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FOR IMMEDIATE RELEASE

Governor Ducey signs HB2280 to expand electronic filing and payment of business taxes

Arizona Governor Doug Ducey has signed [House Bill 2280](#), legislation intended to increase electronic filing and payment of most business taxes beginning later this year, allowing the Arizona Department of Revenue to better operate at the speed of business.

“E-filing fits our results-driven, customer-focused management system to deliver better, faster, more cost effective government for Arizonans,” said Arizona Department of Revenue Director, David Briant.

“Advantages of electronically filing include being easier, more secure, and faster to process than paper returns.”

Under HB2280, businesses will be required to file and pay transaction privilege tax (TPT), which will be phased in over a five-year period. Annual electronic filing of annual corporate income tax, fiduciary, and partnership returns will begin in tax year 2020. The phased approach provides the Department of Revenue time to enhance its infrastructure framework to provide for an electronic filing experience for all taxpayers.

“The e-file legislation provides additional continuous improvement in serving our customers, the taxpayers,” Briant stated. “Among other things, these new provisions will make the department more efficient, including faster tax return processing for individual taxpayers and businesses and increased fraud prevention capabilities.”

“While thousands of businesses already file TPT electronically, the overall percentage is relatively low and businesses currently lack the ability to e-file corporate income, partnership and fiduciary tax returns, which is neither business friendly nor in sync with the economy in the 21st century,” said Department of Revenue Deputy Director, Dr. Grant Nülle, who noted 193,894 paper corporate income tax returns were filed in 2016 for the 2015 tax year. “Incentivizing e-filing frees up additional resources to process tax returns of all types much faster, further enhance fraud prevention measures and enhance the taxpayer experience.”

Additional highlights of the legislation include the following:

- Incentivizes e-filing of TPT by increasing the credit for accounting and reporting expenses by up to \$2,000 annually.
- Provides opt-outs for taxpayers lacking computer or internet access, as well as other circumstances that prevent e-filing.
- Expands the thresholds for most business taxpayers having to pay tax liabilities electronically. HB2280 now requires businesses with tax liabilities of between \$500 and \$20,000 to e-file during the phase-in period beginning in 2019.
- Requires individual income tax preparers that prepare more than 10 income tax returns during any taxable year to file all tax returns electronically.
- Expands ability for electronic filing and payment of luxury taxes, such as tobacco and alcohol.

The current e-file/e-pay rates for Arizona's 3 major tax types are as follows:

- Transaction Privilege Tax is 31 percent for e-filing and 36 percent for e-paying.
- Corporate income tax e-filing is zero percent and 11 percent for e-paying.
- Individual income e-filing is 80 percent and 24 percent for e-paying.

HB2280 was sponsored by Representative Don Shooter (R-Yuma).

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