

Rule Summary and Fiscal Analysis (Part A)**Department of Taxation**

Agency Name

Division

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5703-9-03

Rule Number

NEW

TYPE of rule filing

Rule Title/Tag Line

Sales and use tax; exemption certificate forms.**RULE SUMMARY**

1. Is the rule being filed consistent with the requirements of the RC 119.032 review? **No**

2. Are you proposing this rule as a result of recent legislation? **No**

3. Statute prescribing the procedure in accordance with the agency is required to adopt the rule: **5703.14**

4. Statute(s) authorizing agency to adopt the rule: **5703.05**

5. Statute(s) the rule, as filed, amplifies or implements: **5739.01 , 5739.02 , 5739.03 , 5741.02**

6. State the reason(s) for proposing (i.e., why are you filing,) this rule:

This rule is proposed pursuant to five-year rule review. Through the review, provisions of the rule have been removed or updated to reflect statutory changes since the rule's effective date.

7. If the rule is an AMENDMENT, then summarize the changes and the content

of the proposed rule; If the rule type is RESCISSION, NEW or NO CHANGE, then summarize the content of the rule:

R.C. 5739.03 requires all vendors to collect and remit sales tax on all taxable sales unless the vendor obtains from the consumer a fully completed exemption certificate. A vendor that obtains a fully completed exemption certificate is relieved from the liability to collect sales tax on the transactions covered by the exemption certificate. This rule sets forth the information that a consumer must provide on an exemption certificate. It also advises the vendor and consumer that exemption certificate forms are available on the Department's website.

This rule was revised to delete provisions of the rule that duplicate Ohio Rev. Code 5739.03. Since more than 50% of the rule has changed, the Legislative Service Commission requires rescission of the existing rule and adoption of a revised rule with the new language.

8. If the rule incorporates a text or other material by reference and the agency claims the incorporation by reference is exempt from compliance with sections 121.71 to 121.74 of the Revised Code because the text or other material is **generally available** to persons who reasonably can be expected to be affected by the rule, provide an explanation of how the text or other material is generally available to those persons:

The form titled "Certificate of Exemption - Streamlined Sales and Use Tax Agreement" and referenced in paragraph (E) of this rule is available on the Department's website <http://www.tax.ohio.gov/Forms.aspx>.

9. If the rule incorporates a text or other material by reference, and it was **infeasible** for the agency to file the text or other material electronically, provide an explanation of why filing the text or other material electronically was infeasible:

Not Applicable

10. If the rule is being **rescinded** and incorporates a text or other material by reference, and it was **infeasible** for the agency to file the text or other material, provide an explanation of why filing the text or other material was infeasible:

Not Applicable.

11. If **revising** or **refiling** this rule, identify changes made from the previously filed version of this rule; if none, please state so. If applicable, indicate each specific paragraph of the rule that has been modified:

Not Applicable.

12. 119.032 Rule Review Date:

(If the rule is not exempt and you answered NO to question No. 1, provide the scheduled review date. If you answered YES to No. 1, the review date for this rule is the filing date.)

NOTE: If the rule is not exempt at the time of final filing, two dates are required: the current review date plus a date not to exceed 5 years from the effective date for Amended rules or a date not to exceed 5 years from the review date for No Change rules.

FISCAL ANALYSIS

13. Estimate the total amount by which *this proposed rule* would **increase / decrease** either **revenues / expenditures** for the agency during the current biennium (in dollars): Explain the net impact of the proposed changes to the budget of your agency/department.

This will have no impact on revenues or expenditures.

0.00

Not Applicable

14. Identify the appropriation (by line item etc.) that authorizes each expenditure necessitated by the proposed rule:

Not Applicable

15. Provide a summary of the estimated cost of compliance with the rule to all directly affected persons. When appropriate, please include the source for your information/estimated costs, e.g. industry, CFR, internal/agency:

The Department has not conducted studies regarding the cost of compliance with the statutory sales tax filing and record maintenance requirements. In 2006 PricewaterhouseCoopers performed a national sales tax cost of compliance cost study. That study divided retailers into three categories: small (over \$150,000 and up to \$1 million in annual retail sales); medium (over \$1 million and up to \$10 million in annual retail sales) and large (over \$10 million in annual sales). The study estimated the annual cost of sales tax compliance to be \$2,386 for small retailers, \$5,279 for medium retailers and \$118,233 for large retailers.

16. Does this rule have a fiscal effect on school districts, counties, townships, or municipal corporations? **No**

17. Does this rule deal with environmental protection or contain a component dealing with environmental protection as defined in R. C. 121.39? **No**

S.B. 2 (129th General Assembly) Questions

18. Has this rule been filed with the Common Sense Initiative Office pursuant to R.C. 121.82? **Yes**

19. Specific to this rule, answer the following:

A.) Does this rule require a license, permit, or any other prior authorization to engage in or operate a line of business? **No**

B.) Does this rule impose a criminal penalty, a civil penalty, or another sanction, or create a cause of action, for failure to comply with its terms? **No**

C.) Does this rule require specific expenditures or the report of information as a condition of compliance? **No**