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Senate Budget and Taxation Committee

Written remarks to SB 1045

Dear Chair Guzzone and Members of the Committee:

Please accept this testimony of my opposition to HB 1554 titled Sales and Use Tax – Taxable Business Services – Alterations (hereinafter referred to as the “Bill”).

I am a sole practitioner CPA in Montgomery County Maryland. When this Bill was recently brought to my attention I was disappointed that the Maryland state legislature would consider such a tax.

My reasons for opposing this Bill are as follows:

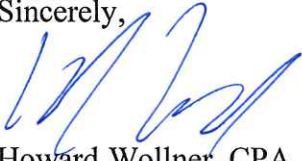
- Adding more compliance to a CPA's duties is just making our job harder. We already need to deal with various state, local and federal compliance issues, both on behalf of our clients and our own business. I would either have to hire someone to handle the collection and remittance of these taxes or pay a service to do so.
- Adding an additional cost to my services that a CPA in a neighboring state won't have is not fair to me or any other Maryland CPA. This would be hurting the very people (CPAs) the Comptroller's office relies upon to assist Maryland taxpayers in keeping compliant and paying the correct amount of tax. You would basically be putting me out of business, or, at the very least, giving CPAs in neighboring states a competitive advantage.
- The Comptroller's office can't even keep up with current issues, like PTE credits and the Maryland Connect rollout. Adding this to their plate seems like a bad idea.
- This tax will increase the cost of my services to small businesses. In addition to the 2.5% tax being assessed, I will have to increase the cost of my service to account for the additional time and expense spent on complying. All of my business clients are small businesses owned by Maryland individuals. This cost

just adds to their current expense burden. The people you are hurting are middle class taxpayers.

- This will add confusion and many more questions being asked of the Comptroller's office. One example is what is a Business Entity (not currently defined in the Bill). If a taxpayer has a Single Member LLC, treated as a Disregarded Entity, so the business activity is reported on the Form 1040, is that a Business Entity and are my services subject to sales tax?

I am happy to discuss any issues related to the Bill.

Sincerely,

A handwritten signature in blue ink, appearing to read 'H. Wollner', is written over the printed name.

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