

# 7 Sales Tax Trends For 2024 Leading To Overpayment

*Tax thought leader, Bill Flick, outlines 7 sales tax trends of which companies should be mindful in 2024.*

PHILADELPHIA, PA, USA, December 27, 2023 /EINPresswire.com/ -- What a difference a year

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*Bill Flick - President & Co-Founder FM Cost Containment*

makes. Just a year ago, as we looked ahead to 2023, the U.S. economy was growing faster, interest rates were lower and the inflation rate was about half of what it is today. Said Bill Flick, President & Founder of FM Cost Containment, “Looking ahead to a continuing slowing of the economy in 2024, states and municipalities will feel greater pressure to increase revenue from sales and use taxes as other sources of tax revenue decrease.”

According to Flick, one reason for states' focusing on sales taxes over other options, is in their potential to raise funds more quickly.

Rapidly changing sales tax laws can often make it difficult for regional or national companies to keep up with the

changes. Observes Flick, “In today's tax environment, although seemingly counter-intuitive, there is a greater likelihood for companies to overpay, not underpay, sales taxes because they're having difficulty keeping up with the pace of changes priority of jurisdiction.” Flick notes that looking back over 3 years, companies can overpay and be entitled to as much as six and seven figure tax recoveries. In 2024, Flick outlines 7 sales tax trends of which companies should be mindful:

1) As enterprises become more dependent on accounting technology, the greater propensity for tax overpayments to occur.

Flick notes that many financial software designers are not as sensitive to sales & use tax nuances as they should be and may not prioritize the sales tax category when designing programs. As sales tax collection grows in application, this disconnection will continue to grow and lead to overpayments. In addition, even the best accounting programs often fail to update for sales tax law changes as quickly and as frequently as they occur, after all there are nearly 15,000 sales tax entities in the U.S.

2) In 2024, states ARE focused on sales tax and therefore rapidly changing many categories.

Technology like digital downloads, block chain and crypto currencies were not in existence when many tax codes were written. States are catching up more quickly than companies and their software can keep up. But that doesn't always mean that a company owes taxes on new laws.

3) Many finance departments continue to work from home, resulting in less oversight & communication

Financial employees working from home, often miss the hands-on in-person supervision that office work used to experience. Errors can more easily become embedded in processes, creating continuing overpayments.

4) Many finance departments continue to be understaffed leading to focus on seemingly "more important" financial priorities

In 2024, financial departments will continue to be understaffed in most companies. With limited time, managers and staff may prioritize other areas over sales tax, leading to tax overpayments.

5) Definitions of "tax nexus" will continue changing and updating.

Economic nexus is a connection between a business and a state that bases a sales and use tax obligation on sales activity in the state rather than physical presence. For regional and national businesses, this is often defined improperly resulting in tax overpayments.

6) "Tax nexus" over-rides of national over local recommendations will lead to tax overpayments. Another cause of errors is where financial staff depends on the software and fails to double-check its results as vigorously as they should. For example, sometimes a local office will recommend a certain treatment of a tax issue, only to be overridden by the master program.

7) As the economy stalls, state governments will become more aggressive in their pursuit of sales taxes, resulting in more audits.

However, an audit isn't a guarantee of underpayment. Companies should pursue sales tax audits aggressively, because for many regional and national companies, overpayments, too, can



Bill Flick - Co-Founder & President FM Cost Containment

be revealed during an audit, resulting in a tax recovery.

Said Flick, "The growing complexity of the sales tax system in the U.S. combined with the understaffing of most financial departments will create a perfect storm for sales [tax overpayment](#) in 2024. As the U.S. economy continues to contract in 2024, companies seeking to report profits should be mindful of sales tax overpayments potentially sapping positive financial results."

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#### ABOUT FM COST CONTAINMENT

FM Cost Containment is one of the leading forensic tax recovery firms in the United States. FM specializes in tax confirmation and recovery of overpayments of taxes, as well as tax audit defense, utilizing proprietary research and knowledge of little-known technicalities in the tax laws of each of the 50 states, where applicable, as well as those of hundreds of municipalities. Headquartered in the Philadelphia Metropolitan Area, FM Cost Containment provides services throughout the U.S.

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