

HB 1484 -- PAPERLESS DOCUMENTS AND FORMS ACT (McCaherty)

COMMITTEE OF ORIGIN: Committee on Transportation Funding and Public Institutions

This bill establishes the Paperless Documents and Forms Act which 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:

(1) Requires the department to develop and implement, beginning no later than January 1, 2013, and by January 1, 2019, a method by which all documents and forms provided to the public by the department relating to taxes and fees are available in an electronic format online and are capable of electronic submission to the department except those that require a notary or authorization by a third party;

(2) Allows the department director to use electronic notification of specified information when the taxpayer has consented to its use and provides an e-mail address in lieu of and in full satisfaction of any requirement to provide the notification by mail;

(3) Allows 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;

(4) Adds 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;

(5) Requires, for all tax years beginning on or after January 1, 2012, a tax preparer who filed more than 10 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 director-approved format. Any preparer who fails to meet this requirement will be liable for 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;

(6) Requires, for all tax years beginning on or after January 1, 2012, a tax preparer who filed more than 10 corporate income and corporate franchise tax returns in the previous year to electronically file returns in a department director-approved format. Any preparer who fails to meet these requirements will be liable for a \$50 penalty for each corporate income and

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;

(7) Requires, for all tax years beginning on or after January 1, 2013, the department director to require an employer who withholds taxes of \$4,000 or more in each of at least six months during the previous year to electronically submit the withholding tax returns in a department director-approved format and to use an electronic funds payment system for all payments. Any employer who fails to meet these requirements will be liable for 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;

(8) Prohibits a tax preparer or software company from charging a separate fee for the electronic filing of electronic tax returns required under these provisions; and

(9) Requires, beginning on or after January 1, 2014, the department director to require sales tax returns to be submitted electronically in a department director-approved format and to use an electronic funds payment system for the payment of sales taxes where the seller's aggregate state sales tax was \$4,000 or more in each of at least six months during the prior year. Any seller failing to file electronically and making electronic payment must add 2% to the required amount unless the seller can establish by a preponderance of evidence that the failure was due to a reasonable cause and not willful neglect.

FISCAL NOTE: Estimated Net Income on General Revenue Fund of \$0 in FY 2013, More than \$100,000 in FY 2014, and More than \$100,000 in FY 2015. Estimated Net Income on Other State Funds of \$0 in FY 2013, More than \$100,000 in FY 2014, and More than \$100,000 in FY 2015.