



Issue brief

Sales tax remittance fix, Act 26 of 2011

A burdensome requirement on businesses to remit sales tax receipts twice a month was alleviated when Gov. Tom Corbett signed a legislative remedy into law on June 30, 2011 as part of the state's Fiscal Code.

Why was the new law necessary?

Act 48 of 2009 required large retailers and other businesses to remit two monthly sales tax payments to the state beginning May 21, 2011, in order to provide accelerated revenue to the General Fund. Under that mandate, Pennsylvania would have had the shortest remittance timeframe in the nation, with most states requiring businesses to file monthly sales tax returns. This would have created a red-tape and financial burden for businesses, particularly larger companies with operations in multiple states. Those businesses would have had to put in place costly data retrieval systems specifically for their Pennsylvania operations. Act 48 also would have created countless hours of additional paperwork processing paperwork for the Department of Revenue.

How does Act 26 resolve sales tax remittance concerns?

Act 26 of 2011 requires one payment the 20th of each month that consists of:

an estimated tax for the current month equal to 55 percent of the tax they collected and remitted for the same month in the previous year, and

a true-up payment for the prior month, after deduction of any estimated tax previously remitted.

The law still provides for accelerated revenue to the state's General Fund, but eliminates the reporting burdens created by twice monthly remittance. The legislative remedy brings the Commonwealth's sales tax reporting requirements in line with the more business friendly standards in other states, alleviating one more barrier to business investment in Pennsylvania.

PA Chamber position: *Support*

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