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Greg Matson
Executive Director
Multistate Tax Commission
444 North Capitol St., NW Suite 425
Washington DC 20001

Re: An Open Letter to Tax Commissioners – Please Forward

Dear Greg:

The COVID-19 situation, as we all know, has created unprecedented pressures on everyone, including the business community and state governments. We therefore appreciate this opportunity to share these five suggestions for relieving undue tax administration burdens in this difficult situation. We believe you will agree that at a time when many people are working from home and should not or cannot go to Post Offices or banks, a business-as-usual attitude for tax administration would be inexcusable. We hope that your member states and all top tax administrators will agree and ask that you forward this letter to them for consideration. While we recognize that in some situations, the proposals below may not be possible because of statutory requirements, we encourage tax administrators to be as creative and flexible as possible.

Postpone deadlines for tax filing and payment. The federal government and many states have already taken this needed step. When many Americans, including business tax professionals and tax administrators and their staffs, are fearing for their own health and unable, prohibited, or unadvised to leave their own house, this is not the time for pulling records and preparing tax filings.

Waive requirements to file hard copy, notarized, and/or wet-signature documents. Waive requirements to mail documents by certified mail. Allow automated-clearing-house (ACH) electronic transfers of funds instead of requiring hard checks. In a time of social distancing and shelter-in-place orders, it is dangerous to require that business representatives go outside to banks or Post Offices, stand in line, and purchase services from one particular provider. While the U.S. Postal Service has valiantly endeavored to keep all Post Offices operating and mail delivery uninterrupted, new reports on the enormous financial difficulties of the USPS and the growing impact of the virus on the USPS's public-facing workforce surely give all of us pause. Digital signatures and electronic document delivery, and electronic forms of payment, are widely adopted, affordable, secure, and instantaneous. It is time for tax authorities to dispense with – or suspend – the requirements of physical copies, wet signatures, notarization, physical checks, and mailing. Furthermore, tax agencies and hearing tribunals should adopt temporary procedures to either automatically acknowledge receipt of electronic documents

or waive stringent proof of delivery in situations in which missing a deadline would preclude a taxpayer from obtaining further review of agency action.

Suspend accrual of interest on assessments during the period of mandated business closure. The sudden drop in interest rates and the volatility of the stock market has made continued assessment of interest on outstanding assessments unreasonable and essentially usurious. 30-year federal bonds are earning less than 2 percent interest, and the interest on most demand deposits is virtually nil. Charging interest on outstanding assessments would be an unearned windfall, particularly if charged during a period of when the government has required closures of business operations to fight the epidemic.

Direct revenue agencies and tax tribunals to review backlog of outstanding audits and resolve outstanding controversies. With many businesses closed and their futures uncertain, employees furloughed or idle, and consumers unwilling or unable to spend, this is not the time for outstanding audits to be held by administrators like a Sword of Damocles over struggling companies. Revenue agencies should expeditiously close audits, seek fair settlement of outstanding controversies (bringing in immediate revenue for state needs), and quickly resolve settlements negotiated or nearly negotiated.

Disregard remote work for tax purposes. The public health necessity for businesses to close central operations and direct employees to work from home should not be used as an “opportunity” to create nexus for affected businesses and increase their filing, withholding, or payment obligations. Employees should not be punished through their tax obligations for working from home to avoid the virus outbreak, and businesses should not be held responsible for additional filing obligations due to remote workers at a time when implementing new withholding or filing is practically impossible. Again, a tax agency’s creativity, flexibility, and alacrity will be needed to benefit both the State fisc and beleaguered businesses.

Whether these suggestions can be done administratively or would require legislation, we stand ready to assist you in developing, drafting, and supporting such changes.

The challenges we all are facing are new and unexpected. We acknowledge that state governments must continue to collect the taxes owed to them, but we hope that tax authorities will recognize that many tax administration requirements are ancillary or even counterproductive to that end in our new environment. We look forward to discussing further with you how we can help to advance the suggestions above.

Greg Matson
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Yours Very Truly,

[Digitally signed]

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