

Secretary of State
STATEMENT OF NEED AND FISCAL IMPACT
A Notice of Proposed Rulemaking Hearing accompanies this form.

FILED
10-13-16 10:49 AM
ARCHIVES DIVISION
SECRETARY OF STATE

Department of Revenue
Agency and Division

150
Administrative Rules Chapter Number

Extension of time to pay estate tax; enforcement of corporate e-file mandate.

Rule Caption (Not more than 15 words that reasonably identifies the subject matter of the agency's intended action.)

In the Matter of:

AMEND: 150-118-0150; 150-314-0150

Statutory Authority:

ORS 118.225; ORS 305.100; ORS 314.364

Other Authority:

Statutes Implemented:

ORS 118.225; ORS 314.364

Need for the Rule(s):

150-118-0150 - Amend to clearly identify when a request for an extension to pay the estate tax must be received; specify that fluctuations in the market value of property will not generally grant reasonable cause for an extension of time to pay the estate tax.

150-314-0150 - Amend to provide that the Department of Revenue may reject non-electronically filed corporate tax returns that are required to be filed electronically by the taxpayer.

Documents Relied Upon, and where they are available:

Oregon Revised Statute 118.225, HB 2541 (2011 Regular Session of the Oregon Legislature), 26 CFR § 20.6081-1, 26 CFR § 20.6151-1, 26 CFR § 20.6161-1, 26 CFR § 20.6161-2, 26 CFR § 20.6163-1, Oregon Revised Statute 314.364, HB 2071 (2011 Regular Session of the Oregon Legislature), IRS FAQ B7: <https://www.irs.gov/businesses/e-file-for-large-and-mid-size-corporations-frequently-asked-questions-corporations-required-to-e-file-tax-year-2015>, and 26 CFR§301.6011-5(c), all of which are available online or from the agency.

Fiscal and Economic Impact:

There is no fiscal or economic impact due to these rule changes.

Statement of Cost of Compliance:

1. Impact on state agencies, units of local government and the public (ORS 183.335(2)(b)(E)):

There is no impact to state agencies or the counties, and a de minimis impact on the public. The rule changes are intended to be clarifying or interpretive in nature and do not affect the cost to comply.

2. Cost of compliance effect on small business (ORS 183.336):

a. Estimate the number of small business and types of businesses and industries with small businesses subject to the rule:

Oregon has approximately 123,000 small businesses with fewer than 250 employees that employ 81% of the state's workforce. Oregon has approximately 105,646 small businesses with fewer than 100 employees. Based on this information and information from tax returns reporting number of employees, we estimate Oregon has approximately 91,848 small businesses with fewer than 50 employees that are subject to these rules. However C-Corporations aren't typically small businesses. These rules apply to all types of business and industries.

b. Projected reporting, recordkeeping and other administrative activities required for compliance, including costs of professional services:

There is a de minimis effect on those small businesses subject to the rules as these changes are intended to be clarifying or interpretive in nature and do not affect projected reporting, record-keeping or other administrative activities or costs.

c. Equipment, supplies, labor and increased administration required for compliance:

None known.

How were small businesses involved in the development of this rule?

The Department of Revenue communicated with, and are working with, small business liaison groups such as the Oregon State Bar Tax Section and the Oregon Society of Certified Public Accountants to obtain their input into how these rules will impact their clients, some of

whom are small businesses.

Administrative Rule Advisory Committee consulted?: No

If not, why?:

The Department of Revenue did not use a formal Advisory Committee for these rules; however, we did seek and receive input from groups of industry representatives. No Administrative Rule Advisory Committee was consulted because the above groups were contacted and they have the interest and expertise necessary to provide adequate feedback on the proposed rules; therefore a committee is unlikely to provide further benefit.

<u>11-22-2016 5:00 p.m.</u>	<u>Lois Williams</u>	<u>lois.j.williams@oregon.gov</u>
Last Day (m/d/yyyy) and Time for public comment	Printed Name	Email Address