

HB 2359 DESCRIPTION

REMOTE SALES	Sec. 1-8 establish new tax requirements for retailers making sales from a place of business outside this state for use inside the state. Other sections implement the new program for remote sellers
<p>SECTION 1. AMENDATORY 68 O.S. 2001, Section 1401, as amended by Section 28, Chapter 413, O.S.L. 2003 (68 O.S. Supp. 2009, Section 1401), is amended to read as follows:</p> <p>Section 1401. The following words, terms and phrases when used in this article shall have the meanings respectively given to them in this section:</p> <p>* * *</p> <p>8. The term "use" means and includes the exercise of any right or power over tangible personal property incident to the ownership or possession of that property, except that it shall not include the sale of that property in the regular course of business;</p> <p>9. <u>a.</u> The term "retailer" means every person engaged in the business of selling tangible personal property for use within the meaning of the article; provided, however, that when in the opinion of the Tax Commission it is necessary for the efficient administration of this article to regard any salesmen, representatives, truckers, peddlers, or canvassers as the agents of the dealers, distributors, supervisors, employers, or persons under whom they operate or from whom they obtain the tangible personal property sold by them, irrespective of whether they are making sales on their own behalf or on behalf of such dealers, distributors, supervisors, employers, or persons, the Tax Commission may so regard them and may regard the dealers, distributors, supervisors, employers or persons as retailers for purposes of this article.</p> <p><u>b.</u> <u>A retailer shall be deemed to be engaged in the business of selling tangible personal property for use in this state if:</u></p> <p>(1) <u>both of the following conditions exist:</u></p> <p>(a) <u>the retailer holds a substantial ownership</u></p>	<p>Page 4</p> <p>Amends the ----- tax code to broaden the definition of "retailer" to include those having a substantial relationship with a retailer having a place of business in Oklahoma.</p>

interest in, or is owned in whole or in substantial part by, a retailer maintaining a place of business within this state, and

(b) the retailer sells the same or a substantially similar line of products as the related Oklahoma retailer and does so under the same or a substantially similar business name, or the Oklahoma facilities or Oklahoma employees of the related Oklahoma retailer are used to advertise, promote or facilitate sales by the retailer to consumers, or

(2) the retailer holds a substantial ownership interest in, or is owned in whole or in substantial part by, a business that maintains a distribution house, sales house, warehouse or similar place of business in Oklahoma that delivers property sold by the retailer to consumers.

c. For purposes of subparagraph b of this paragraph:

(1) “substantial ownership interest” means an interest in an entity that is not less than the degree of ownership of equity interest in an entity that is specified by Section 78p of Title 15 of the United States Code, or any successor to that statute, with respect to a person other than a director or officer,

(2) “ownership” means and includes both direct ownership and indirect ownership through a parent, subsidiary or affiliate, and

(3) the processing of orders electronically, including facsimile, telephone, the Internet or other electronic ordering process, does not relieve a retailer of responsibility for collection of the

tax from the purchaser if the retailer is doing business in this state pursuant to this paragraph.

d. Any retailer that is part of a controlled group of corporations, and that controlled group of corporations has a component member that is a retailer engaged in business in this state as described in subparagraph b of this paragraph, shall be presumed to be a retailer engaged in business in this state. This presumption may be rebutted by evidence that during the calendar year at issue the component member that is a retailer engaged in business in this state did not engage in any of the activities described in this subparagraph on behalf of the retailer. For purposes of this subparagraph, "controlled group of corporations" means "controlled group of corporations" as defined in Section 1563(a) of the Internal Revenue Code, and "component member" means "component member" as defined in Section 1563(b) of the Internal Revenue Code.

e. Any retailer making sales of tangible personal property to purchasers in this state by mail, telephone, the Internet or other media which has a contractual relationship with an entity to provide and perform installation or maintenance services for the retailer's purchasers within this state shall be included within the definition of "retailer" under the provisions of subparagraph a of this paragraph; and

10. The phrase "maintaining a place of business within the state" includes any person having or maintaining in the state, directly or by subsidiary, an office, distribution house, sales house, warehouse, or other place of business. It also includes any person having agents operating in the state under authority of the retailer or subsidiary, whether the place of business or agent is within the state permanently or temporarily, or whether the person or subsidiary is authorized to do business within the state is immaterial.

