

Hello. It looks like you're using an ad blocker that may prevent our website from working properly. To receive the best experience possible, please make sure any blockers are switched off and refresh the page.

If you have any questions or need help you can email us

download' proposals.

Mar. 14, 2012



Two months after turning out in record numbers to fight for the [Maryland Association of CPAs](#)' legislative agenda at CPA Day in Annapolis, the state's CPAs are at it again, raising their voices and packing an important political punch as lawmakers try to legislate their way to economic recovery.

Maryland CPAs have mobilized in force to fight a series of onerous legislative measures that would raise taxes on businesses and individuals alike, increase complexity, and put the state's businesses at a competitive disadvantage.

The bills in question include the following:

Hello. It looks like you're using an ad blocker that may prevent our website from working properly. To receive the best experience possible, please make sure any blockers are switched off and refresh the page.

If you have any questions or need help you can email us

- Enforcing the measure would be nearly impossible. Taxes on professional services are difficult to determine, calculate and enforce. Three states – Florida, Michigan and Iowa – have tried this and had to repeal because of this complexity.
- It would put Maryland CPAs and service providers at a competitive disadvantage. Neighboring states do not impose such taxes like, making Maryland CPAs less competitive and forcing them to shift taxable services to their out-of-state offices, should they have that option. This also will shift income related to those services to those states.
- It's an unfair tax policy. If you have to tax services, than why not all services?

A number of CPAs – among them MACPA Chair Allen DeLeon and Secretary / Treasurer-elect Marianela del Pino Rivera – took time out of tax season to testify against the bill. They were joined by scores of scores of representatives from other business groups in fighting the bill.

“Federal and state governments mandate the filing of various tax returns that are so complicated, most small businesses and individuals seek out the services of CPAs to help file their returns,” said Tom Hood, CPA, executive director of the Maryland Association of CPAs. “It seems unfair to then tax the services they need to stay in compliance.”

### **Senate Bill 152 / House Bill 87, the ‘Budget Reconciliation and Financing Act of 2012’**

These bills originally included a provision that would have extended the state's sales tax to include any product that is electronically downloaded. The so-called “digital download tax” was so vague that it could have encompassed online payroll services, accounting software with service, payment processing and research services, all of which could directly impact Maryland CPAs.

“The biggest risk we see is that this could be construed to include e-filing of tax

Hello. It looks like you're using an ad blocker that may prevent our website from working properly. To receive the best experience possible, please make sure any blockers are switched off and refresh the page.

If you have any questions or need help you can email us

keep their software updated. Marylanders would be forced to bear a tax on top of the CPAs services they need to file taxes.

- Non-profit organizations might be forced to tax educational programs like webcasts and other “digital products,” putting themselves at an unfair business disadvantage with out-of-state and for-profit organizations.

The state Senate's Budget and Taxation Committee apparently listened and voted to reject the “digital download” provision.

### **Senate Bill 269, the ‘Maryland Business Tax Fairness Act’**

The measure would create a combined reporting tax system for the state's multistate corporations. According to Gazette.net, the bill would require “companies that operate in multiple states to pay a portion of all combined profits based on revenues in those states.”

Maryland CPAs and the state's Chamber of Commerce have a long history of opposing such legislation, and this year was no different.

“This legislation would add yet another layer of complexity for Maryland businesses,” Hood said. “There simply is not enough time for proper implementation and explanation. In the original proposal, even non-profits that have for-profit organizations would have been impacted.”

The Maryland Association of CPAs testified against this legislation saying that tax preparers and companies need more time to understand the new rules and establish internal reporting systems to be able to comply with this new law.

### **Power in Numbers**

In each case, CPAs made their voices heard through live testimony and an extensive

grassroots e-mail and telephone campaign that targeted Maryland lawmakers who

Hello. It looks like you're using an ad blocker that may prevent our website from working properly. To receive the best experience possible, please make sure any blockers are switched off and refresh the page.

If you have any questions or need help you can email us

Indeed, Franchot and other state officials used the CPA Day environment to challenge CPAs to make a difference. Here's how "Going Concern" blogger Adrienne Gonzalez put it after attending CPA Day:

"I left with the sense that MACPA had been given a new mission by both Delegate (Brian) Feldman and Comptroller Franchot: They've done a lot up until this point but maybe it's time to do more. Delegate (Sam) Arora expressed that he would love to get state CPAs' thoughts on the new budget, specifically line items that could be eliminated, and was sure that many of his fellow delegates would feel the same. The great part about CPAs doing this is that they are trustworthy, impartial and knowledgeable. Of course, MACPA initiatives protect the interests of CPAs in the state, but CPAs' interests are almost always directly in line with those of their clients and the communities they serve."

When it's crunch time, CPAs are proving that they take their mission seriously: They're committed to making sense of a changing and complex world. They do that for their clients. Equally important, they're doing that for lawmakers.

Sales Tax

CPA Practice Advisor is registered with the National Association of State Boards of Accountancy (NASBA) as a sponsor of continuing professional education on the National Registry of CPE Sponsors.

© 2024 Firmworks, LLC. All rights reserved