



Feb. 15, 2023

The Honorable C. T. Wilson, Chair  
Economic Matters Committee  
House Office Building  
Annapolis, MD 21401

Re: HB 396 *“Tax — Fees for Electronic Filing of Tax Documents — Prohibition (Free Filing Act of 2023)”* **FAVORABLE WITH AMENDMENT**

Dear Chairman Wilson and members of the Committee,

The Maryland Association of Certified Public Accountants (MACPA) is a membership organization with nearly 9,000 CPA members. As CPAs and tax professionals, our members serve thousands of individual and business clients throughout the state.

CPAs and tax professionals have long supported electronic filing of tax documents, where possible, and recognize the benefits e-filing offers, including convenience, accuracy, time savings, and minimizing security risks. In fact, with the support and encouragement of Maryland’s tax preparer community for clients to e-file, the Comptroller’s Office has been receiving many more returns via e-filing and are therefore able to process returns more efficiently, which ultimately benefits both the state and Maryland taxpayers.

Many tax preparers purchase tax software to assist with the e-filing process. The software will submit the return to the state, track its status, report its acceptance and, if rejected, identify the reason. In some cases, the software provider will add a separate fee for these e-file functions. In turn, the preparer will pass this fee along to the client, sometimes in a separately enumerated charge and sometimes simply as part of the overall fee.

As proposed, HB 396 will prohibit tax return preparers and tax software companies from charging a separate fee to e-file authorized tax documents. While the vast majority of CPAs do not charge a separate fee for e-filing, and while we don’t believe the provision in HB 396 will result in any substantial savings to taxpayers because the software companies will continue to charge for their product and preparers will still need to recoup those costs, we support efforts to encourage e-filing. We do, however, ask for a change to the effective date of HB396.

The due date for Maryland’s tax extension filing for tax year 2022 is Oct. 16, 2023.

CPAs likely have existing engagement letter arrangements with clients and existing contracts with the software providers that do not account for this law. We therefore request an amendment to change the effective date of HB 396 from Oct. 1, 2023 to Jan. 1, 2024. This will allow preparers to continue to use their current version of software and current client arrangements to complete the filing of clients' current year extended returns by the Oct. 16 due date.

MACPA's State Tax Committee appreciates the opportunity to provide these comments. For the reasons noted, we respectfully request a **favorable with amendment** report for HB 396, to change the effective date to Jan. 1, 2024.

Should you have questions, please contact Mary Beth Halpern at the MACPA office at [marybeth@macpa.org](mailto:marybeth@macpa.org) or (443) 632-2330.

Sincerely,

MACPA State Tax Committee

cc: Delegate Jessica Feldmark  
Nick Manis, Manis Canning & Associates