

Protecting Pennsylvania's Restaurants

William Hartman, CPA | Assistant Director

Adam Hovne | Fiscal Analyst

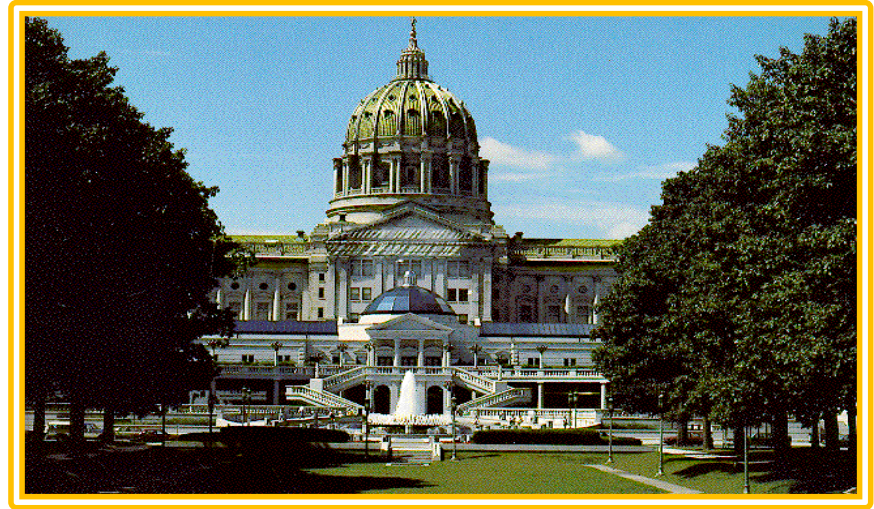
Bureau of Enforcement Planning, Analysis & Discovery

May 16, 2018

[Webinar Audio Click Here](#)

