TITLE 710. OKLAHOMA TAX COMMISSION
CHAPTER 1. Administrative Operations

RULEMAKING ACTION: Notice of proposed **PERMANENT** rulemaking.

PROPOSED RULES:
Subchapter 5. Practice and Procedure
Part 3. DESCRIPTION OF ADMINISTRATIVE REVIEW AND HEARINGS
710:1-5-12. Petitions for waiver of interest or penalty (or both) [AMENDED]
Part 5. ADMINISTRATIVE PROCEEDINGS RELATED TO TAX PROTESTS
710:1-5-45. Service of documents in pending administrative proceedings [AMENDED]
710:1-5-46. Dismissal of case [AMENDED]
Part 8. SETTLEMENT OF TAX LIABILITY
710:1-5-81. Definitions [AMENDED]
710:1-5-84. Application for settlement agreement [AMENDED]

SUMMARY:
Amendments to Section 710:1-5-12 define a list of requirements for a waiver request, specify the taxpayer must be in tax compliance and not have a pending protest. Adds additional procedures for submitting a new request if rejected, and how to request reconsideration of the decision by the Commission.

Amendments to Section 710:1-5-45 allow for electronic service of protest case documents if a taxpayer consents.

Amendments to Section 710:1-5-46 relate to voluntary dismissal of a protest if a taxpayer that initiated the protest does not file a brief or appear at a pre-scheduled conference or hearing. Additional language also allows for re-opening a case within 90 days if there is good cause.

Amendments to Sections 710:1-5-81 & 84 define the list of requirements for a settlement request, including the application must be completed and may not be a trust tax if it was collected but unremitted. Adds additional procedures for submitting a new request if rejected, and how to request reconsideration of the decision by the Commission.

AUTHORITY: 68 O.S. §§ 203, 219.1; Oklahoma Tax Commission

COMMENT PERIOD: Persons wishing to present their views in writing may do so by 4:30 p.m., January 5, 2027, at the following address: Oklahoma Tax Commission, Tax Policy and Research Division, Oklahoma City, Oklahoma 73194, Attention: Corey Jager, or by email to OTCadminrules@tax.ok.gov.

PUBLIC HEARING: A public hearing is scheduled for 9 a.m., on Tuesday, January 5, 2027, at the Oklahoma Tax Commission, in Conference Room 5, located on the 28th Floor, 123 Robert S. Kerr Ave, Oklahoma City, Oklahoma.

To gain access to the hearing, attendees must register at the information desk in the lobby by presenting a driver license or other photo identification.

REQUEST FOR COMMENTS FROM BUSINESS ENTITIES: Although nothing in this rulemaking action has been determined to adversely impact small business, the Oklahoma Tax Commission requests that, pursuant to 75 O.S. § 303(B)(6), business entities affected by these rules provide the OTC, within the comment period, in dollar amounts if possible, the increase in the level of direct costs such as fees, and indirect costs such as reporting, recordkeeping, equipment, construction, labor, professional services, revenue loss, or other costs expected to be incurred by a particular entity due to compliance with the proposed rule.

COPIES OF PROPOSED RULES: Copies of the proposed rules may be obtained from the below listed contact person. The proposed rules may also be viewed on the agency's website at tax.ok.gov.

RULE IMPACT STATEMENT: Pursuant to 75 O.S. § 303(D), a Rule Impact Statement is available from the below listed contact person. The Rule Impact Statement may also be viewed on the agency's website at tax.ok.gov.

CONTACT PERSON: Corey Jager, Agency Liaison, Tax Policy Division, Oklahoma Tax Commission, Oklahoma City, Oklahoma 73194; Telephone number: (405) 521-4155; Email: corey.jager@tax.ok.gov

CHAPTER 1. ADMINISTRATIVE OPERATIONS

SUBCHAPTER 5. PRACTICE AND PROCEDURE

PART 3. DESCRIPTION OF ADMINISTRATIVE REVIEW AND HEARINGS

710:1-5-12. Petitions for waiver of interest or penalty (or both)

(a) Waiver of interest or penalty associated with a tax assessment or failure to file a return or report is within the discretionary authority of the Commission pursuant to the provisions of 68 O.S. §220. Requests for waiver of penalty or interest should be in writing, and addressed to the ~~division~~ Income Tax Accounts Division~~which originated the tax assessment or liability notification~~.

