

STATE OF OKLAHOMA

2nd Session of the 59th Legislature (2024)

SENATE BILL 1413

By: Jech

AS INTRODUCED

An Act relating to uniform tax procedure; amending 68 O.S. 2021, Section 220, which relates to the waiver of interest and penalty; expanding certain authorization to waive certain penalty and interest under certain circumstance; making language gender neutral; and providing an effective date.

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

SECTION 1. AMENDATORY 68 O.S. 2021, 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, a representative of the applicable taxing division of the Commission, a staff attorney of the Office of the General Counsel of the Oklahoma Tax Commission, or by an administrative law judge, during a prehearing tax conference or tax hearing, provided the

1 taxpayer's failure to file a report or return or to pay the tax is
2 satisfactorily explained to the Tax Commission or such designee, a
3 representative of the applicable taxing division of the Commission,
4 a staff attorney of the Office of the General Counsel of the
5 Oklahoma Tax Commission, or by an administrative law judge, during a
6 prehearing tax conference or tax hearing, or provided such failure
7 has resulted from a mistake by the taxpayer of either the law or the
8 facts subjecting him or her to such tax, or inability to pay such
9 interest or penalty resulting from insolvency.

10 B. Except as otherwise provided by subsections C and D of this
11 section, the waiver or remission of all or any part of any such
12 interest or penalties in excess of Twenty-five Thousand Dollars
13 (\$25,000.00) shall not become effective unless approved by one of
14 the judges of the district court of Oklahoma County after a full
15 hearing thereon.

16 The application for the approval of such waiver or remission
17 shall be filed in the office of the court clerk of the court at
18 least twenty (20) days prior to the entry of the order of the judge
19 finally approving or disapproving the waiver or remission. The
20 order so entered shall be a final order of the district court of the
21 county.

22 C. Taxpayers who (1) do not have outstanding tax liabilities
23 other than those reported pursuant to a voluntary disclosure
24 agreement, (2) have not been contacted by the Oklahoma Tax
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1 Commission with respect to the taxpayer's potential or actual
2 obligation to file a return or make a payment to the state, (3) have
3 not collected taxes from others, such as sales and use taxes or
4 payroll taxes, and not reported those taxes, and (4) have not within
5 the preceding three (3) years entered into a voluntary disclosure
6 agreement for the type of tax owed may enter into a voluntary
7 disclosure agreement with the Tax Commission in order to report a
8 state tax liability owed by the taxpayer. Taxpayers who have
9 collected taxes from others, such as sales and use taxes or payroll
10 taxes, and not reported those taxes, may enter into a modified
11 voluntary disclosure agreement as is provided in subsection F of
12 this section provided that they meet all the other requirements
13 provided in this subsection. If the Tax Commission agrees with the
14 proposed terms for payment of the principal amount of tax due and
15 owing, the penalty otherwise imposed by law upon the principal
16 amount shall be waived by operation of law and no further action by
17 the Tax Commission or by the taxpayer shall be required for the
18 waiver of such penalty amount and fifty percent (50%) of the
19 otherwise applicable interest amount shall be waived by operation of
20 law and no further action by the Tax Commission or by the taxpayer
21 shall be required for the waiver of such interest amount.

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

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

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

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

21 SECTION 2. This act shall become effective November 1, 2024.

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