SECTION 2. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 1406.1 of Title 68, unless there is created a duplication in numbering, reads as follows:

A. Each retailer or vendor making sales of tangible personal property from a place of business outside this state for

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This is a notice requirement imposed on internet and catalogue retailers. It

<p>use in this state that is not required to collect use tax, shall provide notification on its retail Internet website or retail catalog and invoices provided to its customers that use tax is imposed and must be paid by the purchaser, unless otherwise exempt, on the storage, use, or other consumption of the tangible personal property in this state. The notification shall be readily visible. It is further provided that no retailer shall advertise on its retail Internet website or retail catalog that there is no tax due on purchases made from the retailer for use in this state. The provisions of this section, except for notification on invoices, shall apply to online auction websites. The Oklahoma Tax Commission is hereby authorized and directed to define the term "online auction websites" through the promulgation of a rule. The rule shall include an exception for websites with sales below a threshold to be set by the Tax Commission.</p> <p>B. The provisions of this section shall not be effective as law until an administrative rule, whether an emergency rule or permanent rule or both, has become effective as law pursuant to the Oklahoma Administrative Procedures Act.</p>	<p>requires such vendors to notify its customers that they must pay use tax.</p> <p>It further prohibits such vendors to advertise to Oklahoma customers that no tax is due.</p>
<p>SECTION 3. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 1407.2 of Title 68, unless there is created a duplication in numbering, reads as follows:</p> <p>A. For the purpose of encouraging the voluntary registration, collection, and remittance of use taxes owed to this state, the Oklahoma Tax Commission is hereby authorized and directed to establish a Retailer Compliance Initiative for out-of-state retailers, as provided in this section.</p> <p>B. 1. The Tax Commission shall not seek payment of uncollected use taxes from an out-of-state retailer who registers to collect and remit applicable use taxes on sales made to purchasers in this state prior to registration under the Retailer Compliance Initiative, provided that the retailer was not registered in this state in the twelve-month period preceding the effective date of this section.</p> <p>2. The provisions of this subsection will preclude assessment for uncollected use taxes together with penalty or interest for sales made during the period the retailer was not registered in this state, provided registration occurs prior to July 1, 2011.</p> <p>3. The relief provided herein shall not be available to a retailer with respect to any matter or matters for which the retailer received notice of the commencement of an audit and which audit is not yet finally resolved including any related administrative and judicial processes and is not available for use taxes already paid or remitted to the state or taxes collected, but not remitted, by the retailer.</p>	<p>Page 8</p> <p>The purpose of this section is to encourage remote sellers to voluntarily collect and remit Oklahoma use taxes.</p> <p>Creates a Retailer Compliance Initiative for remote sellers.</p> <p>Provides amnesty for back use taxes owed by certain remote sellers who join the Retailer Compliance Initiative, subject to the following conditions:</p>

