

**TITLE 710. OKLAHOMA TAX COMMISSION
CHAPTER 40. FRANCHISE TAX**

RULEMAKING ACTION:

Notice of proposed PERMANENT rulemaking.

PROPOSED RULES:

710:40-1-17 [AMENDED]

SUMMARY:

The 2006-2007 Legislative Session enacted a statutory change which requires amendment to the existing rule:

Section 710:40-1-17 has been amended to clarify the filing requirements of corporations that owe \$250.00 or less in franchise tax pursuant to the changes to 68 O.S. § 1205 made by Section 1 of Senate Bill 861 which will become effective January 1, 2008.

In addition, other rule changes may be made to clarify policy, improve readability, correct scrivener's errors, update statutory citation, and insure accurate internal cross-references.

AUTHORITY:

68 O.S. §§ 203 and 1210; Oklahoma Tax Commission

COMMENT PERIOD:

Persons wishing to make written submissions may do so by 4:30 p.m., February 6, 2008, to the Oklahoma Tax Commission, Tax Policy and Research Division, 2501 North Lincoln Boulevard, Oklahoma City, Oklahoma 73194. Those wishing to make oral comments at the public hearing should request placement on the docket well in advance of the hearing date, by calling Patricia McDonald at (405) 522-5755.

PUBLIC HEARING:

A public hearing will be held to provide an additional means by which suggestions may be offered on the content of the proposed rules. Time, Date and Place of the hearing is as follows: February 7, 2008, at 10:00 a.m. in the 4th floor hearing room at the Oklahoma Tax Commission, 2501 Lincoln Blvd., Oklahoma City, Oklahoma. In order to facilitate entry into the building, those wishing to appear should contact Patricia McDonald at (405) 522-5755 at least 24 hours prior to the hearing date to complete their visitor pre-registration. Entry to the M.C. Connors building must be made through the doors located on the east side of the building. In order to gain access to the 4th floor hearing room, attendees must register at the information desk in the lobby by presenting a driver license or other photo identification. A name badge and floor access card will be issued once registration is completed.

Time limitations may be imposed on oral presentations to ensure that all persons who have filed written requests for placement on the docket will have an opportunity to speak.

REQUEST FOR COMMENTS FROM BUSINESS ENTITIES:

Although nothing in this rulemaking action is expected to adversely impact small business, the Oklahoma Tax Commission (OTC) requests that any business entity affected by these rules provide the OTC, within the comment period, in dollar amounts, if possible, information on any increase in direct costs, such as fees, and indirect costs, such as those associated with reporting, recordkeeping, equipment, construction, labor, professional services, revenue loss, or other costs expected to be incurred by a particular entity due to compliance with the proposed Rules.

COPIES OF PROPOSED RULES:

Interested persons may inspect proposed rules at the offices of the Oklahoma Tax Commission, Tax Policy Division, 5th floor, M. C. Connors Building, 2501 North Lincoln Boulevard, Oklahoma City, Oklahoma. Copies of proposed rules may be viewed online at www.oktax.state.ok.us or

obtained without charge from the Oklahoma Tax Commission, Tax Policy and Research Division, 2501 North Lincoln Boulevard, Oklahoma City, Oklahoma 73194.

RULE IMPACT STATEMENT:

A Rule Impact Statement will be prepared and will be available for review from and after January 17, 2008, from the same source listed above for obtaining copies of proposed rules.

CONTACT PERSON:

Lisa R. Haws, Liaison. Phone: 405-521-3133; FAX: 405-522-0063; Email: lhaws@oktax.state.ok.us

710:40-1-17. Reporting form to be used by taxpayers exempt from the tax as a result of a tax of ~~\$10.00~~ \$250.00 or less being due

For all franchise tax returns due on or after ~~July 1, 2006~~ January 1, 2008, if a taxpayer computes the franchise tax due and determines that it amounts to ~~\$10.00~~ \$250.00 or less, the taxpayer is exempt from the tax and a "no tax due" report as prescribed by the Tax Commission is required to be filed. A schedule of corporate officers must still be filed and, for foreign corporations, the \$100.00 registered agents fee is still due. [See: 68 O.S. § 1205]

OKLAHOMA TAX COMMISSION
Rule Impact Statement
CHAPTER 40 Franchise Tax

RULE IMPACT STATEMENT: This statement is provided in conjunction with the following rulemaking action(s):

710:40-1-17. Reporting form to be used by taxpayers exempt from the tax as a result of a tax of ~~\$10.00~~ \$250.00 or less being due [AMENDED]

- (a.) **Purpose of the Proposed Rule:** To clarify the filing requirements of corporations that owe \$250.00 in franchise tax pursuant to the changes to 68 O.S. Section 1205 made by Senate Bill 861 which will become effective July 1, 200.
- (b.) **Classes Affected:** All corporations with capital employed of \$250,000 or less will be affected by the legislation and thereby will be affected by the rule.
- (c.) **Persons Benefited:** All corporations with capital employed of \$250,000 or less will benefit from the statute change and therefore from the rule change.
- (d.) **Probable Economic Impact:**
1. **On Affected Classes:** The rule will not have an affect apart from the impact the underlying statute will have on the affected classes.
 2. **On Political Subdivision:** There will be no economic impact on political subdivisions if the rule is adopted.
 3. **Fees:** This rulemaking action does not levy, implement, or increase an existing fee.
- (e.) **Probable Costs to the Agency:** Costs to promulgate and enforce the proposed rule will be funded through the normal agency budget.
- (f.) **Will the Rule Impact Political Subdivisions?** No economic impact on, or need for cooperation from political subdivisions is anticipated.
- (g.) **Small Business Impact:** With reference to Sections 303(A)(4) and 303(B)(6) of the Title 75 of the Oklahoma Statutes, it is believed that the proposed rule will have no adverse impact upon small business. Instead, the underlying statute, and hence the rule, will have a beneficial effect on small businesses since the exemption is limited to businesses with capital employed of \$8,000 or less.
- (h.) **Alternative Methods and Costs of Compliance:** The purposes of the rule cannot be achieved by less costly, less intrusive, or non-regulatory methods. No formalized compliance cost minimization measures have been previously pursued.
- (i.) **Public Health/Safety/Environmental Concerns:** The proposed rule will have no effect on public health, safety, and the environment. The rule is not being implemented to reduce risks.
- (j.) **Effect of Non-Implementation on Environment:** There will not be a detrimental effect on public health, safety, or the environment if the proposed rule is not implemented.
- (k.) **Date:** November 6, 2007 **Date Modified:**

(1.) **Prepared By:** Christy Caesar **Phone Number:** 522-3022