

1 ENGROSSED HOUSE
2 BILL NO. 2775

By: McCall of the House

3 and

4 Smalley of the Senate

5
6
7 An Act relating to revenue and taxation; amending 68
8 O.S. 2011, Sections 217, as amended by Section 1,
9 Chapter 274, O.S.L. 2014, 2368 and 2385.3, as last
10 amended by Section 3, Chapter 273, O.S.L. 2014 (68
11 O.S. Supp. 2015, Sections 217 and 2385.3), which
12 relate to income taxation; modifying time period
13 related to refunds of income tax; modifying period of
14 time related to filing of electronic returns;
15 modifying provisions related to individual income tax
16 returns for fiscal years; modifying due dates with
17 respect to certain income tax returns of business
18 entities; modifying due dates with respect to estates
19 and trusts; requiring reconciliation reports with
20 respect to withholding taxes; providing an effective
21 date; and declaring an emergency.

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

23 SECTION 1. AMENDATORY 68 O.S. 2011, Section 217, as
24 amended by Section 1, Chapter 274, O.S.L. 2014 (68 O.S. Supp. 2015,
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

1 delinquent tax interest at the rate of one and one-quarter percent
2 (1 1/4%) per month from the date of the delinquency until paid.

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

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

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

1 taxpayer remits the tax and interest within sixty (60) days of the
2 mailing of a proposed assessment or voluntarily pays the tax upon
3 the filing of an amended return.

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

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

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

1 penalties and interest shall be apportioned as provided for the
2 apportionment of the tax on which such penalties or interest are
3 collected.

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

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

3 a. for returns filed electronically, thirty (30) days,

4 and

5 b. for all other returns, one hundred fifty (150) days.

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

13 a. for returns filed electronically, ~~twenty (20)~~ forty-
14 five (45) days, and

15 b. for all other returns, ninety (90) days.

16 SECTION 2. AMENDATORY 68 O.S. 2011, Section 2368, is
17 amended to read as follows:

18 Section 2368. A. The following individuals shall each make a
19 return stating specifically the taxable income and, where necessary,
20 the adjusted gross income and the adjustments provided in Section
21 2351 et seq. of this title to arrive at Oklahoma taxable income and,
22 where necessary, Oklahoma adjusted gross income:

23 1. Every resident individual having a gross income, or gross
24 receipts, for the taxable year in an amount sufficient to require

1 the filing of a federal income tax return, if single, or if married
2 and not living with husband or wife; and

3 2. Every resident individual having a gross income, or gross
4 receipts, for the taxable year in an amount sufficient to require
5 the filing of a federal income tax return, if married and living
6 with husband or wife.

7 Provided however, every resident individual who does not meet
8 the requirements sufficient to file a federal return, but has
9 Oklahoma withholding, may file a claim for refund for all Oklahoma
10 income taxes withheld and shall not be subject to the provisions of
11 Section 2358 of this title; and

12 3. Every nonresident individual having Oklahoma gross income
13 for the taxable year of One Thousand Dollars (\$1,000.00) or more.

14 B. If a husband and wife, living together, have an aggregate
15 gross income or gross receipts, for such year, in an amount
16 sufficient to require the filing of a federal income tax return:

17 1. Each shall make a return; or

18 2. The income of each shall be included in a single joint
19 return, in which case the tax shall be computed on the aggregate net
20 income.

21 C. If an individual is unable to make his or her own return,
22 the return shall be made by a duly authorized agent or by the
23 guardian or other person charged with the care of the person or
24 property of such individual.

1 D. Every partnership shall make a return for each taxable year,
2 stating the taxable income and the adjustments to arrive at Oklahoma
3 income. The Oklahoma return shall include a schedule showing the
4 distribution to partners of the various items of income as per the
5 federal return and the adjustments required by Section 2351 et seq.
6 of this title for Oklahoma. The return shall be signed by one of
7 the partners. If a partnership has elected pursuant to the
8 provisions of Section 761 of the Internal Revenue Code, or any
9 provision comparable thereto, not to file partnership income tax
10 returns, that partnership shall not be required to file an Oklahoma
11 partnership return. The Oklahoma Tax Commission shall promulgate
12 rules for purposes of partnership returns when multiple partners
13 would otherwise be required to file a nonresident return. The rules
14 shall provide a specific number of partners in a partnership above
15 which a composite return may be filed. The return shall be in such
16 form as prescribed by the Tax Commission.