<p>4. The relief provided herein is fully effective, absent the retailer's fraud or intentional misrepresentation of a material fact, as long as the retailer continues registration and continues collection and remittance of applicable use taxes for a period of at least thirty-six (36) months. The statute of limitations applicable to asserting a tax liability during this thirty-six-month period shall be tolled.</p> <p>5. The relief provided herein is applicable only to use taxes due from a retailer in its capacity as a retailer and not to use taxes due from a retailer in its capacity as a buyer.</p> <p>C. The registration by an out-of-state retailer for the collection of use taxes under the Retailer Compliance Initiative shall not be used as a factor in determining whether the retailer has nexus with this state for any other taxes, including income taxes, at any time.</p> <p>D. Out-of-state retailers registering under the Retailer Compliance Initiative shall receive a discount for timely reporting and remitting use taxes as provided in Section 1354.31 of Title 68 of the Oklahoma Statutes.</p> <p>E. No registration fee shall be charged against any voluntary out-of-state retailer that comes forward to register to collect and remit use taxes under the Retailer Compliance Initiative.</p> <p>F. The Tax Commission shall promulgate rules detailing the terms and other conditions of this program.</p>	<p>Nexus issues are set aside for other taxes.</p> <p>Vendor discount applies to remote sellers.</p> <p>No registration fee</p> <p>OTC rules to implement</p>
<p>SECTION 4. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 1407.3 of Title 68, unless there is created a duplication in numbering, reads as follows:</p> <p>In an effort to improve compliance by Internet retailers for the collection of use tax on their sales to Oklahoma residents, the Oklahoma Tax Commission shall implement an outreach program to Internet retailers. The program shall include contacting Internet retailers for a review of their business activities to determine if such activities may require the registration and collection of Oklahoma use taxes and the providing of information to the out-of-state retailers about the Retailer Compliance Initiative to encourage registration in this state.</p>	<p>Page 9</p> <p>OTC directed to implement an outreach program to internet retailers</p>
<p>SECTION 5. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 1407.4 of Title 68, unless there is created a duplication in numbering, reads as follows:</p> <p>A. For the purpose of encouraging the voluntary disclosure and payment of use taxes owed to this state, the</p>	<p>Page 9</p> <p>Consumer Compliance Initiative created for consumers liable for payment of use taxes.</p>

<p>Oklahoma Tax Commission is hereby authorized and directed to establish a Consumer Compliance Initiative for consumers liable for payment of use taxes, as provided in this section. A taxpayer shall be entitled to a waiver of penalty, interest and other collection fees due if the taxpayer voluntarily files delinquent tax returns and pays the taxes due during the initiative.</p> <p>B. No assessment of use tax levied under the provisions of Section 1401 et seq. of Title 68 of the Oklahoma Statutes shall be made for more than one (1) year prior to the date the consumer registers to pay applicable use taxes under this initiative.</p> <p>C. The relief provided herein shall not be available to a consumer with respect to any matter or matters for which the consumer received notice of the commencement of an audit and which audit is not yet finally resolved including any related administrative and judicial processes and is not available for use taxes already paid or remitted to the state.</p> <p>D. The Tax Commission shall promulgate rules detailing the terms and other conditions of this program.</p> <p>E. The Tax Commission shall develop and distribute a fact sheet explaining responsibilities regarding the reporting and payment of use taxes and how business entities can examine their records to establish the use tax due on purchases from out-of-state sellers. The Tax Commission shall make the fact sheet available on the Oklahoma Tax Commission's website, mail to targeted industries, existing licensees, and all Tax Commission license applicants.</p> <p>F. The Tax Commission is authorized to expend necessary available funds, including contracting with third parties, to publicly advertise the Consumer Compliance Initiative and shall be exempt from the provisions of Section 85.7 of Title 74 of the Oklahoma Statutes for the purpose of implementing this section.</p> <p>G. To assist consumers in remitting use taxes due, the Tax Commission shall develop and maintain an option for consumers to remit use taxes through an Internet-based portal.</p>	<p>Waiver of penalty and interest for consumer who voluntarily pays delinquent use taxes.</p> <p>Amnesty provided.</p> <p>Exception: audit commenced prior to the Initiative</p> <p>OTC to take certain steps to facilitate the Initiative and consumer payment of use taxes</p>
<p>SECTION 6. AMENDATORY 68 O.S. 2001, Section 249, as amended by Section 5, Chapter 479, O.S.L. 2005 (68 O.S. Supp. 2009, Section 249), is amended to read as follows:</p> <p>Section 249. A. Any person that prepares any state tax returns or reports for an Oklahoma taxpayer, other than the employer of the preparer, for compensation, shall:</p> <p>****</p> <p><u>D. When assisting taxpayers in preparing an individual income tax return, tax preparers shall advise their clients of their</u></p>	<p>Page 10</p> <p>Duties for tax preparers to inform clients of use tax obligations</p>

