

Interstate Commerce

In today's global economy interstate commerce is essential to conduct business not only in California, but in the United States and the world.

- CalCPA is working with stakeholders to conform cross-border practice privileges with the rest of the nation by following the provisions of the Uniform Accountancy Act.
- 48 states have adopted the Uniform Accountancy Act model on interstate practice.
- Under the Uniform Accountancy Act provisions, state boards of accountancy may take action against any out-of-state CPA who provides any service that could be considered the practice of public accountancy.

Sales Tax on Services

Historically, the Legislature has discussed tax on services as a way to generate revenue for the state. Additionally, there have been discussions about placing an initiative regarding expanding sales taxes to cover more services on the November ballot.

CalCPA has the following concerns regarding imposing a sales tax on professional services:

- Sales taxes must be fair. All providers of similar services should be required to collect the tax so that the state does not create a competitive advantage for one class of provider over another.
- Imposing a sales tax on tax preparation (accounting) services places a tax on consumers who are mandated by law to file the tax return. Tax laws are very complex and most people need to turn to a tax professional to make sure they are complying with the law.
- Such a tax would put California CPAs and other professionals at a disadvantage by creating an incentive for businesses and others to use more out-of-state professionals who would not be required to collect sales tax.
- Service taxes have a profound negative impact on small businesses. Expanding sales tax imposes a new administrative burden on businesses in the form of compliance costs.
- The cost of collecting a new services tax would increase the cost to government since additional businesses will be required to register with the state and send tax collections to Sacramento.