(b) The Income Tax Accounts Division may reject a waiver request for the following reasons, which is not intended to be an exhaustive list:

(1) The taxpayer has not adequately identified the liability in question or explained the reasons for the request.

(2) The taxpayer has outstanding, overdue tax on any period.

(3) The taxpayer has delinquent returns for any period for which the taxpayer was required to file a return.

(4) The taxpayer has outstanding, overdue balances for any period not included in the request.

(5) The taxpayer has an active protest for any period included in the request.

(c) If the waiver request is rejected, the taxpayer will be notified of the rejection in writing. The taxpayer may submit a new request for waiver with all required supporting documentation.

(d) Taxpayers wishing to appear before the Commission to support their waiver request should notify the Income Tax Accounts Division. The taxpayer will be notified of the date and time to appear.

(e) Requests for reconsideration of the Commission's decision must be made in writing to the Income Tax Accounts Division and include new information related to the request or an explanation as to why the applicant disagrees with the decision of the Commission.

PART 5. ADMINISTRATIVE PROCEEDINGS RELATED TO TAX PROTESTS

710:1-5-45. Service of documents in pending administrative proceedings

(a) **General provisions.** Service of any document in a pending administrative proceeding may be accomplished by personal delivery or by mailing such document addressed to the party or the party's authorized representative at the last known address, postage prepaid. The document shall indicate on its face by Certificate of Service or Mailing that copies have been served on the parties of record. ~~In the alternative, upon written consent of the party filed in the administrative proceeding, service of any document may be made by electronic mail to the address provided by the party or the party's authorized representative. The document shall indicate on its face by Certificate of Service or Mailing that copies have been served on parties of record~~

(b) **Electronic service.** Service of any document in a pending administrative proceeding shall be completed electronically, if the party or party's authorized representative consents in writing to receive service by email. Such consent shall be valid going forward in the administrative proceeding unless the party or party's representative submits a written revocation of the consent for electronic service.

710:1-5-46. Dismissal of case

(a) **Voluntary dismissal.** A taxpayer may dismiss his or her protest or demand for hearing, or the taxing division whose action or proposed action has been formally challenged by protest or demand for hearing may withdraw its action or proposed action, without a motion therefor, at any time prior to the entry of a final order by the Commission. The Administrative Law Judge may deem any of the following a voluntary dismissal of the protest by the taxpayer:

(1) Failure to appear for a prehearing conference pursuant to *OAC* 710:1-5-28.

(2) Failure to appear for a scheduled hearing pursuant to *OAC* 710:1-5-32.

(3) Failure to timely file a brief or position letter required by an Order or Scheduling Order pursuant to *OAC* 710:1-5-38.

(b) **Dismissal for mootness.** "Moot", for purposes of this Subchapter means that a case presents no actual controversy or that the issues have ceased to exist. A case that is or has become moot may be dismissed by the Commission or by the Administrative Law Judge on their own motion or on the motion of a party. At least ~~fifteen (15)~~ 15 days' notice of the motion or intent to dismiss shall be given to all parties, who shall have the opportunity to respond and show cause why the case should not be dismissed. A dismissal by the Administrative Law Judge is subject to review by the Commission in the same manner as other rulings by the Administrative Law Judge.

(c) **Receipt of untimely protest or demand for hearing.** The Commission is without jurisdiction to consider a protest or demand for hearing that is not filed within the time provided by statute. Upon receipt of a protest that was untimely filed, in lieu of transmitting the matter to the Office of Administrative Law Judges, the taxing division shall notify the taxpayer in writing that the assessment has become final pursuant to 68 O.S. § 221(C), of further options for the taxpayer to have the timeliness determination

reviewed, and of adjustment/abatement provisions contained within 68 O.S. § 221(E). Upon receipt of a demand for hearing that was untimely filed, in lieu of transmitting the matter to the Office of Administrative Law Judges, the taxing division shall notify the taxpayer in writing that the demand for hearing was untimely filed, of further options for the taxpayer to have the timeliness determination reviewed, and that the claim for refund is barred pursuant to 68 O.S. § 227(D).