<p><u>responsibility to remit use taxes through the use tax remittance line on the individual income tax return or by filing a consumer use tax return.</u></p>	
<p>SECTION 7. AMENDATORY 68 O.S. 2001, Section 1410.1, is amended to read as follows:</p> <p>Section 1410.1 A. For the purpose of compensating the seller or vendor in keeping use tax records, filing reports and remitting the tax when due, a seller or vendor shall be allowed a deduction not to exceed two and one-fourth percent (2 1/4%) of the tax due under the applicable provisions of this title.</p> <p>B. No deductions from tax shall be allowed if any such report or payment of tax is delinquent.</p> <p>C. Notwithstanding the formula provided by subsection A of this section, the deduction provided by this section shall be limited to a maximum of Three Thousand Three Hundred Dollars (\$3,300.00) per reporting period. Persons remitting use tax pursuant to Section 1406 or 1407 of Title 68 of the Oklahoma Statutes as of April 1, 1993, shall continue to remit use tax in the same manner as they were on April 1, 1993. No such person may change the manner by which the person remits use tax in order to avoid the provisions of this subsection.</p> <p>D. Notwithstanding any other provision of law, an amount equal to the excess of the amount calculated by the formula provided by subsection A of this section over the Three Thousand Three Hundred Dollar limit provided by subsection C of this section shall be retained by the state as an administrative expense and deposited to the General Revenue Fund equal to the amount provided for vendors under the Oklahoma Sales Tax Code.</p>	<p>Page 11</p> <p>Vendor discount for use tax collection and remittance to be the same as for sales tax.</p>
<p>SECTION 8. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 1407.5 of Title 68, unless there is created a duplication in numbering, reads as follows:</p> <p>A. It is hereby declared to be the intent of the Oklahoma Legislature to specifically include within the use tax levied by this article all storage, use or other consumption of tangible personal property purchased or brought into this state through the continuous, regular or systematic solicitation in the Oklahoma consumer market by out-of-state retailers through the Internet, mail order and catalog publications.</p> <p>****</p>	<p>Page 12</p> <p>Legislative findings addressing federal issues pertaining to nexus and interstate commerce.</p> <p>The list of findings is to the effect that Oklahoma's participation in the Streamlined Sales and Use Tax Agreement and Oklahoma's state and local taxes administration does not create an undue burden on remote sellers' business.</p>
<p>SECTION 13. AMENDATORY Section 24, Chapter 413, O.S.L. 2003 (68 O.S. Supp. 2009, Section 1354.31), is amended to read as follows:</p>	<p>Page 20</p> <p>Relates to remote sellers participating in</p>

<p><u>C. Any vendor that is a remote seller that initially contracts with a certified service provider for the collection and remittance of sales and use taxes to this state on or after October 1, 2010, and before July 1, 2011, shall be allowed compensation for the start-up costs associated with utilizing a certified service provider as provided in this subsection. The seller shall be allowed to retain twenty percent (20%) of the sales and use taxes collected by such seller, for a period of up to six (6) months, beginning with the first month such taxes are remitted by the certified service provider. The total amount retained by the seller as compensation may not exceed the sum of Five Hundred Dollars (\$500.00). A seller which retains such compensation shall be required to continue to collect and remit applicable sales and use taxes for a period of at least thirty-six (36) months. A seller which does not continue to collect and remit applicable sales and use taxes for a period of at least thirty-six (36) months shall be required to forfeit and repay all compensation to this state that it had retained pursuant to this subsection.</u></p> <p><u>D. On or after October 1, 2010, in addition to any compensation provided pursuant to subsection C of this section, and in lieu of the deduction provided by subsections A, B, C and D of Section 1367.1 of this title, a remote seller that collects and remits sales and use taxes to this state shall be eligible, at the option of the seller, for either the compensation in the amounts, and subject to the limitations provided in the Streamlined Sales and Use Tax Agreement, or for the Oklahoma Tax Commission to assume the direct cost of contracting with a certified service provider. In the event the Streamlined Sales and Use Tax Agreement has not adopted provisions for vendor compensation, a remote seller shall be eligible, at the option of the seller, for the deductions provided by Section 1367.1 of this title or for the Oklahoma Tax Commission to assume the direct cost of contracting with a certified service provider.</u></p> <p><u>E. For purposes of this section, the term “remote seller” shall mean a seller that would not register to collect sales and use taxes in this state but for the ability of this state to require such remote seller to collect sales or use tax under federal authority.</u></p>	<p>the streamlined sales and use tax agreement</p> <p>Provides cost recovery for using a certified service provider to collect such taxes</p>
<p>MUNICIPAL SALES AND USE TAX ISSUES</p>	
<p>SECTION 9. AMENDATORY 68 O.S. 2001, Section 205.1, is amended to read as follows:</p> <p>Section 205.1 A. To determine the actual municipal sales tax liability of any person engaged in any business upon which the Oklahoma excise tax is levied, the Oklahoma Tax</p>	<p>Page 14-15</p> <p><u>Reporting:</u></p> <p>These amendments increase and enhance the reports OTC must provide</p>

