

The Institute for Professionals in Taxation® Sponsored Research: Locally Administered Sales and Use Taxes

The Institute for Professionals in Taxation® (IPT) is dedicated to promoting the uniform and equitable administration of state and local income, ad valorem and sales & use taxes as well as credits & incentives; to minimizing the cost of tax administration and compliance; and to delivering a high degree of professionalism governed by a strict code of ethics.

We have released a new study on the role that local sales taxes have assumed in financing local governments and the challenges that taxpayers and local jurisdictions face in managing them. The report, “Locally Administered Sales and Use Taxes,” provides an in-depth analysis of the approximately 10,000 local jurisdictions that impose general retail sales taxes in the United States; explains the issues that locally administered sales taxes present; and provides an estimate of the incremental compliance costs for both taxpayers and governments, compared to local taxes administered by a single state tax administration agency.

View the full report [here](#).

We retained KPMG to research and gather the underlying data for this detailed report; all of which was collected in late 2015. IPT analyzed the survey findings and summarized the options that state and localities could pursue to simplify compliance with locally administered taxes and potentially reduce costs of compliance and administration for taxpayers and governments. These options are:

- Improve the availability of information on locally administered sales taxes to taxpayers by requiring regular updates of information on (a) which localities self-administer their sales taxes, (b) the rates at which the taxes are imposed, (c) the tax base and administrative procedures for the taxes, and (d) contact information for their local administrators (which should be made available electronically from a centralized source in each state);
- Improve the degree of conformity between state and local sales taxes by (a) requiring that the tax base and administrative procedures for locally administered taxes be consistent with the state sales tax base and procedures, (b) limiting the areas in which local tax bases and procedures may differ from the state base and procedures, and/or (c) requiring that information on any such differences be regularly updated (and made available electronically from a centralized source in each state);
- Require that all locally administered sales taxes be administered instead by the state tax administration agency; and
- Simplify the rate structure for local sales taxes by (a) establishing a single, state-wide rate attributable to all jurisdictions, (b) not requiring sourcing of transactions to jurisdictions below the state level, and/or (c) not otherwise limiting the degree of rate variation and required sourcing of transactions to local jurisdictions by authorizing different local tax rates at only the county or parish level.

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