



OSCPA/Oklahoma Tax Commission Meeting – Questions/Comments

January 29, 2026

OTC Letters & Correspondence - ITA

- Why do OTC letters frequently lack clear explanations of adjustments made to tax returns, including how OTC calculations differ from the return as filed?
 - **Changes were made to letters as an attempt to provide more consistency across all letters the agency produces. However, several letters, such as adjustment letters, are currently being re-evaluated to provide clearer explanations as to the specific adjustments made to the filed return. This continues to be an ongoing process with the goal of the adjustment letter to be completed for the upcoming tax season.**
- Is there a materiality threshold below which penalty and interest adjustments will not result in taxpayer correspondence?
 - **Not at this time but will review for a potential threshold.**
- Has the wording been fixed on notices that reference “offsets” without identifying the specific liability, tax year, or statutory basis?
 - **Yes, this has been updated, and you should see the change this coming tax season.**
- Why do some notices indicate funds were applied to “other liabilities” without providing identifying detail?
 - **This issue has been corrected, and letters should now clearly identify the liability to which the taxpayer’s refund was applied.**
- Why does OTC not issue clear confirmation when a matter has been fully resolved?
 - **Taxpayers should receive a final adjustment letter once an issue is resolved. We are also reviewing all scenarios, such as the submission of**

additional documentation, to ensure taxpayers or tax preparers receive confirmation that the documentation was received.

- What caused erroneous notices to be issued for very old tax years (e.g., 2014–2015), and what controls are in place to prevent recurrence?
 - **Unfortunately, an upgrade to our system caused a number of incorrect tax due letters to be issued for older tax years. After the accounts were corrected, OTC issued notices of correction to all impacted taxpayers. This should be a one-time issue related to the specific upgrade, but OTC will be careful to monitor the possibility of recurrence during future system changes. OTC is also currently evaluating best practices for collection notifications, with particular attention to notifications on older periods, to determine if changes to current processes would be beneficial.**

Debit Card Refunds & Overpayments – ITA/Legal

- Why are debit cards issued for unexpected refunds, causing taxpayers to believe they are scams or discard them? – ITA
 - **Debit cards are issued when a taxpayer does not select a refund preference, such as direct deposit or a paper check. In some cases, taxpayers are unaware in advance that an adjustment will result in a refund. OTC is currently exploring options for these situations, including applying the overpayment as a carryforward to a subsequent year or allowing taxpayers to choose direct deposit or a paper check to receive the unexpected refund. Any future changes or taxpayer options will be communicated through the adjustment letter.**
- Why do overpayments resulting from OTC adjustments default to debit cards rather than allowing taxpayer choice? – ITA
 - **Please see above response.**
- Can taxpayers indicate a refund preference in advance, even when no overpayment exists on the original return? – ITA
 - **Yes, taxpayers can always select a refund preference on their tax return to avoid receiving a debit card if an adjustment results in a refund.**
- Can OTC allow taxpayers to respond to an adjustment notice with a refund preference (debit card, paper check, or application to future estimates)? - ITA
 - **This is something we are currently reviewing. Please see above responses.**

- Why can debit card refunds not be returned and applied to estimated tax payments? – **ITA**
 - **A third party, Conduent, administers the issuance of debit cards, and there are limitations on when a refund can be recalled to issue a paper check or applied to estimated payments. Each case would need to be reviewed individually to determine whether this is possible.**
- What procedures exist to monitor or follow up on unused debit cards? – **Legal**
 - **Once OTC authorizes issuance of a debit card, OTC considers the refund to be issued to the taxpayer; the OTC has no access to card balances and does not monitor the status of debit cards after issuance. The debit card and associated account are fully managed by Conduent. If balances remain unused after a certain period of time, Conduent is responsible for sending unredeemed funds to Oklahoma Unclaimed Property.**
- Can OTC provide data comparing unclaimed debit card refunds to uncashed paper checks prior to implementation of the debit card program? - **Legal**
 - **OTC does not have access to unclaimed debit card balances or the number of unredeemed debit cards.**
- What safeguards exist to prevent debit card vendors from retaining taxpayer funds through fees? - **Legal**
 - **The State Treasurer manages the contract with Conduent for issuance of debit cards, so OTC does not have full control over the fees associated with the debit cards. However, the fees have been reduced over the years and there are now very few fees associated with use of the debit cards. The primary fees that affect the cardholders are small fees for extra calls to check balances, and fees beginning 1 year after activity on the card has ceased. If a cardholder doesn't activate the card, no service charges occur. Taxpayers receive information detailing the applicable fees with the debit cards.**
- Will OTC consider returning to paper checks or providing fee-free locations for cashing debit cards? – **Legal**
 - **A few years ago, the Tax Commission added an option on the return allowing taxpayers to choose a paper refund check in addition to direct deposit or a debit card. However, the cost of printing and mailing paper checks, along with statutory requirements mandating electronic payments, limits the ability to issue a full return to paper refund checks. While direct deposit is always recommended for efficiency and speed,**