17 E. Every corporation shall make a return for each taxable year
18 stating the taxable income and the adjustments provided in Section
19 2351 et seq. of this title to arrive at Oklahoma taxable income. In
20 addition, corporations electing subchapter S treatment pursuant to
21 the Internal Revenue Code and Section 2351 et seq. of this title,
22 shall include a schedule showing the distribution to shareholders of
23 the various items of income as per the federal return and the
24 adjustments for Oklahoma. All corporation returns shall be signed

1 by the president, vice president, or other principal officer and the
2 corporate seal impressed. In cases where receivers, trustees in
3 bankruptcy, or assignees are operating the property or business of
4 corporations, such receivers, trustees, or assignees shall make a
5 return for such corporations in the same manner and form as
6 corporations are required to make returns. Any tax due on the basis
7 of such returns made by receivers, trustees, or assignees shall be
8 collected in the same manner as if collected from the corporations
9 of whose business or property they have custody and control.

10 F. Every resident estate and trust shall make a return for each
11 taxable year stating the taxable income and the adjustments to
12 arrive at Oklahoma taxable income. Every nonresident estate or
13 trust having Oklahoma taxable income as provided in Section 2362 of
14 this title~~7~~ shall make a return for each taxable year stating the
15 taxable income and the adjustments to arrive at Oklahoma taxable
16 income. The Oklahoma return shall include a schedule showing the
17 distribution to beneficiaries, if any, of the various items of
18 income as per the federal return and the adjustments for Oklahoma.
19 The fiduciary shall be responsible for making the return and the
20 return shall be signed by the fiduciary, or by one fiduciary if
21 there is more than one. The Tax Commission shall promulgate rules
22 for purposes of estate and trust returns when multiple returns would
23 otherwise be required of nonresident beneficiaries of estates or
24

1 trusts. The return shall be in such form as prescribed by the Tax
2 Commission.

3 G. 1. All individual returns, except ~~corporate returns and~~
4 individual returns filed electronically, made on the basis of the
5 calendar year shall be ~~made~~ due on or before the fifteenth day of
6 April following the close of the taxable year. Provided, if the
7 Internal Revenue Code provides for a later due date for returns of
8 individuals, the Tax Commission shall accept returns filed by
9 individuals by such date and such returns shall be considered as
10 timely filed.

11 2. All individual returns filed electronically, made on the
12 basis of the calendar year, shall be due on or before the twentieth
13 day of April following the close of the taxable year.

14 3. ~~Calendar~~ All individual returns made on the basis of a
15 fiscal year shall be due on or before the fifteenth day of the
16 fourth month following the close of the fiscal year.

17 4. For tax years beginning before January 1, 2016, calendar
18 year corporation returns shall be due on or before the fifteenth day
19 of March following the close of the taxable year. For tax years
20 beginning on or after January 1, 2016, calendar year corporation
21 returns shall be due no later than thirty (30) days after the due
22 date established under the Internal Revenue Code.

1 ~~4. All returns, except corporation returns, made on the basis~~
2 ~~of a fiscal year shall be made on or before the fifteenth day of the~~
3 ~~fourth month following the close of the fiscal year.~~

4 5. ~~Fiscal~~ For tax years beginning before January 1, 2016,
5 fiscal year corporation returns shall be ~~made~~ due on or before the
6 fifteenth day of the third month following the close of the fiscal
7 year. For tax years beginning on or after January 1, 2016, fiscal
8 year corporation returns shall be due no later than thirty (30) days
9 after the due date established under the Internal Revenue Code.

10 6. For tax years beginning before January 1, 2016, partnership
11 returns shall be due on or before the fifteenth day of April
12 following the close of the taxable year. For tax years beginning on
13 or after January 1, 2016, partnership returns shall be due no later
14 than thirty (30) days after the due date established under the
15 Internal Revenue Code.

16 7. All estate and trust returns made on the basis of the
17 calendar year shall be due on or before the fifteenth day of April
18 following the close of the taxable year. All estate and trust
19 returns made on the basis of a fiscal year shall be due on or before
20 the fifteenth day of the fourth month following the close of the
21 fiscal year.