Commission, notwithstanding the provisions of Section 205 of this title, shall ~~mail not less than quarterly, upon request, make available reports~~ to the governing body of each city or town that levies a municipal sales tax, ~~a notice that the governing body may request the following report from the Commission. Said report which shall contain only~~ **include, but not be limited to,** the following information:

1. A full and complete list of the names and addresses of persons who report doing business during the preceding calendar year within the boundary of the city or town and who have a sales tax permit; ~~and~~

2. A full and complete list of such persons specified in paragraph 1 of this subsection who are more than sixty (60) days delinquent in remitting sales tax levied pursuant to the provisions of the Oklahoma Sales Tax Code;

3. A full and complete list of sales and use taxes collected by such persons specified in paragraph 1 of this subsection during the preceding calendar month;

4. A full and complete list of taxpayers who were issued a sales tax permit for a location in the city or town the previous calendar month; and

5. A full and complete list of taxpayers who have advised the Oklahoma Tax Commission that business at the location in the city or town was stopped during the previous calendar month.

B. Upon request by the governing body of a city or town that levies a municipal sales tax, the Oklahoma Tax Commission, notwithstanding the provisions of Section 205 of this title, shall release to such governing body such information or evidence necessary to be used by such body to prosecute violations of municipal sales tax ordinances. Such information or evidence shall include, but is not limited to, the following:

1. Certified copies of sales tax permit applications;

2. Certified copies of sales tax permits;

3. Certified copies of sales tax reports; and

4. Names of Tax Commission employees who may be potential witnesses for municipal prosecution purposes.

C. Except in reporting to the members of the governing body of the city or town, no city or town official or employee shall divulge any information gained from the Oklahoma Tax Commission except that the municipal prosecutor and other municipal enforcement personnel may receive all information necessary to enforce municipal sales tax ordinances.

a municipality upon the municipality's request.

<p>D. Any city or town official or employee found in violation of this section shall be removed or dismissed from office in the manner provided by law. In addition, any violation of the provisions of this section shall constitute a misdemeanor and shall be punishable by the imposition of a fine not exceeding One Thousand Dollars (\$1,000.00) or by imprisonment in the county jail for a term not exceeding one (1) year, or by both said fine and imprisonment.</p>	
<p>SECTION 12. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 281 of Title 68, unless there is created a duplication in numbering, reads as follows:</p> <p>The Oklahoma Tax Commission shall coordinate with city and county governments to increase state and local sales and use tax collections through joint enforcement efforts. Provided, the Tax Commission shall maintain central administration, and sales and use tax remitters shall not be subjected to duplicate audits, reports, or other collection efforts.</p>	<p>Page 20</p> <p>OTC directed to develop joint enforcement efforts with local taxing jurisdictions.</p>
<p>SECTION 15. AMENDATORY 68 O.S. 2001, Section 1371, is amended to read as follows:</p> <p>Section 1371. Any sales tax levied by a county pursuant to the provisions of Section 1370 of this title shall be paid by the consumer to the vendor. The board of county commissioners and the Oklahoma Tax Commission are authorized to shall enter into a contract whereby the Tax Commission shall have authority to assess, collect, and enforce the sales tax, and any penalties or interest thereon, levied by such county, and to remit the same to the county. ****</p>	<p>Page 23</p> <p>Counties mandated to contract with OTC</p>
<p>SECTION 16. AMENDATORY 68 O.S. 2001, Section 2702, as amended by Section 41, Chapter 460, O.S.L. 2002 (68 O.S. Supp. 2009, Section 2702), is amended to read as follows:</p> <p>Section 2702. <u>A.</u> The governing body of any incorporated city or town and the Oklahoma Tax Commission are authorized and empowered to shall enter into contractual agreements whereby the Oklahoma Tax Commission shall have authority to assess, to collect and to enforce any taxes or, penalties or interest thereon, levied by such incorporated city or town, and remit the same to such municipality.</p> <p>****</p> <p><u>D. Provided further that, upon the request of any incorporated city or town, the Oklahoma Tax Commission shall enter into contractual agreements with such municipality whereby the municipality would be authorized to implement or augment the enforcement, either directly or</u></p>	<p>Page 23</p> <p>Cities and towns mandated to contract with OTC</p> <p>Independent audit option for municipalities</p>

