

HOUSE RESEARCH

Bill Summary

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Subject: Individual income tax return on-line filing

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Overview

Requires the Department of Revenue to provide on-line filing of individual income tax returns on its website. Also directs the commissioner to implement a "ReadyReturn" program for individuals with simple income tax returns. In the ReadyReturn program the commissioner would complete returns for eligible taxpayers based on data in the commissioner's possession. Taxpayers would access ReadyReturns on the Department's website or in paper form. Eligible taxpayers would then have the option of signing the ReadyReturn and filing it in lieu of completing an income tax return. Penalties for underpayment and failure to file would be waived for taxpayers using the ReadyReturn program.

Section

- 1 Electronic filing on Department of Revenue website; individual income tax.** Directs the commissioner of revenue to provide taxpayers with the option of electronically filing their individual income tax returns on the Department's website. Prohibits the commissioner from charging a fee for this service.
- 2 ReadyReturn for individual income tax returns.** Authorizes the commissioner of revenue to provide eligible taxpayers with a "ReadyReturn," prepared by the commissioner using
 - wage data reported to the commissioner by employers
 - the taxpayer's filing status from the previous year

Section

- amount withheld by the employer

The ReadyReturn states any additional income tax owed to the state or refund amount due to the taxpayer. Eligible taxpayers have the option of signing the ReadyReturn and fulfilling their filing obligation, or choosing to complete their own income tax return.

Directs the commissioner to notify taxpayers that the ReadyReturn is an option for taxpayers with simple returns. The notification must state the taxpayers are not required to use the ReadyReturn program and that choosing to not use ReadyReturn will not affect the individual's liability. Waives penalties for underpayment and failure to pay tax for taxpayers who choose to use the ReadyReturn.

Directs the commissioner to implement a ReadyReturn web page for secure on-line viewing of ReadyReturns, by January 31, 2009, for viewing of ReadyReturns for tax year 2008, and to develop an alternative method for taxpayers without Internet access to request a completed ReadyReturn in paper form.

Requires the commissioner to report to the legislature on the status of program development by March 1, 2008, and authorizes the commissioner to request an extension of the January 31, 2009, date if the commissioner cannot ensure taxpayer privacy and security in viewing ReadyReturns on-line.