

# Taxing Times

**Q:**

What are state and local governments doing to generate revenue in these tough economic times?

**A:**

People throughout the country are well aware that most state governments today are facing mounting deficits which threaten to cripple state-funded programs. Governors and state legislators are searching for new sources of revenue to maintain those programs. One way for them to generate new revenue is through taxation. Companies doing business in multiple states should be aware of the following tax initiatives being implemented across the country:

- New filing requirements for out-of-state companies coupled with aggressive nexus policies.
- Increases in state & local sales tax rates as well as other taxes and fees on businesses.
- New sales taxes on digital products purchased through the Internet, and new sales taxes on previously untaxed services.
- Aggressive enforcement tactics to identify new taxpayers, and more extensive audits for current taxpayers.

Several states are implementing limited-time amnesty programs for companies with outstanding tax liabilities. These programs are extremely beneficial to states, as they provide immediate boosts to tax revenue and create new taxpayers for future years.

Considering the steps being taken by states to identify new sources of tax revenue, it is increasingly important for companies to determine their potential multi-state tax exposure and take corrective action to avoid adding tax problems to the growing list of challenges they face in today's economy.

There is far more information available on this topic than can fit in today's column. Please contact me if you have questions about your company's tax issues or need information on specific states.



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