<p><u>through contract with private auditors or audit firms, of the municipal tax. Any person performing an audit shall first be approved by the Oklahoma Tax Commission and, once approved, shall be appointed as an agent of the Oklahoma Tax Commission for purposes of the audit. Contracts with a private auditor or audit firm shall not be subject to the limitations of Section 262 of this title and shall and are hereby authorized to provide that the municipality, private auditors or audit firms and the Oklahoma Tax Commission may exchange necessary information to effectively carry out the terms of such agreements. The municipality, its officers and employees and private auditors or audit firms may receive all information necessary to perform audits and shall preserve the confidentiality of such information in the same manner and be subject to the same penalties as provided by Section 205 of this title. Municipalities conducting audits directly or by contracting for private auditors or audit firms pursuant to this subsection shall furnish to the Oklahoma Tax Commission the audit results and all relevant supporting documentation. Further, such municipalities shall provide for the payment of private auditors or audit firms by deduction from the tax assessment resulting from the audit conducted by said private auditors or audit firms unless a municipality contracts with the auditor or audit firm for another method of payment. Any municipal sales tax funds recovered as a result of the services provided under this subsection will not be included in calculating the retention fee retained by the Oklahoma Tax Commission pursuant to subsection A of this section. The contracts authorized by subsection A of this section shall provide that the Oklahoma Tax Commission shall not have any obligations thereunder to any municipality that does not participate in an audit conducted under this subsection.</u></p>	
<p>OTC COLLECTION ISSUES</p>	<p>These amendments provide for collection agencies and computer funding to enhance OTC's collection efforts</p>
<p>SECTION 10. AMENDATORY 68 O.S. 2001, Section 255, as last amended by Section 5, Chapter 426, O.S.L. 2009 (68 O.S. Supp. 2009, Section 255), is amended to read as follows:</p> <p>Section 255. A. In order to facilitate and expedite the collection of taxes more than ninety (90) days overdue from any taxpayer, the Oklahoma Tax Commission may enter into a contract with a debt collection agency doing business in the State of Oklahoma or in any other state for the collection of such delinquent taxes in addition to all other taxes accrued or accruing, including penalties and interest thereon, from the taxpayer. The contract shall only authorize the debt collection agency to collect tax liabilities which are already established and the Tax Commission shall not refer accounts to the debt</p>	<p>Page 16</p> <p>The purpose is to expedite use of debt collection agency for overdue sales taxes.</p>

