiduciary duty to the State of Oklahoma in regards to such sums and
22 shall be subject to the trust laws of this state.

23 SECTION 5. AMENDATORY 68 O.S. 2011, Section 2375, is
24 amended to read as follows:

1 Section 2375. A. At the time of transmitting the return
2 required hereunder to the Oklahoma Tax Commission, the taxpayer
3 shall remit therewith to the Tax Commission the amount of tax due
4 under the applicable provisions of Section 2351 et seq. of this
5 title. Failure to pay such tax on or before the date the return is
6 due shall cause the tax to become delinquent. If the return is
7 filed electronically, the amount of the tax due pursuant to the
8 provisions of this article shall be due on or before the twentieth
9 day of April following the close of the taxable year regardless of
10 when the return is electronically filed. The tax shall be deemed
11 delinquent if unpaid after the twentieth day of April if the return
12 is electronically filed. Provided, if the Internal Revenue Code
13 provides for a later due date for returns of individuals, the Tax
14 Commission shall accept payments made with returns filed by
15 individuals by such date and such payments shall be considered as
16 timely paid.

17 B. If any tax due under Section 2351 et seq. of this title,
18 except a deficiency determined under Section 221 of this title, is
19 not paid on or before the date such tax becomes delinquent, a
20 penalty of five percent (5%) of the total amount of the tax due
21 shall be added thereto, collected and paid. However, the Tax
22 Commission shall not collect the penalty assessed if the taxpayer
23 remits the tax and interest within ~~thirty (30)~~ sixty (60) days of
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1 the mailing of a proposed assessment or voluntarily pays the tax
2 upon the filing of an amended return.

3 C. If any part of deficiency, arbitrary or jeopardy assessment
4 made by the Tax Commission is based upon or occasioned by the
5 refusal of any taxpayer to file with the Tax Commission any return
6 as required by Section 2351 et seq. of this title, within ten (10)
7 days after a written demand for such report or return has been
8 served upon any taxpayer by the Tax Commission by registered letter
9 with a return receipt attached, the Tax Commission may assess and
10 collect, as a penalty, twenty-five percent (25%) of the amount of
11 the assessment. In the exercise of the authority granted by
12 subsection C of Section 223 and Section 224 of this title, the Tax
13 Commission shall assess the tax as an estimated tax on the basis of
14 its own determination of the Oklahoma taxable income of the
15 taxpayer, to be adjusted if and when Oklahoma taxable income is
16 ascertained under the provisions of Section 2351 et seq. of this
17 title.

18 D. If any part of any deficiency was due to negligence or
19 intentional disregard, without the intent to defraud, then ten
20 percent (10%) of the total amount of the deficiency, in addition to
21 such deficiency, including interest as authorized by law, shall be
22 added, collected and paid.

23 E. If any part of any deficiency was due to fraud with intent
24 to evade tax, then fifty percent (50%) of the total amount of the

1 deficiency, in addition to such deficiency, including interest as
2 herein provided, shall be added, collected and paid.

3 F. The provisions in this section for penalties shall supersede
4 all other provisions for penalties on income taxes. The provisions
5 in this section for penalties shall supersede the provisions in the
6 Uniform Tax Procedure Code, Section 201 et seq. of this title, only
7 to the extent of conflict between such provisions and the penalty
8 provisions in this section.

9 G. All taxes, penalties and interest levied under Section 2351
10 et seq. of this title must be paid to the Tax Commission at Oklahoma
11 City, in the form or remittance required by and payable to it.

12 H. 1. The period of time prescribed in Section 223 of this
13 title, in which the procedures for the assessment of income tax may
14 be commenced by the Tax Commission, shall be tolled and extended
15 until the amount of taxable income for any year of a taxpayer under
16 the Internal Revenue Code has been finally determined under
17 applicable federal law and for the additional period of time
18 hereinafter provided in this subsection.