(d) **Dismissal for lack of jurisdiction.** The question of the Commission's jurisdiction to consider a protest or demand for hearing may be raised at any time, by a party, the Administrative Law Judge, or the Commission itself. Questions as to the authority, propriety, or timeliness of a proposed assessment, denial of a claim for refund or other action or proposed action of the Division shall not be raised by a motion to dismiss, but shall be raised as defenses to such action or proposed action by the Division.

(e) **Motion to dismiss.** A motion seeking dismissal of a protest or demand for hearing for lack of jurisdiction, or a notice by the Administrative Law Judge or the Commission of intent to dismiss a case on jurisdictional grounds, shall state the reasons therefore, shall be filed in the case, and shall be mailed to all parties or their authorized representatives. The motion or notice of intent to dismiss shall be set for hearing, which shall not be less than ~~fifteen (15)~~ 15 days after the filing of such motion or notice of intent, at which time any party opposing such motion or notice of intent may appear and show cause why the case should not be dismissed. Notice of the date, time and place of the hearing shall be mailed to the parties or their representatives along with the motion or notice of intent to dismiss.

(f) **Reopening after deemed voluntary dismissal for failure to appear or timely file**. A case dismissed pursuant to *OAC* 710:1-5-28, *OAC* 710:1-5-32, *OAC* 710:1-5-38, or subsection (a) of this Section may be reopened upon a showing of good cause for the failure to appear or timely file a required brief or position letter. The party requesting reopening must file the request within 90 days of the date the dismissal notification is sent to the parties and bears the burden of establishing good cause. The fact that a request to reopen is filed within the 90-day period, standing alone, does not establish good cause.

PART 8. SETTLEMENT OF TAX LIABILITY

710:1-5-81. Definitions

The following words and terms, when used in this Part, shall have the following meaning, unless the context clearly indicates otherwise:

"Commission" means the Oklahoma Tax Commission.

"Final liability" means:

(A) The tax, penalty and interest due after the expiration of the statutory prescribed time within which to file a protest to a proposed assessment;

(B) The amount due after the exhaustion of administrative remedies without appeal to the Supreme Court;

(C) A tax amount admitted to be due by a taxpayer's report;

(D) The amount found due after a final court decision concerning the existence or amount of the liability; or,

(E) Other cases of liabilities where further administrative or judicial review is not available and the only consideration is collectability.

"Insolvency" means:

(A) The inability to pay debts as they fall due in the usual course of business; or,

(B) Having liabilities in excess of the reasonable market value of assets held.

"Person" means any individual, partnership, corporation, limited liability company, association, or public or private organization of any character.

"Settlement Agreement" means a written agreement between a taxpayer and the Commission whereby the Commission agrees to abate all or a portion of an outstanding tax liability, including the interest or penalties accruing thereto, and the taxpayer agrees to pay the remainder of such liability, if any, as provided herein.

"Tax ~~Liability~~liability" means and includes the total amount of Oklahoma tax, penalty, or interest due.

"Taxpayer" means:

(A) Any person subject to or liable for any Oklahoma tax; or,

(B) Any person required to file a return, or to pay or withhold and remit any tax required by the provisions of any Oklahoma tax law that is administered by the Commission.

"Trust fund tax" means Oklahoma Sales Tax levied pursuant to 68 O.S. §§ 1350 et seq., Oklahoma Gross Receipts Tax (AKA Mixed Beverage Tax) pursuant to 37A §§ 5-105-5-107, Oklahoma Income Tax withholding levied pursuant to 68 O.S. §§ 2385.2-2385.28, Oklahoma Motor Fuel taxes levied pursuant to 68 O.S. §§ 500.1 et seq., or Medical Marijuana Tax levied pursuant to 63 O.S. § 426.

710:1-5-84. Application for settlement agreement

(a) **Application.** The forms necessary to make application for a settlement agreement are available online at ~~www.tax.ok.gov~~tax.ok.gov.

(b) **When a Power of Attorney is required.** Applications being tendered on behalf of a taxpayer by an attorney, CPA, or other person, must be accompanied by a properly acknowledged Power of Attorney Form BT-129, signed by the taxpayer, authorizing the person to act on behalf of the taxpayer.

(c) **Additional information.** The Income Tax Accounts Division may request additional financial or other information deemed necessary to supplement the settlement agreement application.

