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**Ways & Means Committee**

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**HB 1357**

**Brief Description:** Providing the department of revenue with additional flexibility to achieve operational efficiencies through the expanded use of electronic means to remit and report taxes.

**Sponsors:** Representatives Carlyle, Parker, Hunter, Dickerson, Roberts and Kenney; by request of Department of Revenue.

**Brief Summary of Bill**

- Expands the mandatory requirement to electronically file and pay taxes to all taxpayers.
- Authorizes the Department of Revenue (Department) to waive the mandatory electronic filing and payment requirement for annual filers.
- Extends an existing 10 percent penalty for disregarding specific written instructions of the Department to taxpayers refusing to file and pay taxes electronically.

**Hearing Date:** 1/25/11

**Staff:** Jeffrey Mitchell (786-7139).

**Background:**

Most businesses report and pay their taxes to the Department of Revenue (Department) on a monthly, quarterly, or annual basis. Only monthly filers are required to report and pay their taxes electronically.

The Department is authorized to assess various penalties on a number of tax reporting and payment deficiencies. For example, separate and cumulative penalties are assessed on late tax payments, substantially underpaid tax payments, and for failing to register with the Department. The Department may also assess a 10 percent penalty where the taxpayer has disregarded specific written instructions by the Department regarding reporting or tax liabilities.

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*This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.*

**Summary of Bill:**

All taxpayers are required to report and pay taxes electronically. However, the Department is authorized to waive these requirements for taxpayers filing on an annual basis and taxpayers with certain extenuating circumstances such as lack of access to the Internet, computer problems, or the taxpayer does not have a bank account or credit card.

The 10 percent penalty for disregarding specific written instructions is applied to circumstances where the Department has specifically required a taxpayer to electronically file or remit taxes.

The bill applies to tax returns and payments originally due after July 24, 2011.

**Appropriation:** None.

**Fiscal Note:** Available.

**Effective Date:** The bill takes effect 90 days after adjournment of the session in which the bill is passed.