



Single Point of Filing and Remittance of State and Local Transactional Taxes

ISSUE

As a way to minimize the burden of certain tax reporting obligations of businesses, the AICPA supports a single electronic portal for filing transaction tax (sales, use, and leasing (rental)) returns and transmitting payments to all state and local tax jurisdictions in each state.¹

BACKGROUND

Under current law in many states, businesses are required to file separate returns and make separate payments to each of the state and local tax jurisdictions within the state to satisfy certain state and local tax reporting obligations. The administrative burden of such a duplicative system can be significant and is often unnecessary. For example, in Alabama, tax reporting obligations are imposed on businesses by more than 550 state and local tax jurisdictions. [Alabama Act 2012-279](#) was enacted in 2012, mandating a single electronic portal for filing transaction tax payments to all state and local Alabama tax jurisdictions. The Alabama Department of Revenue is in the process of implementing the statute. In 2013, Arizona is considering a proposed bill, [HB 2657](#), to streamline the transaction privilege (sales) tax system, including establishing a single state portal for filing state and city returns, providing one point of contact for businesses, one payment and one audit.

WHY IT'S IMPORTANT TO CPAs

CPAs that provide sales, use, and leasing (rental) tax compliance services for their clients with state and local tax liabilities currently have to navigate a burdensome filing system. It includes separate return filings and payments to each state, and county and city within that state, even if the taxpayer only maintains one single location within the state. Taxpayers with multiple locations within a state may have hundreds of returns and payments due each month. It is difficult for many CPAs' clients to understand the reasons for the high compliance costs associated with each state's tax system. A simplified single point of filing system for each state will go a long way toward solving the problem for both CPAs and taxpayers.

¹ The AICPA's support of a state single point of filing and remittance is not an endorsement of Federal legislation, such as the [Marketplace Fairness Act of 2013](#) (H.R. 684, S. 336, and S. 743), which would provide for a similar single point of administration of sales and use taxes, but also requires use tax collection by remote sellers and addresses other substantive sales tax matters.

AICPA POSITION

While the AICPA does not lobby directly at the state level, it supports efforts by state CPA societies who may advocate for the creation within each state of a single electronic portal system. In this effort, state CPA societies may want to consider the following suggestions in working with their state legislatures and tax authorities:

- Establish and use a state and local advisory committee with procedures outlined regarding its membership, powers, and duties, including consideration of (a) the development and operation of the state's single electronic portal; and (b) taxpayer impact, such as compliance and systems cost.
- Provide businesses the option of filing and paying local sales, use, and leasing (rental) taxes via a single electronic portal. The use of the single electronic portal should be optional and should not be made mandatory. An excellent template for such a portal is the newly enacted Alabama [ONE SPOT](#) (Optional Network Election for Single Point Online Transactions) portal, scheduled to become operative by late 2013.
- Provide the system services to taxpayers and local tax jurisdictions at no cost. In addition, consider providing financial assistance, up to a certain amount annually for three years, to assist local jurisdictions as necessary to ensure that their local system is capable of effectively interfacing with the state's single electronic portal system.
- Require any taxpayer opting to utilize the system to remit the associated payment electronically at the time of filing the return.

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