

Tax Practitioner Liaison Meeting

Oregon Department of Revenue – Fishbowl meeting room

Friday, June 29, 2007

9:00a.m. - 11:00 a.m.

MINUTES

<http://www.leg.state.or.us/index.html>

Introductions

All

Ron asked each person to make an introduction.

Processing Center Updates

General Updates

Follow up from the May meeting: Erin passed out the list of PO Box addresses. DOR does not anticipate them changing any time soon. Here is a link to the DOR internet site where these addresses can be found. <http://www.oregon.gov/DOR/poboxes.shtml>

2D Barcode Update

Tom Boettger (947-2174)

There has been an overwhelming response of 2-D barcode returns this season! Total Personal Income Tax received so far 344,985.

2007 Legislative session has ended. Now the unit is looking at the bills that impact changes/new laws to the barcode system. Also working on retooling for the 2008-filing season.

Reminders:

If there are changes made on the second page of a 2-D barcode return. You must reprint the first page. Otherwise, the barcode will not pick up changes.

Each time the original return is photocopied it weakens the readability of the barcode. Please always send a non-photocopied return to DOR.

ELF Update

Mark Ruth (503) 945-8731

DOR has received over 935,000 E-filed returns so far. Refunds are being issued within 10 days from the date the return is submitted. Please have taxpayers call if they have not received their refunds after 10 business days.

Stacey Weeks has accepted a part time position in the E-Filing group. There will be a new E-filing coordinator. This opening has closed (6/28/07). The new coordinator should be on board mid-August.

Kicker Update

There are two bills this legislative session that involved the kicker, HB 3048 and SB 819.

HB 3048 changed the computation of the corporate kicker from the current year to the prior year.

Both HB 3048 and SB 819 defined the personal income tax (PIT) kicker as tax. SB 819 also changed the calculation to be based on tax before credits. This raises the number of people that will qualify for the kicker. This will be effective for this year. The percentage will be certified in August.

Question: When will the kicker checks be issued?

Answer: DOR does not release mail dates for fear of increasingly high fraud and theft rate. However, according to law the kicker checks must be mailed prior to December 15.

Question: If the original refund was directly deposited does that mean the refund checks will be to?

Answer: Kicker checks will not be direct deposit. This is because DOR does not know the status of the accounts i.e., closed accounts.

Question: Can a kicker check be subject to offset?

Answer: Yes, kicker checks are subject to offset; they follow the same laws as refunds.

Tax Services update was not given as no representative was available.

Withholding Program Update

Carol Williams (503) 945-8443

The unit is in the process of updating the OQ booklet. New booklets will be available in February of 2008. There will be a small business fair. For more details visit:

<http://www.oregon.gov/DCBS/SBO/index.shtml>

If you need to amend a return for a business make sure you fill out a new OQ and write “amended” at the top. This has to be done manually. OTTER does not support amended returns.

The withholding rate table will remain the same for tax year 2008 with the exception of some changes to the tri-met district.

The independent contactors group will be presenting some training and will be attending some of the chapter meetings. If you would like to have training for your chapter please contact Carol.

Some of the software does not support the transit, tri-met and Lane county transit tax. When preparing for clients that work in these please make sure proper taxes are withheld. DOR has a brochure that explains all three taxes. (<http://www.oregon.gov/DOR/BUS/transit.shtml>) if you have questions on qualification you can also contact the district office. These numbers are available on the DOR brochure. When submitting a tri-met tax payment please write “tri-met” in the memo section on the check or use the payment voucher (<http://www.oregon.gov/DOR/BUS/docs/2006Forms/500-172-06fill.pdf>) otherwise it will be posted as a PIT payment.

There was some confusion on when transit tax returns and payments were due this year. Transit taxes are governed by ordinance, personal income taxes set by Oregon Revised Statute. Therefore, transit taxes due dates are not tied to federal law.

