



MD HB 396 – Tax Fees for Electronic Filing of Tax Documents – Prohibition (Free Filing Act of 2023)

February 15, 2023

OPPOSE

RATIONALE:

H&R Block represents 906 employees, 103 offices and 30 independently owned franchises in the state of Maryland, and we are committed to supporting the many thousands of Maryland taxpayers we assist each year. The tax filing process is the most significant financial transaction most people will make throughout the year, and we take our responsibilities to our clients seriously.

As you know, the personal and business income tax filing process can range from simple transactions to more complicated needs and services.

A taxpayer's tax filing circumstances are highly individualized and prohibiting a charge for individual components of an individual or business owner's tax filing package limits a taxpayer's choice in selecting options most relevant to them. We believe on balance this legislation unnecessarily puts specific, unnecessary limitations on tax preparers and tax preparation businesses in providing the best value and options for their clients. We are willing to work with the bill sponsor to promote and encourage online filings in other ways. This legislation would constrain our ability to price in a flexible manner that best suits our customers' needs.

Additionally, the bill's effective date of October 1, 2023, would see implementation of this legislation for just the last two weeks of the current Tax Year 2022 – this year's extension filing deadline is October 16, 2023. Adopting new regulations during the existing tax season could prove confusing to taxpayers and would require the complicated creation of dual versions for some TY22 products. An effective date of January 1, 2024 would provide an adequate runway for taxpayer education and adoption for Tax Year 2023 filings.

For more information contact Mike Johansen or Matt Bohle at 410-269-5066 at RWL Law or Victoria Mayer 732-501-8122 at H&R Block.