19 2. If, in such final determination, the amount of taxable
20 income for any year of a taxpayer under the Internal Revenue Code is
21 changed or corrected from the amounts included in the federal return
22 of the taxpayer for such year and such change or correction affects
23 the Oklahoma taxable income of the taxpayer for such year, the
24 taxpayer, within one (1) year after such final determination of the

1 corrected taxable income, shall file an amended return under Section
2 2351 et seq. of this title reporting the corrected Oklahoma taxable
3 income, and the Tax Commission shall make assessment or refund
4 within two (2) years from the date the return required by this
5 paragraph is filed and not thereafter, unless a waiver is agreed to
6 and signed by the Tax Commission and the taxpayer.

7 3. In the event of failure by a taxpayer to comply with the
8 provisions of paragraph 2 of this subsection, the statute of
9 limitations shall be tolled for a period of time equal to the time
10 between the date the amended return under this subsection is
11 required until such return is actually furnished.

12 4. In administering the provisions of this subsection, the Tax
13 Commission shall have the authority to audit each and every item of
14 income, deduction, credit or any other matter related to the return
15 where such items or matters relate to allocation or apportionment
16 between the State of Oklahoma and some other state or the federal
17 government even if such items or matters were not affected by
18 revisions made in such final determination. Where such items or
19 matters do not relate to allocation or apportionment between the
20 State of Oklahoma and some other state or the federal government,
21 the Tax Commission shall be bound by the revisions made in such
22 final determination.

23 5. The provisions of this subsection shall be effective on
24 September 1, 1993, and except in the case of tax years which are the

1 subject of closing, settlement or resolution agreements entered into
2 by taxpayers and the Tax Commission, keep open all tax years
3 beginning after June 30, 1988, and all tax years beginning on or
4 before June 30, 1988, for which extensions of the statute of
5 limitations have been executed by the taxpayer, but only to the
6 extent such extensions remain open on the date of enactment hereof.

7 SECTION 6. AMENDATORY 68 O.S. 2011, Section 2385.3, as
8 amended by Section 8, Chapter 357, O.S.L. 2012 (68 O.S. Supp. 2013,
9 Section 2385.3), is amended to read as follows:

10 Section 2385.3 A. Every employer required to deduct and
11 withhold taxes under Section 2385.2 of this title shall pay over the
12 amount so withheld as taxes to the Oklahoma Tax Commission pursuant
13 to the schedule outlined in paragraphs 1 through 3 of this
14 subsection, and shall file a quarterly return in such form as the
15 Tax Commission shall prescribe on or before the twentieth day of the
16 month following the close of each calendar quarter:

17 1. Every employer required to remit federal withholding under
18 the Federal Semiweekly Deposit Schedule shall pay over the amount so
19 withheld under subsection A of this section on the same dates as
20 required under the Federal Semiweekly Deposit Schedule for federal
21 withholding taxes;

22 2. Every employer owing an average of Five Hundred Dollars
23 (\$500.00) or more per quarter in taxes in the previous fiscal year
24 who is not subject to the provisions of paragraph 1 of this

1 subsection shall pay over the amount so withheld on or before the
2 twentieth day of each succeeding month; and

3 3. Every employer owing an average of less than Five Hundred
4 Dollars (\$500.00) per quarter in taxes in the previous fiscal year
5 shall pay over the amount so withheld on or before the twentieth day
6 of the month following the close of each succeeding quarterly
7 period.

8 B. Every employer subject to the provisions of paragraph 1 of
9 subsection A of this section shall file returns pursuant to the Tax
10 Commission's electronic data interchange program.

11 C. Every employer required under Section 2385.2 of this title
12 to deduct and withhold a tax from the wages paid an employee shall,
13 as to the total wages paid to each employee during the calendar
14 year, furnish to such employee, on or before January 31 of the
15 succeeding year, a written statement showing the name of the
16 employer, the name of the employee and the employee's social
17 security account number, if any, the total amount of wages subject
18 to taxation, and the total amount deducted and withheld as tax and
19 such other information as the Tax Commission may require. If an
20 employee's employment is terminated before the close of a calendar
21 year, the written statement must be furnished within thirty (30)
22 days of the date of which the last payment of wages is made.

23 D. If the Tax Commission, in any case, has justifiable reason
24 to believe that the collection of the tax provided for in Section

1 2385.2 of this title is in jeopardy, the Tax Commission may require
2 the employer to file a return and pay the tax at any time.

