

Pennsylvania Coalition for Fairness In Sales Tax Remittance



February 10, 2011

TO: SENATE FINANCE COMMITTEE

FROM: PA COALITION FOR FAIRNESS IN SALES TAX REMITTANCE

SUBJECT: SUPPORT FOR SB 476

On behalf of a coalition representing thousands of individual members and businesses we would like to respectfully request that you support Senate Bill 746 when it is considered in the Senate Finance Committee on Monday, February 14, 2011.

In requiring semi-monthly sales tax returns beginning after May 31, 2011, Act 48 of 2009 unnecessarily created an administrative nightmare for Pennsylvania's larger retailers and numerous other employers throughout the Commonwealth who are responsible for the collection and remittance of the sales tax. As most states that collect sales taxes require larger retailers and companies to file monthly sales tax returns, Act 48's semi-monthly return requirement imposes additional, non-standard due dates and as a result will double the sales tax return preparation time for these retailers and other employers. Perhaps more importantly, it will require these larger companies to incur substantial expense to create new semi-monthly data retrieval and reporting systems just for their Pennsylvania operations. These inconveniences and

expenses could put Pennsylvania jobs and revenue at risk, but they can easily be avoided by enacting Majority Whip Senator Browne's legislation.

The effect of Act 48 was to move the Commonwealth's receipt of sales taxes collected during the first half of June 2011 into FY 2010-11 instead of FY 2011-12. Under prior law, these revenues would have been remitted on July 20th, but under Act 48 will be remitted on June 25th. The same objective can be accomplished under SB 476, without establishing new due dates, without doubling the number of returns to be filed and without requiring expensive new systems.

Under the proposal, retailers and other businesses would continue to file one monthly return, on the 20th of each month, as they have in the past. However, each monthly return would be comprised of two amounts:

- a) An estimated tax for the current month equal to fifty-five percent (55%) of the tax they collected and remitted for the same month in the previous year.
- b) Remainder of tax due for prior month, after deduction of any estimated tax previously remitted.

By allowing retailers and other businesses responsible for the collection and remittance of the sales tax to use the prior-year sales tax figures for the current month estimated tax, they would be able to avoid creating the expensive semi-monthly data retrieval and reporting systems that will otherwise be required in order to comply with Pennsylvania's recently enacted Act 48 in its present form.

Thank you for your consideration and continued support.

Sincerely,

Pennsylvania Retailers' Association
Pennsylvania Institute of Certified Public Accountants
National Federation of Independent Businesses - PA
Pennsylvania Beverage Association
Pennsylvania Chamber of Business & Industry
Pennsylvania Convenience Store Council
Pennsylvania Food Merchants Association
Pennsylvania Petroleum Marketers & Convenience Store Association
Pennsylvania Restaurant Association
Verizon
QVC