



Common Sense Initiative

Mike DeWine, Governor
Jon Husted, Lt. Governor

Carrie Kuruc, Director

MEMORANDUM

TO: Kerrie Ryan, Ohio Department of Taxation

FROM: Ethan Wittkorn, Regulatory Policy Advocate

DATE: October 23, 2019

RE: **CSI Review – Municipal Net Profit Tax Change in Taxable Year and Declaration of Estimated Taxes for Short Taxable Years (5703-41-03)**

On behalf of Lt. Governor Jon Husted, and pursuant to the authority granted to the Common Sense Initiative (CSI) Office under Ohio Revised Code (ORC) section 107.54, the CSI Office has reviewed the abovementioned administrative rule package and associated Business Impact Analysis (BIA). This memo represents the CSI Office's comments to the Department as provided for in ORC 107.54.

Analysis

This Ohio Department of Taxation (Department) rule package contains one amended rule. The rule package was submitted to the CSI Office on September 16, 2019, and the public comment period was open through October 4, 2019. Unless otherwise noted below, this recommendation reflects the version of the proposed rules filed with the CSI office on September 16, 2019.

The proposed rule provides guidance to taxpayers with a short taxable year on when a declaration of estimated taxes must be filed and stipulates that taxpayers notify the tax commissioner when they change their taxable year. Amendments to the rule remove examples that have become inaccurate due to changes in the law.

During the period of early stakeholder outreach the Department posted their proposed rule to their website and distributed the rule via e-mail to subscribers of the Department's Tax Alert notification list. No comment was received during this period. Additionally, no comment was received during the CSI public comment period.

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Impacted groups include taxpayers that elect to file the municipal net profit tax return with the tax commissioner, as allowed in ORC 718.80. Adverse impacts include the administrative costs associated with notification and reporting requirements of the rule. The Department states that the rule is necessary to ensure consistency with current law, to meet updates made in S.B. 51 in the 132nd General Assembly.

Recommendations

Based on the information above, the CSI Office has no recommendations on this rule package.

Conclusion

The CSI Office concludes that the Department of Taxation should proceed in filing the proposed rules with the Joint Committee on Agency Rule Review.