

## FISCAL NOTE

May 4, 2017

<b>Bill No:</b>	HB 542	<b>Printer's No:</b>	PN 1563	<b>Sponsor:</b>	Thomas
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### COST / (SAVINGS)

Fund (s)	2016-17	2017-18
General Fund	"See Fiscal Impact"	"See Fiscal Impact"

**SUMMARY:** This legislation amends the Tax Reform Code (Act 2 of 1971), in assessment and collection of tax.

**ANALYSIS:** This legislation amends the Tax Reform Code (Act 2 of 1971), in assessment and collection of tax. This legislation requires a remote seller making a sale in the commonwealth to notify the purchaser that sales or use tax is due on the nonexempt purchase. The notice shall instruct the purchaser to remit the tax due on the purchaser's tax return. Under this legislation, remote sellers who fail to provide the notice required will be subject to a penalty of \$5.00 for each failure.

On or before January 31 of each year, a remote seller will be required to send a notice to each purchaser in the commonwealth who made \$500 or more in purchases from the remote seller in the previous calendar year. That notice should include: the total amount paid for purchases in the previous calendar year, a statement detailing the commonwealth's requirement to file and pay sales or use tax on nonexempt purchases made by the purchaser from the remote seller and any information required by the department by rule. All notices shall be sent first-class or electronic mail and may not include other shipments. Additionally, all notices should include the name of the remote seller. The envelope shall indicate "important tax document enclosed".

Failure on the remote sellers' part to issue the required notification shall result in a penalty of \$10.00 for each failure, unless the remote seller shows reasonable cause for the failure.

Under this legislation, the Department of Revenue is authorized to adopt rules and procedures and create forms necessary for implementation.

This Act shall take effect in 60 days.

**FISCAL IMPACT:** Based on the level of compliance by taxpayers, this legislation could result in increased revenues through the collection of sales and use tax. The Department of Revenue would be tasked with identifying and notifying the remote sellers of their obligations and penalizing when deemed appropriate. These responsibilities will require additional staffing efforts by the Department of Revenue resulting in an increase in personnel costs.