

Attention!

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This publication is mailed out in its full version quarterly. If you would like to have your name added to our mailing list, please contact us via one of the formats below:

1. Phone (405) 521-3637
2. Fax (405) 522-1711
3. Mail: Oklahoma Tax Commission
Communications Division
2501 North Lincoln Blvd.
Oklahoma City, OK 73194
4. E-mail: publications@oktax.state.ok.us

Thank you.

Oklahoma Business Bulletin

A Publication of the Oklahoma Tax Commission



The Oklahoma Tax Commission has several convenient locations available to serve taxpayers all across the state. Listed below are the state offices, addresses and telephone numbers.

Oklahoma City •

(405) 521-3279
2501 N. Lincoln Blvd.

(405) 522-0789
Shepherd Mall
NW 23rd and Villa

Tulsa •

(918) 581-2399
440 South Houston

McAlester •

(918) 426-0777
1533 South Main

Lawton •

(580) 248-8440
1602 NW Lawton Ave. #B

Ardmore •

(580) 226-4636
301 West Main, #316

In-State Toll Free •

1 (800) 522-8165
• extension 1-3279

..... The Oklahoma Business Bulletin is a quarterly publication of the Communications Division of the Oklahoma Tax Commission.

Questions and/or comments regarding this publication should be directed to the Communications Division at (405) 521-3637, or by writing to: Oklahoma Tax Commission, Communications Division, 2501 N. Lincoln Blvd., Oklahoma City, OK 73194.

Inside this Issue:

New Legislation Highlighted

Keeping taxpayers informed of new legislation and how it might affect you is one of the goals of the Business Bulletin. While the 1999 legislative session ended in late May, it takes a couple of months to determine the full impact of many of the new bills that were passed into law.

On pages 2-3 of this issue of the *Oklahoma Business Bulletin*, you will find highlights of the past legislative session that will be affecting various sectors of the taxpaying population. When reading these highlights you will find the bill number, effective date, and what type of tax it will be affecting,

along with a short description of the bill's effects. If you want to request further information on these changes and their affect on your accounts, please contact our Taxpayer Assistance Division at (405) 521-3160.

● See Pages 2 and 3

To follow legislation in progress, or to look up the status of legislative bills, check out <http://www.lsb.state.ok.us/>. This web site is maintained and updated by the Oklahoma Legislative Information System (OLIS). ■

Withholding Changes Affect Businesses

In order to conform with the federal withholding payment schedule, the Oklahoma legislature has enacted a new law requiring employers whose monthly Oklahoma income tax withholding averages \$10,000 or more to remit the withholding tax on the same dates as required by the federal semi-weekly deposit schedule. This law goes into effect October 1, 1999.

This legislation dictates that the frequency of withholding remittance be based on frequency of paydays. Employers who pay their employees monthly will continue to remit withholding monthly; employers who pay weekly will remit weekly; and employers who pay every two weeks will remit every two weeks. Employers who pay their employees on any other schedule will be considered on an individual basis.

Due dates will be determined as follows:

If payday is on:

Wednesday, Thursday or Friday
Saturday, Sunday, Monday or Tuesday

The due date for remitting is:

The next Wednesday
Friday

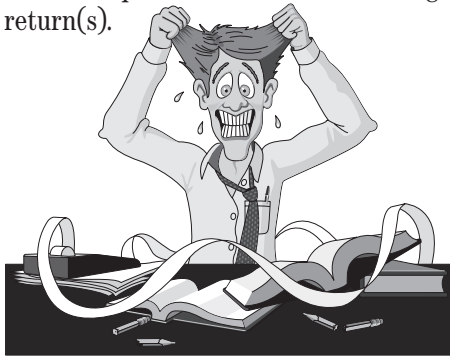
All employers averaging \$10,000 or more per month in Oklahoma withholding were sent a letter on July 27, 1999 announcing the new law along with a survey concerning frequency of paydays and planned method of payment, i.e., check or money order or electronic funds transfer (EFT).

Employers remitting withholding via EFT will continue to file only one report per month, delinquent after the 15th of the month, regardless of how many payments are made during the month. Employers who pay by check or money order are required to

(continued page 4 • "Withholding")

What Does an Auditor Look At?