OTC is currently exploring additional options, such as allowing taxpayers to provide banking information for direct deposit, request a paper check, or carry forward the refund when it results from an unanticipated adjustment.

PDF Attachments & Documentation - ITA

- Is there an update on OTC's progress in reliably receiving, viewing, and processing PDF attachments?
 - **We have been continuing to work with the vendors and our development team on this issue. It appears that more attachments are being submitted compared to prior years, and we will continue to explore improvements.**

Power of Attorney (POA) & Practitioner Access - Legal

- Is there an online system allowing practitioners to view all POAs on file with OTC, like the IRS Tax Pro Account?
 - **Not at this time**
- Will practitioners with POA automatically receive copies of all notices and correspondence?
 - **OTC is working on developing the system functionality required to send notices to POAs. Practitioners and their clients will have the ability to opt in to receive notices, it won't be automatic.**
- Is there clarification regarding Form BT-129 for PTE tax - will OTC honor a POA that includes only the federal EIN if the State Tax Number is unknown?
 - **Yes, OTC will honor a POA that includes only the federal EIN and not the state tax account number; you do not need to provide both.**
- Why can OTC not disclose state withholding amounts to practitioners with valid POA?
 - **If information is available for older tax years—such as when an employer, or more likely a former employer, reported withholding on the taxpayer's behalf—the OTC may be able to provide state withholding information with a valid POA. This is a manual process, and delays may occur. If the former employer never reported the withholding, the OTC may not have this information.**

OKTAP & Online Account Management - ITA

- Some users experience difficulty deleting or managing previously used payment accounts within OKTAP, can this be fixed?
 - **If you could send these users information to the tax professional email so we can look into it further for them. We have not heard of any widespread issues.**
- How can taxpayers or practitioners determine the State Tax Number when it was not included on original correspondence and no OKTAP account exists?
 - **Taxpayers and practitioners do not necessarily need a State Tax Number to conduct business with the OTC. A federal EIN or Social Security number may be used instead.**
- Why are OTC systems not more fully digitized in line with IRS modernization efforts?
 - **We continue to explore ways to improve our system each year and welcome any feedback on opportunities for enhancement. Current development initiatives include enhancements to OkTap.**

Amended Returns & Processing Delays – ITA/Legal

- Can Oklahoma amended returns be processed independently of the IRS processing of federal amended returns? – Legal
 - **No, Oklahoma amended returns cannot be processed independently without proof of the IRS processing/acceptance of federal amended returns. The starting point for calculating Oklahoma adjusted gross income is federal adjusted gross income, 68 O.S. § 2353, and in order to have certainty of the starting point of the Oklahoma calculation, the federal amended return must be processed and accepted. OKLAHOMA ADMINISTRATIVE CODE § 710:50-9-3(F) provides “In the case of an amended Oklahoma income tax return with a federal adjusted gross income change, the return must be accompanied by documentation to substantiate that the I.R.S. accepted the requested change.”**
- Can you explain why practitioners are experiencing significant delays in responses to correspondence, with some inquiries going unanswered for months or receiving no response at all? – ITA
 - **Responses to the tax professional email inbox are provided within 48 hours. We have added a significant number of staff to assist with this inbox. While there may have been delays in the past, we are not currently aware of any significant issues. If you can provide specific details, we will review them.**
- Are settlement offers currently being processed, and why are documents frequently reported as lost and requested again? – ITA

