

**MEMORANDUM**

TO: Kerrie Ryan, Ohio Department of Taxation

FROM: Christopher Smyke, Regulatory Policy Advocate

DATE: September 4, 2018

RE: **CSI Review – General Provisions (OAC 5703-1-15 and 5703-7-20)**

On behalf of Lt. Governor Mary Taylor, 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 Agency as provided for in ORC 107.54.

Analysis

This rule package from the Ohio Department of Taxation (ODT) consists of one new rule and one rescinded rule. The rule package was submitted to the CSI Office on June 21, 2018 and the public comment period ended on July 9, 2018 with no comments received.

Ohio Administrative Code (OAC) 5703-7-20 is being rescinded and replaced with OAC 5703-1-15, regarding electronic software providers. Both rules set forth the application process to become an Ohio e-file provider, as well as the reasons for which ODT may revoke or suspend a provider. The old rule applies narrowly to Ohio's individual income tax, while the new rule applies to all taxes that ODT administers.

ODT sent the rules to individuals subscribed to their Tax Alert email notification system and received no input. There were also no comments received during the CSI public comment period.

The rule change affects electronic software providers who wish to become an Ohio e-file provider. The rule imposes an administrative cost for an Ohio e-file applicant to submit an application, pass software tests, and provide evidence of being a registered vendor with the Internal Revenue Service. The rule also outlines some of the poor business practices for which

ODT may suspend or rescind a provider. Participation in the electronic filing program is voluntary, so the rule only applies when a business chooses to participate. The BIA justifies the rule as necessary to ensure prior approval and uniformity in commercial tax preparation software so that taxpayers are certain that their returns are submitted, processed, and reviewed by ODT.

After reviewing the proposed rules and BIA, the CSI Office has determined that the rule package satisfactorily meets the standards espoused by the CSI Office, and the purpose of the rules is justified.

Recommendations

For the reasons explained above this office does not have any recommendations regarding this rule package.

Conclusion

Based on the above comments, the CSI Office concludes that the Ohio Department of Taxation should proceed with the formal filing of this rule package with the Joint Committee on Agency Rule Review.

CC: Emily Kaylor, Lt. Governor's Office