

HB 819 -- Electronic Filing of Tax Forms and Notifications

Sponsor: Denison

This bill authorizes the Department of Revenue to use technology to make filing certain forms and sending certain notifications more efficient. In its main provisions, the bill authorizes the department to:

(1) Use electronic notification of specified information when the taxpayer has consented to its use and provided an e-mail address beginning January 1, 2012, in lieu of and in full satisfaction of any requirement to provide the notification by mail;

(2) Allow the current 3% timely discount to a supplier who remits the excise tax on motor fuel only if the supplier pays the total tax due electronically and files the required monthly report electronically in an approved format;

(3) Add 2% to the required amount of the motor fuel tax when the report is not filed electronically unless the taxpayer can establish by a preponderance of evidence that the failure was due to reasonable cause and not willful neglect;

(4) Require, for the 2011 tax year, a tax preparer who filed more than 100 individual income tax returns in the previous year, to file returns electronically or in a paper format with a two-dimensional barcode in a department-approved format. For tax years beginning on or after January 1, 2012, any person who filed more than 11 individual returns in the previous year must file returns electronically or in the two-dimensional barcode paper format. Any preparer who fails to meet this requirement will be charged a \$50 penalty for each individual income tax return filed unless the preparer can establish by a preponderance of evidence that the failure was due to reasonable cause and not willful neglect;

(5) Require, beginning January 1, 2011, a tax preparer who filed more than 10 corporate income or corporate franchise tax returns in the previous year to electronically file returns in a department-approved format. Any preparer who fails to meet these requirements will be charged a \$50 penalty for each corporate income tax return or corporate franchise tax return filed unless the preparer can establish by a preponderance of evidence that the failure was due to reasonable cause and not willful neglect;

(6) Require, beginning January 1, 2011, an employer who withholds at least \$4,000 in each of at least six months of the previous year to electronically file the employer withholding

returns in a department-approved format and to use an electronic funds payment system for all payments. Any employer who fails to meet these requirements will be charged a penalty of 2% of the tax unless the employer can establish by a preponderance of evidence that the failure was due to reasonable cause and not willful neglect;

(7) Require a taxpayer to provide requested tax records in a standard electronic format capable of being accessed by the department if they are maintained in an electronic format. Any taxpayer who fails to meet this requirement will be charged a penalty of 10% of the assessed tax plus any applicable penalty and interest based on the information available to the department director unless the taxpayer can establish by a preponderance of evidence that the failure was due to reasonable cause and not willful neglect; and

(8) Require, beginning January 1, 2013, a seller who collects at least \$4,000 in state sales taxes in each of at least six months of the previous calendar year to electronically file the sales tax returns in a department-approved format and to use an electronic funds payment system for all payments. Any seller who fails to meet these requirements must add 2% of the required taxes unless the seller can establish by a preponderance of evidence that the failure was due to reasonable cause and not willful neglect.