

DEPARTMENT OF TAXATION

2004 Fiscal Impact Statement

1. **Patron** William C. Mims

2. **Bill Number** SB 667

3. **Committee** House Finance

House of Origin:

☐ Introduced

☐ Substitute

☐ Engrossed

4. **Title** Electronic Confirmation of Business Tax
Returns and Payments

Second House:

☒ In Committee

☐ Substitute

☐ Enrolled

5. Summary/Purpose:

This bill would require the Department to provide an electronic method for business taxpayers to verify receipt by the Department of the taxpayer's return and payment.

This bill would be effective July 1, 2005.

6. **Fiscal Impact Estimates are:** Not available. (See Line 8.)

6a. Expenditure Impact:

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Fund</i>
2003-04	\$0	GF
2004-05	\$182,800	GF
2005-06	\$45,700	GF
2006-07	\$0	GF
2007-08	\$0	GF
2008-09	\$0	GF
2009-10	\$0	GF

7. **Budget amendment necessary:** Yes.

Item(s): 284 and 286 Department of Taxation

8. Fiscal implications:

This bill would have no impact on General Fund revenues. The administrative costs to implement this bill would be \$182,800 in FY 2005 and \$45,700 in FY 2006 for systems modifications.

9. Specific agency or political subdivisions affected:

Department of Taxation

10. **Technical amendment necessary:** No.

11. Other comments:

Existing Law and Procedures

Currently, the Department offers "iFile" that allows registered businesses to file their sales and withholding tax returns and pay taxes on-line. All businesses registered for iFile have on-line access to a 12-month history of their sales and withholding account activity regardless of how the return and tax payments were filed. Thus, businesses can check the status of tax payments regardless of whether they make the payments or use a third-party for tax filing and payment.

Taxpayers can confirm the receipt of a return or payment for any tax we administer by calling a customer service representative, who must verify the caller's identity before releasing taxpayer information.

Proposed Change

The provisions of this bill would allow to taxpayers to obtain electronic confirmation of return filings and payments for withholding taxes whether or not they are registered for iFile. In addition, all taxpayers subject to the corporate income tax would be able to obtain electronic confirmation for filings of corporate income tax returns, payments with returns and extensions, and estimated tax payments.

For security reasons, the Department envisions implementing this bill with an on-line form for the taxpayer to fill in information about the return and/or payment. The Department will then respond with an email that simply states that the specified return or payment has or has not been received. No confidential taxpayer information will be contained the email.

The taxes that would be eligible for electronic confirmation under this bill are corporation income tax returns and payments (including estimated tax payments), and withholding tax returns and payments. Individual income tax returns and payments would not be eligible for electronic confirmation. Sales and withholding account history would also be available under the iFile program.

cc : Secretary of Finance
Date: 2/17/2004 JPJ