3 ~~E. Every employer who fails to withhold or pay to the Tax~~
4 ~~Commission any sums herein required to be withheld or paid shall be~~
5 ~~personally and individually liable therefor to the State of~~
6 ~~Oklahoma. The term "employer" as used in this subsection and in~~
7 ~~Section 2385.6 of this title includes an officer or employee of a~~
8 ~~corporation, manager or member of a limited liability company or a~~
9 ~~member or employee of a partnership, who as an officer or employee~~
10 ~~of a corporation, or manager or member of a limited liability~~
11 ~~company or member or employee of a partnership is under a duty to~~
12 ~~act for a corporation, limited liability company or partnership to~~
13 ~~withhold and remit withholding taxes in accordance with this section~~
14 ~~and Section 2385.2 of this title. Any sum or sums withheld in~~
15 ~~accordance with the provisions of Section 2385.2 of this title shall~~
16 ~~be deemed to be held in trust for the State of Oklahoma, and, as~~
17 ~~trustee, the employer shall have a fiduciary duty to the State of~~
18 ~~Oklahoma in regard to such sums and shall be subject to the trust~~
19 ~~laws of this state.~~

20 F. If any employer fails to withhold the tax required to be
21 withheld by Section 2385.2 of this title and thereafter the income
22 tax is paid by the employee, the tax so required to be withheld
23 shall not be collected from the employer but such employer shall not
24

1 be relieved from the liability for penalties or interest otherwise
2 applicable because of such failure to withhold the tax.

3 G. Every person making payments of winnings subject to
4 withholding shall, for each monthly period, on or before the
5 twentieth day of the month following the payment of such winnings
6 pay over to the Tax Commission the amounts so withheld, and shall
7 file a return, in a form as prescribed by the Tax Commission.

8 H. Every person making payments of winnings subject to
9 withholding shall furnish to each recipient on or before January 31
10 of the succeeding year a written statement in a form as prescribed
11 by the Tax Commission. Every person making such reports shall also
12 furnish a copy of such report to the Tax Commission in a manner and
13 at a time as shall be prescribed by the Tax Commission.

14 SECTION 7. AMENDATORY 68 O.S. 2011, Section 2385.6, as
15 amended by Section 9, Chapter 357, O.S.L. 2012 (68 O.S. Supp. 2013,
16 Section 2385.6), is amended to read as follows:

17 Section 2385.6 A. If an employer fails to file a return or to
18 pay to the Oklahoma Tax Commission the withholding tax within the
19 time prescribed by this article, there shall be imposed on him a
20 penalty equal to ten percent (10%) of the amount of tax, or ten
21 percent (10%) of the amount of the underpayment of tax, if such
22 failure is not corrected within fifteen (15) days after the tax
23 becomes delinquent. There shall also be imposed on such employer
24 interest at the rate of one and one-quarter percent (1 1/4%) per

1 month during the period such underpayment exists. For the purposes
2 of this paragraph, "underpayment" shall mean the excess of the
3 amount of the tax required to be paid over the amount thereof
4 actually paid on or before the date prescribed therefor. Such
5 penalty and interest shall be added to and become a part of the tax
6 assessed. However, the Tax Commission shall not collect the penalty
7 assessed if the taxpayer remits the tax and interest within sixty
8 (60) days of the mailing of a proposed assessment or voluntarily
9 pays the tax upon the filing of an amended return.

10 B. Any employer who is required under the provisions of Section
11 2385.3 of this title to furnish a statement to an employee, but who
12 willfully fails to furnish such employee the statement required by
13 said section, shall be guilty of a misdemeanor and upon conviction
14 shall be punished by a fine of not exceeding One Hundred Dollars
15 (\$100.00), or by imprisonment for not more than six (6) months in
16 the county jail, or by both such fine and imprisonment for each such
17 offense.

18 C. The provisions of subsections A and B of this section shall
19 also apply to every person making payments of winnings subject to
20 withholding.

21 SECTION 8. This act shall become effective November 1, 2014.

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23 54-2-9703 MAH 01/07/14
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