

RE: Support HB 1404 – Repeal of Accelerated Sales Tax Prepayment

On behalf of the ***Pennsylvania Society of Tax & Accounting Professionals (PSTAP)***, an organization representing the interests of more than 2000 Pennsylvania tax and public accounting practitioners who provide professional services to thousands of Pennsylvania small business owners and employers, we write to voice our support for HB 1404 – a repeal of the Accelerated Sales Tax (AST) Prepayment.

PSTAP supports a repeal of the Accelerated Sales Tax (AST) Prepayment because it:

1. Eases the financial burden on businesses: The current AST prepayment system requires businesses to remit sales tax payments (based on prior year figures) in advance of collection which can disrupt cash flow and put a strain on the financial resources of a business, which are often already limited.

HB 1404 requires that businesses remit only the sales tax that is actually owed and ultimately collected, thus limiting this burden.

2. Simplifies tax compliance: The process of estimating sales tax collections and filing multiple reports can be complex and time-consuming for businesses. Repealing this requirement could simplify tax compliance and save businesses valuable time and administrative resources making Pennsylvania a more business friendly state.

3. Promotes fairness: It's more equitable for businesses to pay taxes on actual sales rather than estimated figures. This change could make the tax system fairer for all businesses.

As of the date of this letter, HB 1404 has been introduced by Representative Jesse Topper and referred to the House Finance Committee. Last session, the same proposal passed through the House of Representatives Chamber and Senate Finance Committee unanimously (HB 1404). As Chairman of the House Finance Committee, we strongly urge your consideration of this legislation. Thank you for your consideration of this request, and please know that PSTAP is happy to serve as a resource on this and all other matters related to tax policy in the Commonwealth of Pennsylvania.