(d) **Presentation of the application.** The Income Tax Accounts Division shall present a completed application to the Commission during a regularly scheduled meeting of the Commission.

(e) **Notice of the determination of the application.** The Income Tax Accounts Division shall notify the applicant in writing of the decision of the Commission and make any required adjustments to the applicant's account.

(f) **Withdrawal of application.** An application for a settlement agreement may be withdrawn by the taxpayer at any time prior to its acceptance.

(g) **Rejection of settlement agreement application.** The Income Tax Accounts Division may reject the settlement agreement application ~~as not processible~~ for any of the following reasons, which is not intended to be an exhaustive list:

(1) The applicant ~~is~~ has not ~~adequately identified (name, address, ID#, etc.) or required signatures are not provided~~completed and/or supported the settlement agreement application.

(2) ~~The settlement offer includes an amount already collected or subject to refund.~~

~~(3)~~ The tax liability is not adequately identified.

~~(4) The settlement agreement application does not include a reason or a statement supporting the reason for the settlement offer.~~

~~(5) Financial statements or other documentation have not been included or are incomplete or do not present a complete and accurate representation of the taxpayer's financial condition.~~

~~(6)~~(3) The Commission's records indicate noncompliance with filing of required returns.

~~(7)~~(4) The applicant is currently under bankruptcy court jurisdiction.

~~(8)~~(5) Power of Attorney Form BT-129 (if indicated) has not been included.

~~(9)~~(6) The applicant is not in compliance with all filing and payment requirements for tax periods outside the scope of the settlement request.

(7) The liability is a trust fund tax, and the tax was collected or withheld by the taxpayer's admission.

(h) **Resubmission of settlement agreement application.** If the settlement agreement application is rejected, the applicant will be notified in writing. The taxpayer may resubmit a corrected application within 30 days of receipt of the written notice from the Division detailing the reason(s) for the rejection of the application. Failure to resubmit a corrected application within the prescribed time will be deemed an abandonment of the settlement and the application will be denied.

(i) **Requests for reconsideration.** Requests for reconsideration of the Commission's decision must be made in writing to the Income Tax Accounts Division and include new information related to the request or an explanation as to why the applicant disagrees with the decision of the Commission.

TITLE 710. OKLAHOMA TAX COMMISSION

CHAPTER 1. ADMINISTRATIVE OPERATIONS

RULE IMPACT STATEMENT

Pursuant to 75 O.S. § 303(D), the Oklahoma Tax Commission provides the following Rule Impact Statement regarding the proposed amendments to Chapter 1 of Title 710 of the Oklahoma Administrative Code.

A. STATEMENT OF NEED AND LEGAL BASIS – 75 O.S. § 303(D)(3)(a)

Pursuant to 68 O.S. § 203, the Oklahoma Tax Commission is granted authority to promulgate and enforce all rules necessary for the administration and collection of state taxes. Further, pursuant to 68 O.S. § 219.1, the Tax Commission is authorized to promulgate procedural and administrative rules necessary to implement and administer the tax abatement process. Amendments to Chapter 1 administrative rules are necessary to improve the efficiency, consistency, and transparency of the Commission's administrative processes; establish clear expectations for taxpayers participating in waiver, settlement, and protest proceedings; reduce incomplete or invalid submissions; and provide consistent procedures for addressing denied requests and reconsideration. The proposed changes will further assist the Commission in managing its administrative responsibilities and ensuring the fair and orderly resolution of taxpayer matters.

B. CLASSIFICATION OF RULE AND COST DETERMINATION – 75 O.S. § 303(D)(3)(b)

Classification: Nonmajor.

Estimated Annual Implementation and Compliance Costs: $0

Estimated Initial Five-Year Implementation and Compliance Costs: $0

Five-Year Cost to Businesses/Business Sectors: $0

Five-Year Cost to State Government: $0

Five-Year Cost to Local Government Units: $0

Five-Year Cost to Individuals: $0

Total Estimated Five-Year Cost: $0

FTE Impact: No additional FTE.

Cost Impact Information Received: None.

Classification Justification: Nonmajor; $0 implementation and compliance cost. The proposed rules are administrative in nature and do not impose additional fees or compliance costs. Implementation will utilize existing staff and resources and is intended to improve administrative efficiency and streamline existing processes. The proposed rules are not expected to require additional state or local government resources or additional full-time equivalent (FTE) positions. Accordingly, the implementation and compliance costs attributable to the proposed rules are estimated to be $0 annually and $0 over the initial five-year period.

