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To: House Ways and Means Committee

From: The Maryland Society of Accounting and Tax Professionals, Inc.

Re: HB 1628 Sponsor: Delegate Luedtke, et al

Contact Person: Alverta "Sandy" Steinwedel

Position: Opposed

Sales and Use Tax – Rate Reduction and Services

The Maryland Society of Accounting and Tax Professionals, Inc. (MSATP), an organization of over 2,200 members. Our inclusive organization is comprised of Certificate Public Accountants, Enrolled Agents, Registered Tax Preparers, Accountants, Attorneys, and Certified Financial Planners.

With over 2,200 members who represent thousands of Maryland individual taxpayers and hundreds of businesses, imposing a tax on service will result in higher consumer costs.

With the passage of this bill, the tax and accounting profession could:

- Be required to divulge client information that goes directly against Cir 230 and Accountant-Client Privilege as noted in Section 9-110 of the Maryland Annotated Code.
- Experience an increase in unlicensed preparers due to cheaper fees; which may cause reduced compliance, quality, governance and increase fraud
- Have a reduction in clients due to our surrounding states who do not charge sales tax on services.

In conclusion, imposing sales tax on services not only puts Maryland at a disadvantage, compared to our neighboring states, but also adds complexity to Maryland businesses attempting to comply with the law.

Therefore, we respectfully request an unfavorable repot on HB 1628