Although no one likes to be audited there are times when it may happen to you or your business. When the Oklahoma Tax Commission conducts a field audit of a taxpayer's books and records we will check the taxpayer's compliance in other tax types as well. For example, if your company is scheduled for a sales/use tax audit, we will also check to see if you have filed income, franchise, and/or withholding tax returns. If the taxpayer is delinquent in filing the required return(s) the taxpayer will then be required to file the outstanding return(s).



In addition to doing compliance checks we often audit more than one tax type on those taxpayers selected for audit. For example, a taxpayer scheduled for a withholding tax audit may also be audited for waste tire, franchise, or motor fuel taxes as well. Decisions about which tax types to audit are made based upon the taxpayer's business and the reporting history. The field auditor is required to notify the taxpayer during the opening conference which tax types are being audited.

If you are audited and feel the auditor is not treating you professionally or fairly you should contact the Auditor Supervisor and explain the problem. The supervisor should address your concerns in a timely manner. The

(continued page 4 • "Auditors")

Tornado Relief Law Changes

At the close of the May 1999 legislative session, there were many new laws and changes made to existing laws designed to bring some relief to individuals and businesses that were impacted by the May 3rd tornadoes. We have selected just a few to highlight in this issue of the Business Bulletin.

Senate Bill 1 (effective 5/21/99)

Motor Vehicle

- Provides registration credit for any remaining months of registration on a vehicle destroyed during the May 3, 1999 tornado. The credit will apply to the registration fees of a replacement vehicle.
- Allows for an excise tax credit for any vehicles, destroyed during the May 3, 1999 tornado, on which the vehicle excise tax was paid on or after May 3, 1998. This credit will apply to the excise tax liability of a replacement vehicle.

Note: If vehicle has already been replaced and credit(s) were not given, please contact Larry Lette, of our Motor Vehicle Division at (405) 521-3683 for additional information.

Senate Bill 316 (effective 6/8/99)

Sales Tax:

- In effect, allows a tax exemption for vendors who donated items to persons affected by the tornadoes of May 3, 1999.
- Allows vendors who are unable to file their sales tax reports on time due to damage caused by the tornado of May 3, 1999 to retain their discount for timely filing.

Income Tax:

- Non codified section to allow for net operating losses that occur as a result of the May 3, 1999 tornadoes to be allowed to be carried back as allowed under the Internal Revenue Code.

House Bill 1585 (effective 1/1/00)

Income Tax:

- Provides for a refundable income tax credit for any increased Ad Valorem tax that is a result of rebuilding or repairing residential real property damaged or destroyed as a result of the May 3, 1999 tornadoes. The credit is to be the difference between the Ad Valorem taxes paid on the property in the year prior to the tornado damage and the Ad Valorem taxes paid in the first year the property is completely or fully repaired to rebuilt. In years two through five of the credit, the credit is to be 80% of the previous year's credit.

(continued page 3 • "Tornado Relief")

New Legislation that Could Affect You or Your Business

The following highlighted bills are some of the changes that could be affecting you and the way you pay your taxes. Please keep in mind that these are not all the changes that took place, but are changes that will affect a large portion of taxpayers.

House Bill 1050 (effective 11/1/99)

Uniform Procedure Act:

- Provides for a limitation period of ten years after the assessment of a tax has become final within which the tax may be collected by tax warrant or court proceeding, providing the assessment was timely made.

House Bill 1064 (effective 11/1/99)

Motor Vehicle Special Tags:

- Provides for the discontinuance of any special plate pursuant to the following conditions:
 1. If fewer than fifty of any special license plate authorized prior to January 1, 2000 are issued by January 1, 2005.
 2. If fewer than fifty of any special license plates authorized after January 1, 2000 are issued within five years after first being offered for sale.

House Bill 1347 (effective 7/1/99)

Sales and Use Tax:

- Exempts from sales tax, sales of food preparation equipment and supplies to persons supplying "meals on wheels" and congregate meals to senior citizens.

House Bill 1409 (effective 11/1/99)

Motor Vehicle:

- Defines both a pickup and a truck as used in the section relating to the registration of farm trucks. "Pickup" shall mean a small, light truck with an open back or box used for hauling and designed primarily for the carrying of property rather than people. "Truck" shall mean a motor vehicle designed or converted primarily for carrying or hauling farm commodities, property, livestock or equipment rather than people.
- Modifies the current requirements of what is to be provided to qualify for a farm registration. The new requirements are:
 1. Provide an Income Tax Schedule F for the preceding year, or
 2. Present a sales tax exemption card.

