



Common Sense Initiative

Mike DeWine, Governor
Jon Husted, Lt. Governor

Joseph Baker, Director

MEMORANDUM

TO: Katherine Hunter, Ohio Department of Taxation

FROM: Caleb White, Business Advocate

DATE: August 2, 2023

RE: **CSI Review – Electronic Software Providers; Approval and Suspension (OAC 5703-1-15)**

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 rule package consists of one amended rule submitted by the Ohio Department of Taxation (Department) as part of the statutory five-year review process. The draft rule was submitted to the CSI Office on June 29, 2023, and the public comment period was open through July 17, 2023. Unless otherwise noted below, this recommendation reflects the version of the proposed rule filed with the CSI Office on June 29, 2023.

Ohio Administrative Code 5703-1-15 sets forth the application process to become an Ohio e-file provider and lists the reasons why the tax commissioner can revoke or suspend a provider. This rule is amended to streamline the rule's language.

During the early stakeholder outreach period, the Department posted the rule on its website and sent an email seeking input on the rule to all the subscribers on its alerts for tax education on June 9, 2023. No comments were submitted to the Department during the early stakeholder outreach period or during the CSI public comment period.

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The business community impacted by this rule includes commercial tax preparation software providers in Ohio. The adverse impacts created by this rule include creating schema for Ohio returns and completing the testing required to be approved as a vendor. The Department notes that the guidelines and software vendors are common among all states with an income tax. As such, this rule will not create any additional cost for most businesses. The Department states that the adverse impacts to business are justified as without prior approval and uniformity in commercial tax preparation software, taxpayers would be harmed by not having their returns be able to be submitted, processed, and reviewed by the Department in an efficient and effective manner.

Recommendations

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

Conclusion

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