- **Yes, settlement offers are being processed. We are not aware of any instances of documentation being lost by the Tax Commission. However, there are situations where additional documentation is required, and taxpayers will be asked to provide it.**

Sales Tax Issues - Audit

- Is there a way to notify OTC that sales tax has already been paid or does not apply, particularly for Form 4797 transactions?
 - **The OTC recommends that, at the time of sale, the remitter submit a Casual Sales Tax Return identifying the assets sold (e.g., furniture, fixtures, and equipment) that are reported on Federal Form 4797 and remit any applicable sales tax due. This documentation allows the OTC to review the return during an audit and determine whether the appropriate sales tax was properly reported and remitted at the time of the transaction.**
- Can OTC improve notification procedures, so taxpayers are informed promptly of sales tax audit findings?
 - **Currently, the Audit Services Business Tax Audit Section conducts audits approximately two years behind the current tax year. This timeframe allows federal information to be received and reviewed and provides taxpayers with an opportunity to amend or correct returns prior to potential audit selection.**
 - **In addition, the agency's email response turnaround time is generally less than one business day, and all written correspondence provides taxpayers with a response period of 30 to 60 days from the date of mailing to ensure adequate time for review and reply.**
 - **If there is a specific instance in which notification or response timing was not handled in a timely manner, please contact me directly so that I may investigate the matter further.**

Ticketing System & Practitioner Communications – ITA

- Are there any updates scheduled for the email ticketing system?
- It is confusing and lacks sufficient client-identifying information
- Responses are often brief, incomplete, and sometimes not followed up
- Practitioners perceive a decline in effectiveness since implementation of the ticketing system.

- **Not at this time, the responses are default messages generated by the system. We will continue to review the tax professional email responses to ensure they are complete and provided within 48 hours.**
- Would practitioners be able to receive notices that explain default treatment if the taxpayer does not respond?
 - **This will be available with the implementation of the new POA process**

Remote Work & Secure Information Exchange - Legal

- Is there a secure, alternative transmission methods accessible to OTC staff?
- OTC staff working remotely frequently request sensitive taxpayer information via email, conflicting with practitioner compliance rules
 - **Taxpayers and practitioners have the option to submit documentation via regular mail, fax or through the Submit Documentation link on OkTAP. (Note: a Letter ID is required to utilize the Submit Documentation link.) Even when staff is working remotely, there are individuals on site at the OTC offices who are able to process incoming mail, so employees have access to the necessary information.**

Exempt Organizations - ITA

- When does OTC anticipate allowing electronic filing of Form 512-E for exempt organizations?
 - **Electronic filing of this form will be allowed for this coming tax season**

Federal–State Conformity – Tax Policy

- Can OTC provide guidance on Oklahoma treatment of new federal deductions under OBBBA?
- No tax on tips?
- No tax on overtime?
- No tax on car loan interest?
- Enhanced deduction for seniors?

- **HR 1 enacted deductions for tip income, overtime income, and vehicle loan interest as well as an enhanced deduction for seniors. These are all taken after the computation of federal AGI. These deductions are used to reduce federal AGI to calculate federal taxable income.**

Under current Oklahoma law, these deductions do not exist in the Oklahoma tax code.

For federal income tax purposes, the IRS has created Schedule 1-A to be filed with Form 1040 for tax year 2025 and subsequent tax years to claim these deductions.

OTC Offices & In-Person Support - Administration

- Practitioners report positive experiences at the downtown Oklahoma City OTC office. Is there a plan to provide comparable in-person practitioner support in Tulsa or eastern Oklahoma?
 - **There are currently no plans to provide additional in-person support in the Tulsa office or to expand Tax Commission offices statewide. In-person or walk-in services in the Tulsa office are very limited, with most walk-in functions available only at the downtown Oklahoma City office.**