If wages are partially subject to the transit tax, a TSE-AP worksheet needs to be attached to the original return.

Rules and Other Issues

Deanna Mack (503) 947-2082

Deanna gave a brief update on some of the bills that effect Oregon tax law. To read the bills in full and to see other legislative information please visit the legislative website at: <http://www.leg.state.or.us/index.html>. There will be more information provided later. DOR is sifting through all the bills.

HB 2026- changes the qualifications on the military subtraction to say that a person must be away for more then three weeks.

HB 2172- Relating to diesel engines and EPA standards

HB 2210- Creates credits for bio-fuel

HB 2235- DOR's reconnect bill ensure that Oregon has a rolling tie to federal law

HB 2592- Requires mandatory withholding on nonresidents when selling property in OR. This bill is similar to the California and Colorado law.

HB 2735- Mobile Home Credit- removes the income requirement. This bill is not retro active. The 2006 and 2007 requirements still need to be met to take this credit.

HB 2752- Changes the definition of who can claim the Working Family Credit (WFC) to include a parent that is disabled. The qualifications are not the same as qualification for Social Security. WFC definition is more restrictive.

HB 3201- Increase military subtraction to \$6,000. This bill also creates a credit for medical offices that accept Tri-Care insurance.

SB 39- Relating to voluntary compliance this law is retroactive to 1999. Also extends the statute of limitations for 9 years. There will be training classes for this new law.

SB 173- Extends DOR disclosure laws so that the department can share information with other states and city office.

SB 175- Relating to payroll this gives DOR further authority to enforce payroll tax. Accelerates the imposition of the 20% failure to file penalty from ninety day to thirty days. Also entitles DOR to start filing enforcement actions one month after due date.

SB 859- Expands charity list on the front of the PIT returns- charities listed on the front will now rotate every 12 months.

There was a recent rule change to the penalty waiver. Taxpayers may appeal a denied discretionary waiver. The conference request must be received by DOR within 30 days from the date of the denial. There is no further appeal. If a taxpayer wishes to appeal a denied statutory waiver request or they believe the penalty or interest was incorrectly imposed, they can request a conference within 30 days of the denial. If taxpayer wishes to appeal to the tax court, they must do so within 90 days of the conference decision. The group asked to have a specialized discussion about the new discretionary penalty waiver process at the next regular meeting. Cindy Test and Sean Barnhart have agreed to come and explain our new policy.

There is a Kentucky court case at the U. S. Supreme Court that could change the law to exempt interest on state bonds of other states. There are 35 states that currently do not exempt this type of interest. Oregon's authority is very clear and Oregon will proceed as normal. If preparers have

client in this situation they are entitled to file a protective claim. Preparers can amend the return and remove the related income, write “municipal bond interest” and “protective claim” in the explanation section of the return. Oregon will not process the amended return until the Supreme Court makes a decision. This will keep the statute of limitations open for the taxpayer.

IRS Issues

Brian Wozniak and Bob Finline

There has been talk between IRS and DOR to have joint meetings. Some locations for these joint meetings include Portland and Eugene. This is still in the works.

If you would like IRS to present at any chapter meetings please make sure to get your request in early. Budget issues only allow some much money for outreach activities.

Attachment includes information and links on these topics: Tax Gap, redesigned form 990, improved form 2678, reporting agent form 8655, standard mileage rate, form 941X, office in the home deduction (form 8829), Tax Talk Today, and IMRS.

Update from OATC/OSTC & Open Forum

All

Upcoming trainings Basics and Beyond dates are September 24-29.

OATC is putting together a 2-day continuing education (16hours) class. The topic will be S-Corps. If you are interested or have questions contact Bev Diercks. Training dates are October 26 and 27, 2007. It was suggested that this training be presented in South Portland.

Thank you OSTC for the coffee.

Next meeting: July 27, 2007 9:00am to 11:00am in the Fishbowl conference room located at the Oregon Department of Revenue.