

STATE OF OKLAHOMA

1st Session of the 56th Legislature (2017)

COMMITTEE SUBSTITUTE  
FOR ENGROSSED  
HOUSE BILL NO. 2252

By: Brumbaugh and Bennett  
(John) of the House

and

Leewright of the Senate

COMMITTEE SUBSTITUTE

[ revenue and taxation - disclosure agreements -  
waiver of penalty - effective date ]

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

SECTION 1. AMENDATORY 68 O.S. 2011, Section 220, is  
amended to read as follows:

Section 220. A. The interest or penalty or any portion thereof  
ordinarily accruing by reason of a taxpayer's failure to file a  
report or return or failure to file a report or return in the  
correct form as required by any state tax law or by this Code or to  
pay a state tax within the statutory period allowed for its payment  
may be waived or remitted by the Oklahoma Tax Commission or its  
designee provided the taxpayer's failure to file a report or return  
or to pay the tax is satisfactorily explained to the Tax Commission  
or such designee, or provided such failure has resulted from a

1 mistake by the taxpayer of either the law or the facts subjecting  
2 him to such tax, or inability to pay such interest or penalty  
3 resulting from insolvency.

4 B. The Except as otherwise provided by subsections C and D of  
5 this section, the waiver or remission of all or any part of any such  
6 interest or penalties in excess of ~~Ten Thousand Dollars (\$10,000.00)~~  
7 Twenty-five Thousand Dollars (\$25,000.00) shall not become effective  
8 unless approved by one of the judges of the district court of  
9 Oklahoma County after a full hearing thereon.

10 The application for the approval of such waiver or remission  
11 shall be filed in the office of the court clerk of the court at  
12 least twenty (20) days prior to the entry of the order of the judge  
13 finally approving or disapproving the waiver or remission. The  
14 order so entered shall be a final order of the district court of the  
15 county.

16 C. Taxpayers who (1) do not have outstanding tax liabilities  
17 other than those reported pursuant to a voluntary disclosure  
18 agreement, (2) has been contacted by the Oklahoma Tax Commission  
19 with respect to the taxpayer's potential or actual obligation to  
20 file a return or make a payment to the state, (3) have not collected  
21 taxes from others, such as sales and use taxes or payroll taxes, and  
22 not reported those taxes, and (4) have not within the preceding  
23 three (3) years entered into a voluntary disclosure agreement for  
24 the type of tax owed may enter into a voluntary disclosure agreement

1 with the Tax Commission in order to report a state tax liability  
2 owed by the taxpayer. Taxpayers who have not collected taxes from  
3 others, such as sales and use taxes or payroll taxes, and not  
4 reported those taxes, may enter into a modified voluntary disclosure  
5 agreement as is provided in subsection F of this section provided  
6 that they meet all the other requirements provided in this  
7 subsection. If the Tax Commission agrees with the proposed terms  
8 for payment of the principal amount of tax due and owing, the  
9 penalty otherwise imposed by law upon the principal amount shall be  
10 waived by operation of law and no further action by the Tax  
11 Commission or by the taxpayer shall be required for the waiver of  
12 such penalty amount and fifty percent (50%) of the otherwise  
13 applicable interest amount shall be waived by operation of law and  
14 no further action by the Tax Commission or by the taxpayer shall be  
15 required for the waiver of such interest amount.

16 D. The Tax Commission shall limit the period for which  
17 additional taxes may be assessed (the lookback period) to three (3)  
18 taxable years for annually filed taxes or thirty-six (36) months for  
19 taxes that do not have an annual filing frequency.

20 E. Voluntary disclosure agreements may be denied or nullified  
21 by the Tax Commission if a taxpayer's failure to report or pay is  
22 determined to be the result of a pattern of intentional or gross  
23 negligence regarding compliance with the laws.  
24

1       F. Taxpayers who meet all of the qualifications specified in  
2 subsection C of this section, except those who have collected taxes  
3 from others, such as sales and use taxes or payroll taxes, and not  
4 reported those taxes, may enter into a modified voluntary disclosure  
5 agreement.

6       G. The provisions of a modified voluntary disclosure agreement  
7 shall be the same as a voluntary disclosure agreement as specified  
8 in subsection C of this section, except that (1) waiver of interest  
9 shall not apply except as may be optionally granted at the  
10 discretion of the Tax Commission, and (2) the period for which taxes  
11 must be reported and remitted is extended beyond the three-year or  
12 thirty-six-month period provided in subsection C of this section to  
13 include all periods in which tax has been collected but not  
14 remitted.

15       SECTION 2. This act shall become effective November 1, 2017.

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