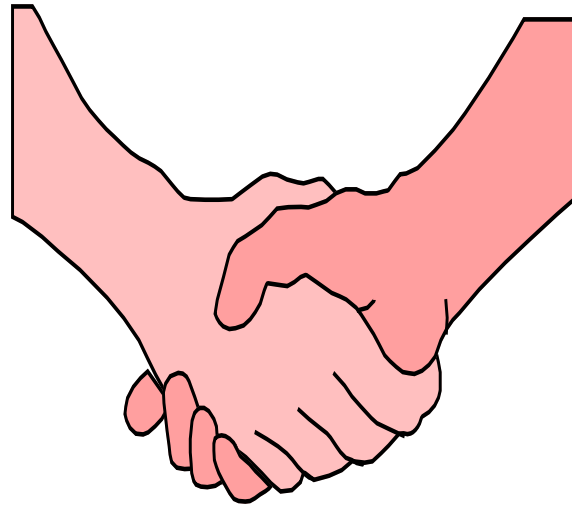
PRLA Webinar Wednesday

Governor's Award for Excellence 2018



Electronic Sales Suppression

Mutual Interest



Eliminate theft and unfair business advantage

Agenda

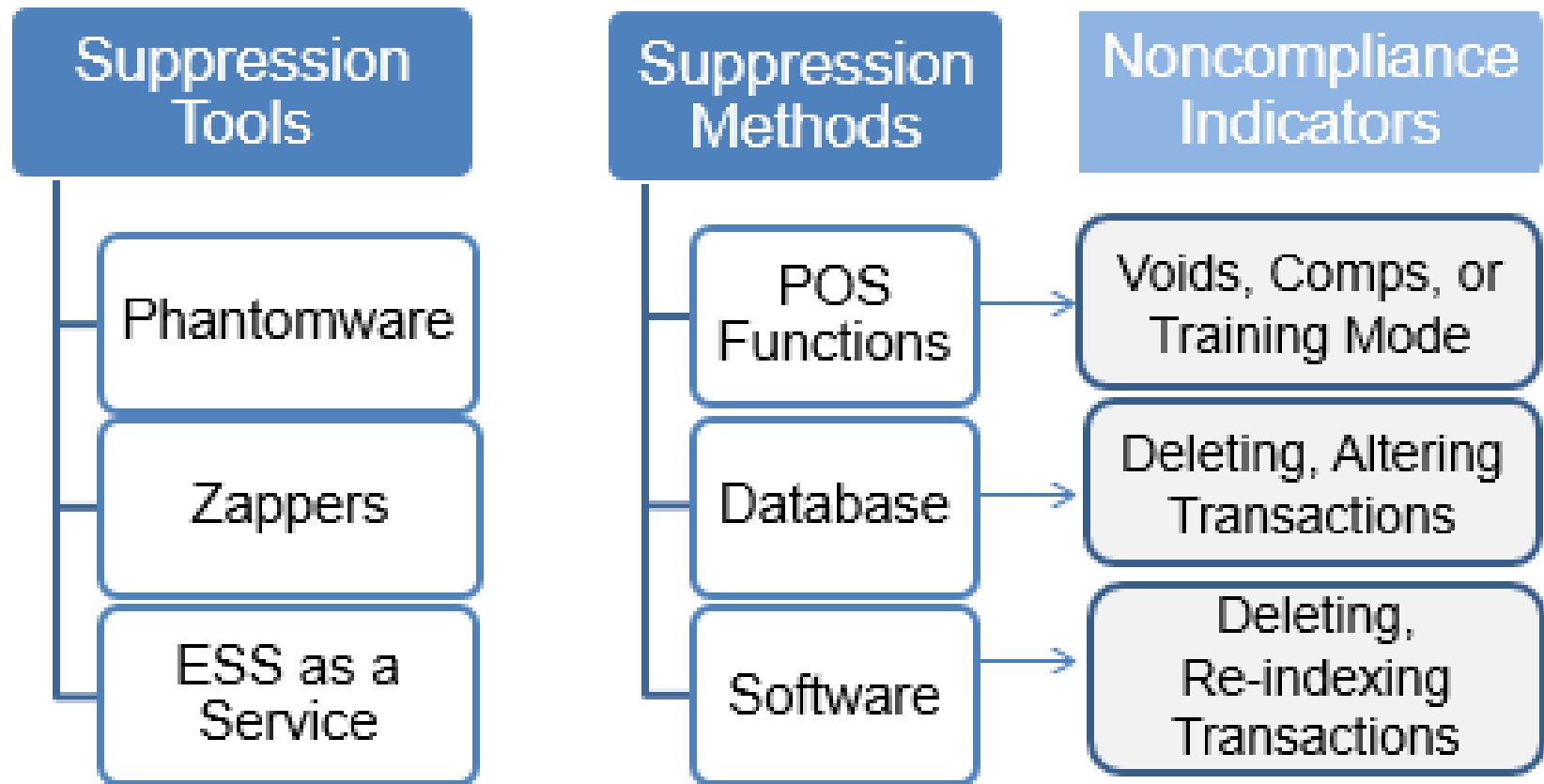
1. What is Electronic Sales Suppression (ESS)?
2. Types of Sales Suppression
3. Presence – Globally / Pennsylvania
4. Pennsylvania's Program
5. Enforcement
6. Results

Types of Sales Suppression



- Phantom-ware
- Zappers
- Sales Suppression as a Service (SSaaS)