The estimated implementation and compliance costs **will not exceed $1,000,000** over the initial five-year period.

C. DESCRIPTION AND FEDERAL MANDATE – 75 O.S. § 303(D)(3)(c)

Purpose and Description of Proposed Rule:

Amendments to Section 710:1-5-12 define a list of requirements for a waiver request, specify the taxpayer must be in tax compliance and not have a pending protest. Adds additional procedures for submitting a new request if rejected, and how to request reconsideration of the decision by the Commission.

Amendments to Section 710:1-5-45 allow for electronic service of protest case documents if a taxpayer consents.

Amendments to Section 710:1-5-46 relate to voluntary dismissal of a protest if a taxpayer that initiated the protest does not file a brief or appear at a pre-scheduled conference or hearing. Additional language also allows for re-opening a case within 90 days if there is good cause.

Amendments to Sections 710:1-5-81 & 84 define the list of requirements for a settlement request, including the application must be completed and may not be a trust tax if it was collected but unremitted. Adds additional procedures for submitting a new request if rejected, and how to request reconsideration of the decision by the Commission.

Federal Mandate:

The proposed amendments are not mandated by federal law and are not required for participation in or implementation of a federally subsidized or assisted program.

Federal Requirement Comparison:

The proposed rules are administrative in nature and do not implement or exceed a federal requirement.

D. CLASSES AFFECTED – 75 O.S. § 303(D)(3)(d)

The proposed rules may affect taxpayers and tax representatives, particularly those protesting tax liabilities, and those seeking relief through a settlement agreement or waiver.

Affected Classes:

Affected Class	Approx. Number	Impact	Nature of Impact	Annual Cost	Five-Year Cost
Taxpayers	Unknown	Positive/Neutral	Clarify administrative procedures for settlement agreements, waivers	$0	$0
Tax preparers and representatives	Unknown	Positive/Neutral	Clarify administrative procedures for settlement agreements, waivers	$0	$0

No additional implementation or compliance costs are expected for affected classes. The proposed rules are administrative in nature and do not impose additional fees or other costs.

E. CLASSES BENEFITED – 75 O.S. § 303(D)(3)(e)

The proposed rules will benefit taxpayers and their representatives by providing clearer, more consistent procedures and expectations for submitting waiver and settlement requests and participating in administrative protest proceedings. The amendments will also improve communication, provide clarification on opportunities for reconsideration or reopening of certain matters, and promote more efficient resolution of taxpayer issues.

F. COMPREHENSIVE ECONOMIC IMPACT – 75 O.S. § 303(D)(3)(f)

Agency Impact

Implementation Cost: $0

Ongoing Annual Cost: $0

Five-Year Cost: $0

FTE Impact: 0

The proposed amendments will be implemented using existing agency resources and do not require additional staffing, programming, training, forms, or other resources.

Economic Impact by Affected Sector/Class:

Affected Sector/Class	Annual Cost	Five-Year Cost	Anticipated Benefit
Businesses	$0	$0	N/A
Business sectors	$0	$0	N/A
Public utility ratepayers	$0	$0	N/A
Individuals	$0	$0	Administrative clarity
State government	$0	$0	N/A
Local government units	$0	$0	N/A
Other – tax preparers and reps.	$0	$0	Administrative clarity

State Economy as a Whole:

No significant economic impact on the state economy is anticipated from the proposed rules.

Fees and Revenue.

Fee Changes: None.

Revenue Impact: $0 attributable to the proposed rules.

Economic Impact and Summary.

Economic Impact: $0

Economic Impact Summary: The proposed rules are administrative in nature and are not expected to impose additional implementation or compliance costs on businesses, individuals, or governmental entities. Implementation will utilize existing staff and resources

and is intended to improve administrative efficiency and streamline existing processes. The proposed rules do not impose additional fees or require additional state or local government resources or full-time equivalent positions.

