

From the Desk of:
Cliff Bente ✓

**Senate Bill 213A - Reconnect
We urge your support.**

<p>Why is a “Yes” vote for SB 213A important?</p>	<p>Senate Bill 213A updates the connection date for Internal Revenue Code (IRC) and other provisions of federal tax law, reduces complexity and supports taxpayer compliance.</p>
<p>What is the negative effect of disconnecting?</p>	<p>Please vote “Yes.” A disconnect from federal statute and provisions would significantly increase tax complexity and increases the risks that taxpayers may not be able to fully comply with Oregon specific provisions.</p> <p>Disconnecting is not a simple course of action but instead has significant negative implications for taxpayers, tax advisors, the Department of Revenue and increases the need for future legislative activity.</p> <p>Remaining connected is preferred for state and federal tax conformity and compliance simplification. Rolling reconnect should be preserved.</p>
<p>Why is rolling reconnect the preferred method of tax conformity?</p>	<p>Connecting to Internal Revenue Code and other provisions of federal tax laws reduces tax complexity for a variety of stakeholders – it is not simply a tax advisor issue:</p> <p>Taxpayer Recordkeeping, Planning and Compliance:</p> <ul style="list-style-type: none">• Conformity benefits individual and business taxpayers as it reduces the potential for negative recordkeeping issues and non-compliance in some cases. For businesses, it reduces the additional costs that may be incurred in adhering to recordkeeping for differing state and federal tax provisions.• Rolling reconnect also adds to individual and business planning certainty because they will more easily and timely know how federal provisions impact their Oregon tax obligation and compliance.• Not all taxpayers utilize the services of tax advisors. Less conformity increases the potential for non-compliance by those taxpayers as they may not be aware of where federal and Oregon provisions may differ.• Compliance ease supports taxpayer confidence in the Oregon tax system. Example: Periodically some tax advisor’s clients will share they are considering or intending to move to another nearby state where state tax complexity does not exist. This does not serve Oregon well. <p>Tax Advisors:</p> <ul style="list-style-type: none">• Rolling reconnect ensures a reduction of differences at a state level as compared to federal. The complexity is problematic as it has the potential to negatively impact taxpayers both in the cost of preparation as well as in timely completion. Many tax advisors would prefer to instead provide other valuable and helpful advisory service to clients versus the tracking and oversight of exceptions to ensure client tax compliance.• The risk of discrepancies in tax software, as Oregon is a small market, is also a possibility.

	<p>Oregon Department of Revenue (DOR):</p> <ul style="list-style-type: none"> • Rolling reconnect supports ease for taxpayers for state tax compliance. The fewer differences between state and federal statutes and provisions, the less risk there is of unintended taxpayer noncompliance. Complexity can carry material burdens for many participants in the income tax system. • Conformity reduces the risk of the DOR needing to advance a higher volume of notices to taxpayers that require needed corrections or fulfillment due to non-compliance. It reduces the exceptions in filings and related cost factors to the DOR, which would ultimately impact the State of Oregon to ensure compliance. • Non-compliance has the potential to place the DOR in a position of having to determine if an audit of the taxpayer’s return is warranted. This can add unintended activity and thus cost to the overall state filing process, and potentially collection activity as well. Regardless of costs, the DOR would potentially be impacted as they advance lack of compliance notifications, notices of audit, etc., to taxpayers.
<p>A “Yes” vote for SB 213A is important!</p>	<p>Legislative Impact:</p> <ul style="list-style-type: none"> • More than a year after passage of the TCJA, the federal government, state government, taxpayers and tax advisors alike are continuing to work through federal legislation as new guidance for some provisions continues to be issued by Treasury and the IRS. • Rolling reconnect is important as the impact of Oregon <u>non-conformity</u> means that there is potential for <u>even more</u> complexity across several versions of federal provisions in a tax year. <u>This could necessitate additional future Oregon legislative modifications.</u> Rolling reconnect ensures ease in conformity and compliance.

Thank you for the opportunity to provide information.

**On behalf of Oregon Society of CPAs
we urge you to support Senate Bill 213A.**

Contact: Rob Douglas, RPD Company, Salem

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