Types of Sales Suppression



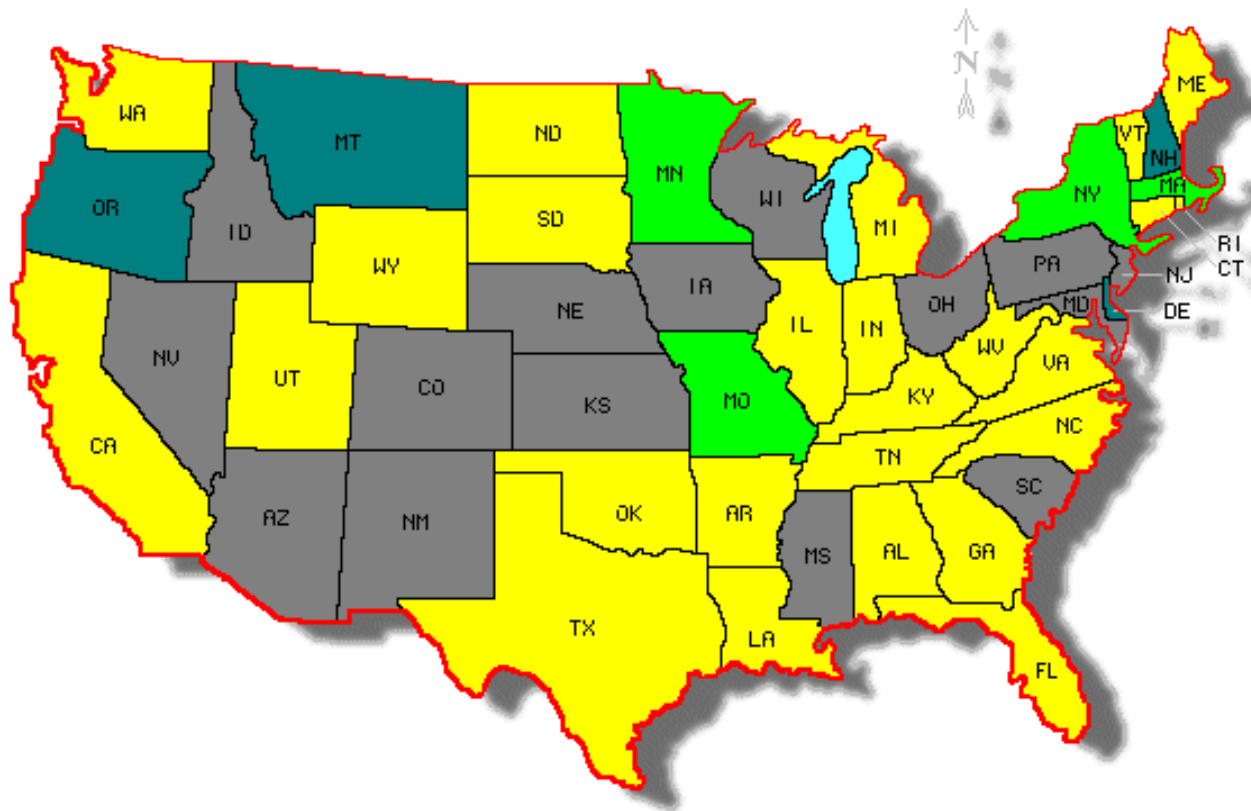
Where ESS Exists



State Laws or Programs

ESS Laws in States

- No State Sales Tax
- ESS Law Passed
- ESS Law Proposed
- ESS Law Not Proposed



ESS In Pennsylvania

- Out of state connections
- Field investigations

The Journey

- **2014 Analytics & Program Vision**
- **2015 Pilot**
- **2016 Anti-Zapper Law**
- **2016 - 17 Statewide Expansion**
- **2018 Outreach & Education**

PA's Anti-Zapper Law

- Passed July 2016
- Penalties for sale, distribution, possession or use
- Penalties include fine and/or imprisonment

Trust Fund Tax Criminal Penalties

- Tax Reform Code imposes penalties and/or imprisonment
- Under Penal Code charges can be brought for embezzlement, theft or misappropriation of funds

Enforcement

- Research Strategies
- Interstate Communications
- Audit Program

Results to Date

- 175 Audits, 104 Completed
 - ESS established or suspected in 42% of cases
 - \$6.3 million tax assessed
- \$78 million in hidden sales
- \$53 million in hidden income

Outreach & Education

- Raise awareness among business community
- Facilitate voluntary compliance
- State government and industry partnership



QUESTIONS or COMMENTS?

William Hartman, whartman@pa.gov

Adam Hovne, ahovne@pa.gov