

SENATE BILL REPORT

EHB 1357

As of March 14, 2011

Title: An act relating to providing the department of revenue with additional flexibility to achieve operational efficiencies through the expanded use of electronic means to remit and report taxes.

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 History: Passed House: 3/07/11, 65-31.

Committee Activity: Ways & Means: 3/14/11.

SENATE COMMITTEE ON WAYS & MEANS

Staff: Dianne Criswell (786-7433)

Background: The Department of Revenue (DOR) collects the major state excise taxes, such as the retail sales tax and the business and occupation tax. The general administrative provisions for the collection of excise taxes are provided in chapter 82.32 RCW, including payment schedules, payment types, assessments, and notice provisions. The payment schedule, in general, is for businesses to report and pay excise taxes on a monthly basis, although smaller businesses may report taxes quarterly or annually.

In 2009 the Legislature required taxpayers who file tax returns on a monthly basis to file and pay taxes electronically. The Legislature also authorized, but did not require, filing and electronic payment of taxes for taxpayers filing on a quarterly or annual basis. Electronic payment of the tax must be by electronic funds transfer or other forms of electronic payment authorized by DOR.

DOR 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. DOR may also assess a 10 percent penalty where the taxpayer has disregarded specific written instructions by DOR regarding reporting or tax liabilities.

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, DOR 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 if 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 DOR has specifically required a taxpayer to electronically file or remit taxes and the taxpayer willfully disregards those instructions.

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

Appropriation: None.

Fiscal Note: Available.

Committee/Commission/Task Force Created: No.

Effective Date: Ninety days after adjournment of session in which bill is passed.