22 8. In the case of complete liquidation, or the dissolution, of
23 a corporation the return of such corporation shall be made on or
24 before the fifteenth day of the fourth month following the month in

1 which the corporation is completely liquidated. A corporation which
2 has terminated its business activities, satisfied or made provision
3 for all of its liabilities or has distributed all of its assets,
4 even though not formally dissolved under state law, is deemed to
5 have completely liquidated for purposes of this subsection.

6 H. Returns by individuals, fiduciaries, partnerships,
7 corporations or any other person or entity required, or that may
8 hereafter be required to file a return, shall contain or be verified
9 by a written declaration that such return is made under the
10 penalties of perjury and the fact that any individual's name is
11 signed to a filed return shall be prima facie evidence for all
12 purposes that the return was actually signed by that individual.
13 Provided, the Tax Commission shall promulgate rules to provide
14 procedures for verification of signatures on returns which are filed
15 electronically.

16 I. Every return required by Section 2351 et seq. of this title
17 shall be in such form as the Tax Commission may, from time to time,
18 prescribe. Each return shall be filed with the Tax Commission and
19 forms shall be furnished by the Tax Commission on application
20 therefor, but failure to secure or receive the form of a return
21 prescribed shall not relieve any taxpayer from the obligation of
22 making and filing any return herein required.

1 SECTION 3. AMENDATORY 68 O.S. 2011, Section 2385.3, as
2 last amended by Section 3, Chapter 273, O.S.L. 2014 (68 O.S. Supp.
3 2015, Section 2385.3), is amended to read as follows:

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

11 1. Every employer required to remit federal withholding under
12 the Federal Semiweekly Deposit Schedule shall pay over the amount so
13 withheld under subsection A of this section on the same dates as
14 required under the Federal Semiweekly Deposit Schedule for federal
15 withholding taxes;

16 2. Every employer owing an average of Five Hundred Dollars
17 (\$500.00) or more per quarter in taxes in the previous fiscal year
18 who is not subject to the provisions of paragraph 1 of this
19 subsection shall pay over the amount so withheld on or before the
20 twentieth day of each succeeding month; and

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

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

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

19 D. Every employer required under Section 2385.2 of this title
20 to deduct and withhold a tax from the wages paid an employee shall
21 furnish to the Oklahoma Tax Commission, on or before February 28 of
22 the succeeding year, an annual reconciliation and such other
23 information as the Tax Commission may require pursuant to the Tax
24 Commission's electronic data interchange program.

1 E. If the Tax Commission, in any case, has justifiable reason
2 to believe that the collection of the tax provided for in Section
3 2385.2 of this title is in jeopardy, the Tax Commission may require
4 the employer to file a return and pay the tax at any time.

5 ~~E.~~ F. Any sum or sums withheld in accordance with the
6 provisions of Section 2385.2 of this title shall be deemed to be
7 held in trust for the State of Oklahoma, and, as trustee, the
8 employer shall have a fiduciary duty to the State of Oklahoma in
9 regard to such sums and shall be subject to the trust laws of this
10 state.

11 ~~F.~~ G. If any employer fails to withhold the tax required to be
12 withheld by Section 2385.2 of this title and thereafter the income
13 tax is paid by the employee, the tax so required to be withheld
14 shall not be collected from the employer but such employer shall not
15 be relieved from the liability for penalties or interest otherwise
16 applicable because of such failure to withhold the tax.

17 ~~G.~~ H. Every person making payments of winnings subject to
18 withholding shall, for each monthly period, on or before the
19 twentieth day of the month following the payment of such winnings
20 pay over to the Tax Commission the amounts so withheld, and shall
21 file a return, in a form as prescribed by the Tax Commission.

22 ~~H.~~ I. Every person making payments of winnings subject to
23 withholding shall furnish to each recipient on or before January 31
24 of the succeeding year a written statement in a form as prescribed

1 by the Tax Commission. Every person making such reports shall also
2 furnish a copy of such report to the Tax Commission in a manner and
3 at a time as shall be prescribed by the Tax Commission.

4 SECTION 4. This act shall become effective July 1, 2016.

5 SECTION 5. It being immediately necessary for the preservation
6 of the public peace, health and safety, an emergency is hereby
7 declared to exist, by reason whereof this act shall take effect and
8 be in full force from and after its passage and approval.

9 Passed the House of Representatives the 1st day of March, 2016.

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Presiding Officer of the House
of Representatives

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Passed the Senate the ____ day of _____, 2016.

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Presiding Officer of the Senate

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