House Bill 1584 (effective 7/1/99)

Tourism Tax:

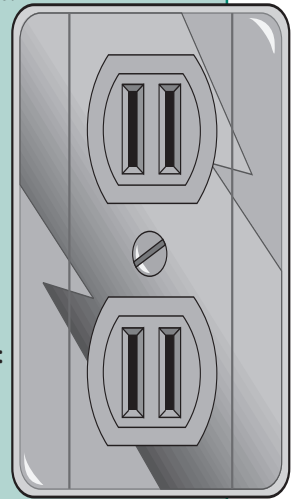
- Exempts not for profit institutions of higher education from the payment of tourism tax.

(continued page 4 • "Business Legislation")

Gas and Electricity Sales Tax Exemption Change Update

Recently the Oklahoma Tax Commission amended Rule 710:65-13-120 concerning the sales tax exemption for gas and electricity for residential use.

Previously the rule stated: "Gas and electricity when sold exclusively for residential use are exempt from state and county sales tax..." The rule has been amended to state: "Gas and electricity when sold exclusively for residential use are exempt from state sales tax, but remain subject to any applicable municipal and county sales taxes in effect at the time of sale..." ■



Tornado Relief...

• continued from page 2

If you were affected by the tornadoes and have questions about your records or accounts, a special phone number has been set up for taxpayer inquiries. Personnel at this number are specially trained to answer questions or put callers in touch with the correct area for answering. Representatives are available from 7:30 am - 4:30 pm, Monday through Friday at (405) 522-5500. ■

How Can I Reach the OTC?

In the age of technology, contacting the Tax Commission is as easy as picking up the phone, dialing for a fax, or even turning on your computer.

Taxpayer Assistance 521-3279 or 521-3160

business tax issues • gross production • sales tax issues
business registration • income tax assistance

franchise taxes • motor fuel questions • withholding taxes

(During peak times, your call may be placed on hold. Please wait for the next available operator.)

- Toll Free Number (Oklahoma only) 1 (800) 522-8165
- Telefile (Sales Tax - no taxes due only) 1 (877) 829-2002
- FaxBack (Forms by Fax) 522-0465
- Forms Request
 - Business Tax Forms 521-4667
 - Income Tax Forms 521-3108
- Audit Division 521-3251
- Ad Valorem Division 521-3178
- Collections Division 521-3281
- Legal Division 521-3141
- Motor Vehicle Division 521-3221



(All numbers are 405 area code unless otherwise indicated.)

If you have a computer and internet service, visit our site at <http://www.oktax.state.ok.us>. We have downloadable forms, along with many other key information elements.

The opportunity for you to e-mail questions or comments to agency personnel is also available on the site. While we try to answer all e-mails in a timely manner, please be patient during peak filing periods. When possible, please include name, address, and a phone number if you would prefer us answer by phone. ■

Business Legislation... • continued from page 3

Senate Bill 396 (effective 11/1/99)

Uniform Procedure Act:

- Provides that upon payment of the tax, penalty, interest and costs, or upon the expiration of ten years after the date of recording and indexing of a tax warrant by a county clerk in this state, the lien created therein shall be released and extinguished, unless prior to the expiration of the ten years the tax warrant is reissued.

Senate Bill 452 (effective 8/27/99)

Cigarette & Tobacco Tax:

- Makes it illegal to stamp or sell cigarettes or tobacco products in Oklahoma that were originally packaged for export outside the United States. The market for these types of goods is sometimes referred to as the "gray market". ■

Withholding... • continued from page 1

submit a voucher with each remittance. New voucher forms (Tax Commission form OW-9-A) are currently being produced for this purpose and will be mailed to employers who will be filing by the new schedule.

Employers whose average monthly Oklahoma withholding is below \$10,000 will continue to file using Tax Commission form OW-9. Both the OW-9 and OW-9-A are available for downloading from the agency website at <http://www.oktax.state.ok.us>.

Employers participating in the Quality Jobs Program who are affected by the new legislation should contact the Account Maintenance Division of the Oklahoma Tax Commission at (405) 521-2842. Employers who wish to file by electronic funds transfer (EFT) should call (405) 522-0214. ■



Auditors... • continued from page 2

audit notification letter you receive at the beginning of the audit will contain the name, address and phone number of the Auditor Supervisor directing the audit. If that does not occur you should contact Scott Greenawalt, Chief of Field Audit, at (405) 522-4019 directly to get your problem resolved. ■