<p>collection agency unless the Tax Commission has notified the taxpayer, by first class mail, of the liability and has made additional efforts to collect the debt. <u>Provided, if a sales tax permit holder fails to file two or more consecutive sales tax returns, as required under Section 1365 of this title, the Tax Commission may refer the accounts to the debt collection agency prior to the establishment of the tax liability, but only after the Commission has notified the taxpayer as required under this subsection.</u></p> <p>****</p>	
<p>SECTION 11. AMENDATORY Section 6, Chapter 278, O.S.L. 2008, as amended by Section 6, Chapter 426, O.S.L. 2009 (68 O.S. Supp. 2009, Section 265), is amended to read as follows:</p> <p>Section 265. A. There is hereby created in the State Treasury a fund for the Oklahoma Tax Commission to be known as the "Oklahoma Tax Commission and Office of State Finance Joint Computer Enhancement Fund".</p> <p>****</p>	<p>Page 18</p> <p><u>Computer upgrade:</u></p> <p>Amends the funding source for this Fund.</p>
<p>SECTION 14. AMENDATORY 68 O.S. 2001, Section 1367.1, as last amended by Section 73, Chapter 5, O.S.L. 2004 (68 O.S. Supp. 2009, Section 1367.1), is amended to read as follows:</p> <p>Section 1367.1 A. For the purpose of compensating the seller or vendor in keeping sales tax records, filing reports and remitting the tax when due, a seller or vendor shall be allowed a deduction as follows:</p> <p>1. For sellers or vendors participating in the Oklahoma Tax Commission's electronic funds transfer and electronic data interchange program, two and one-fourth percent (2 1/4%) of one percent (1%) of the tax due under the applicable provisions of this title; and</p> <p>2. For all other sellers or vendors, one and one-fourth percent (1 1/4%) of the tax due under the applicable provisions of this title. The Tax Commission is authorized to allow a vendor to deduct two and one-fourth percent (2 1/4%) if the Tax Commission determines that the vendor is unable to participate in the Tax Commission's electronic funds transfer and electronic data interchange program.</p> <p>Such deduction shall not be allowed with respect to a direct payment permit.</p> <p>B. No deductions from tax shall be allowed if any such report or payment of tax is delinquent; provided, the deduction shall be allowed if the Oklahoma Tax Commission determines</p>	<p>Page 21</p> <p><u>Vendor discount:</u> collecting and remitting on time</p> <p>Decreased from 2 ¼% to 1% of tax due</p>

<p>that the reason that such report or payment of tax was delinquent was due to the tornadoes occurring May 3, 1999, or May 8 or 9, 2003.</p> <p>C. Notwithstanding the formula provided by subsection A of this section, the deduction provided by this section shall be limited to a maximum of Three Thousand Three Hundred Dollars (\$3,300.00) Two Thousand Five Hundred Dollars (\$2,500.00) per month per sales tax permit. No such sales tax permit holder may change sales tax permit status in order to avoid the provisions of this subsection.</p> <p>D. Notwithstanding any other provision of law, an amount equal to the excess of the amount calculated by the formula provided by subsection A of this section over the Three-Thousand-Three-Hundred-Dollar <u>two-thousand-five-hundred-dollar</u> limit provided by subsection C of this section shall be retained by the state as an administrative expense and deposited to the General Revenue Fund.</p> <p>E. <u>Notwithstanding the provisions of subsections A, B, C and D of this section, in the event that federal authority authorizes this state to require remote sellers to collect and remit sales and use taxes, the Oklahoma Tax Commission is authorized and directed to promulgate rules which provide for deductions in the amounts and subject to the limitations provided in the Streamlined Sales and Use Tax Agreement. All sellers or vendors shall be eligible for such deductions beginning on the date this state acquires such collection authority pursuant to federal authorization.</u></p> <p>F. <u>For purposes of this section, the term "remote seller" shall mean a seller that would not register to collect sales and use taxes in this state but for the ability of this state to require such remote seller to collect sales or use tax under federal authority.</u></p>	<p>Limit decreased from \$3,300 to \$2,500 per month</p> <p>Excess over \$2,500 up to the amount equal to 1% is deposited in the state's general fund.</p> <p>Deductions for remote sellers if mandatory streamlined sales tax is enacted by Congress</p>
<p>OTHER PROVISIONS n/a TO MUNICIPALITIES</p>	<p>Pages 26-44</p> <p>Sections 17-22 pertain to state matters that do not pertain to municipal taxes or collection issues</p>

Effective date: July 1, 2010