G. METHODOLOGY AND ASSUMPTIONS – 75 O.S. § 303(D)(3)(g)

The analysis evaluated the proposed rule amendments to identify any new requirements that could result in additional implementation or compliance costs for affected individuals, businesses, or governmental entities. The assessment considered the nature and scope of the proposed changes, including application and documentation requirements, administrative procedures, electronic service provisions, and processes for reconsideration and reopening of cases. It was assumed that the proposed rules would be administered using existing Oklahoma Tax Commission staff, systems, and resources and would not require additional personnel, equipment, technology, or contracted services. Because the amendments primarily clarify and streamline existing administrative processes and do not establish additional fees or materially expand taxpayer compliance obligations, no quantitative cost or revenue modeling was necessary. Based on these assumptions, the implementation and compliance costs attributable to the proposed rules are estimated to be $0 annually and $0 over the initial five-year period.

H. ECONOMIC IMPACT ON POLITICAL SUBDIVISIONS – 75 O.S. § 303(D)(3)(h)

Five-Year Projected Impact: $0

Administrative/FTE Impact: 0

Political Subdivisions Affected: None

No economic impact or additional responsibilities are anticipated for political subdivisions as a result of the proposed rules.

I. SMALL BUSINESS IMPACT – 75 O.S. § 303(D)(3)(i)

After consideration pursuant to the Oklahoma Small Business Regulatory Flexibility Act, the proposed amendments are not expected to have an adverse economic effect on small businesses because they are administrative in nature and do not impose additional compliance costs.

Estimated Annual Compliance Cost to Small Businesses: $0

Estimated Five-Year Compliance Cost to Small Businesses: $0

J. MEASURES TO MINIMIZE COSTS AND IMPACT – 75 O.S. § 303(D)(3)(j)

The proposed rules will be implemented using existing agency staff and procedures and do not impose additional costs or requirements.

K. EFFECT ON PUBLIC HEALTH, SAFETY, AND ENVIRONMENT – 75 O.S. § 303(D)(3)(k)

Anticipated Impact: None

The proposed rules have no anticipated effect on public health, safety, or the environment.

L. DETRIMENTAL EFFECT IF RULE IS NOT IMPLEMENTED – 75 O.S. § 303(D)(3)(l)

Anticipated Detrimental Effect: Failure to implement the proposed amendments may result in administrative uncertainty, inconsistent application of requirements, and insufficient procedural guidance for taxpayers and Oklahoma Tax Commission personnel. Without these updates, existing rules may not adequately address the requirements and procedures for waiver and settlement requests, reconsideration of denied requests, electronic service of protest documents, and dismissal or reopening of protest cases when taxpayers fail to meet procedural requirements. This may contribute to inconsistent administrative practices, delays in resolving taxpayer matters, and reduced efficiency in the administration of the tax code. Additionally, taxpayers and their representatives may continue to experience uncertainty regarding applicable requirements, available procedures, and options for seeking reconsideration or relief.

M. DATE PREPARED / DATE MODIFIED – 75 O.S. § 303(D)(3)(m)

Date Prepared: November 12, 2026

Date Modified: N/A

N. ANALYSIS OF ALTERNATIVES – 75 O.S. § 303(D)(3)(n)

The Oklahoma Tax Commission considered the alternative of maintaining the existing rules without amendment. However, this approach would not address the need to clarify application requirements, establish consistent procedures for waiver and settlement requests, or improve the administration of taxpayer protest proceedings. Another alternative would be to address procedural questions on a case-by-case basis through informal guidance. This approach could result in inconsistent application of requirements and uncertainty for taxpayers and their representatives.

The Commission determined that amending the existing rules is the most appropriate alternative because it provides clear, consistent, and transparent procedures for taxpayers, their representatives, and agency personnel. The proposed amendments also promote administrative efficiency while providing additional procedural guidance and opportunities for reconsideration or reopening of certain matters. Accordingly, the Commission determined that the proposed rule amendments are preferable to maintaining the status quo or relying solely on informal guidance.

O. RESOURCES USED TO DEVELOP THE RULE – 75 O.S. § 303(D)(3)(o)

Estimated State Employee Time: 48-72 hours

Estimated Other Resources: $0

The proposed amendments were developed using existing agency staff and resources. No outside consultants or additional expenditures were required.

P. EXISTING OR PROPOSED FEDERAL REGULATIONS – 75 O.S. § 303(D)(3)(p)

No applicable federal regulations have been identified that address the activities regulated by the proposed amendments.