OKLAHOMA TAX COMMISSION

FISCAL IMPACT STATEMENT AND/OR ADMINISTRATIVE IMPACT STATEMENT
FIRST REGULAR SESSION, FIFTY-SIXTH OKLAHOMA LEGISLATURE

DATE OF IMPACT STATEMENT: March 20, 2017

BILL NUMBER: HB 2252 **STATUS AND DATE OF BILL:** Engrossed 3/14/17

AUTHORS: House Brumbaugh and Bennett (John) Senate Leewright

TAX TYPE (S): All **SUBJECT:** Administrative

PROPOSAL: Amendatory

HB 2252 proposes to amend 68 O.S. §220 which relates to the Uniform Tax Procedure Code by modifying amount required of interest and penalty waived for approval by district court, providing for voluntary disclosure agreements and for waiver of designated percentage of interest.

EFFECTIVE DATE: November 1, 2017

REVENUE IMPACT:

Insert dollar amount (plus or minus) of the expected change in state revenues due to this proposed legislation.

FY 18: Potential increase in state revenues
FY 19: Potential increase in state revenues

ADMINISTRATIVE IMPACT:

Insert the estimated cost or savings to the Tax Commission due to this proposed legislation.

FY 18: None

Mar. 21, 2017
DATE

DIVISION DIRECTOR

jpg

3-21-17
DATE

REECE WOMACK, ECONOMIST

3/21/17
DATE

FOR THE COMMISSION

ATTACHMENT TO FISCAL IMPACT–HB 2252[Engrossed] Prepared March 20, 2017

HB 2252 proposes to amend 68 O.S. §220 which relates to the Uniform Tax Procedure Code by modifying amount required of interest and penalty waived for approval by district court, providing for voluntary disclosure agreements and for waiver of designated percentage of interest.

The proposed measure amends the amount of interest and penalties waived by the Tax Commission which shall not become effective unless approved by one of the judges of the district court of Oklahoma County from the current $10,000.00 to $25,000.00.

In addition, this measure provides guidelines for taxpayers entering into voluntary disclosure agreements and modified voluntary disclosure agreements with the Tax Commission.[1] The provisions related to voluntary and modified disclosure agreements are as follows:

Voluntary Disclosure Agreement

Taxpayers who (1) are not currently under audit or investigation, (2) who have not collected taxes from others, such as sales and use taxes or payroll taxes and not reported those taxes, and (3) who have not within the preceding three years entered into a voluntary disclosure agreement for the type of tax owed may enter into a voluntary disclosure agreement with the Tax Commission in order to report a state tax liability owed by the taxpayer. If the Tax Commission agrees with the proposed terms for payment of the principal amount of tax due and owing, the penalty otherwise imposed by law upon the principal amount shall be waived by operation of law and no further action by the Tax Commission or by the taxpayer shall be required for the waiver of such penalty amount and fifty percent (50%) of the otherwise applicable interest amount shall be waived by operation of law and no further action by the Tax Commission or by the taxpayer shall be required for the waiver of such interest amount.

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

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

Modified Voluntary Disclosure Agreement

Taxpayers who meet all of the qualifications to enter into a voluntary disclosure agreement except that they have collected taxes from others, such as sales and use taxes or payroll taxes, and not reported those taxes, may enter into a modified voluntary disclosure agreement. The provisions of modified agreement are same as voluntary disclosure agreement except that (1) waiver of interest shall not apply except as may be optionally granted at the discretion of the Tax Commission, and (2) the period for which taxes must be reported and remitted is extended beyond the three-year or thirty-six month period provided for in voluntary disclosure agreements.

---

[1] Guidelines are very similar to what is current practice of the Tax Commission except present guidelines include, in criteria to qualify, that taxpayer does not have any outstanding tax liabilities other than those reported through voluntary disclosure. The Oklahoma Voluntary Disclosure Agreement Program is designed to promote compliance and to benefit taxpayers who discover a past filing obligation and liability that has not been discharged. Description of program and Application for Voluntary Disclosure can be found on Tax Commission website.