



# **Streamlined Sales Tax Project (SSTP) Update**

## **SEATA 2005**

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## **Agenda**

- **SSTP Review & Update**  
(Agreement Amendments)
- **Compliance Update**
- **Technology Update**
- **Governing Board**
- **Business Advisory Council Update**

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## **Streamlined Sales Tax**

- **Simplify administration of sales tax**
- **Affects all sellers and all types of commerce**
- **43 States & DC involved in SSTP**
- **Business community and service providers providing input**
- **Improve compliance from existing taxpayers and address remote collection issues**
- **Utilizes simplification, uniformity & technology**
- **Establish an Interstate Agreement**

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## **Amendments to Agreement on April 16, 2005**

- **Multiple points of use**
  - All computer software
  - Uniform exemption certificate
- **Telecommunication definitions**

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## **Amendments to Agreement on April 16, 2005**

- Drop shipment provisions
  - Third party vendor (drop shipper) may claim a resale exemption

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## **Amendments to Agreement on April 16, 2005**

- Exemption administration
  - Timeline for relieving seller if seller obtains a fully completed exemption certificate (90 days subsequent to date of sale)

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## **Amendments to Agreement on April 16, 2005**

- Exemption administration
  - Timeline for relieving seller upon request for substantiation by member states (120 days subsequent to request for substantiation)

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## **Amendments to Agreement on April 16, 2005**

- Exemption administration
  - No renewal of blanket certificates or update of exemption certificate information when there is a recurring business relationship between buyer and seller (one sale transaction within a period of 12 consecutive months)

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## **Amendments to Agreement on April 16, 2005**

- Bundling and sales price definitions
- Buydown provisions
- Committee to analyze compensation issues
- Associate membership
- Business Advisory Council

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## **Pending Issues**

- Digital equivalent definitions
- Use tax
- Audit
- Compensation
- Exemption Administration Issues

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## **Interstate Agreement**

- Ten states with at least 20% of the total population of all states imposing a state sales tax
- Certificates of Compliance; business reviews
- Meeting on July 1, 2005
- Three-fourths vote of other petitioning states to be a member

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## **Associate Membership**

**(Agreement amended April 05)**

- Effective dates between July 1, 2005 and December 31, 2007
- Conforming legislation but not each requirement
- No vote on amendments or interpretations of the Agreement
- Voluntary collections for Member States; not required to collect for associate members

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## Governing Board Chart

### Full Members

<b>IN</b>	<b>July 1, 2005</b>	<b>2.22</b>
<b>IA</b>	<b>July 1, 2005</b>	<b>1.07</b>
<b>KS</b>	<b>July 1, 2005</b>	<b>.98</b>
<b>KY</b>	<b>July 1, 2005</b>	<b>1.47</b>
<b>MI</b>	<b>July 1, 2005</b>	<b>3.62</b>
<b>MN</b>	<b>July 1, 2005</b>	<b>1.79</b>
<b>NE</b>	<b>July 1, 2005</b>	<b>.62</b>
<b>NC</b>	<b>July 1, 2005</b>	<b>2.93</b>
<b>OK</b>	<b>July 1, 2005</b>	<b>1.26</b>
<b>SD</b>	<b>July 1, 2005</b>	<b>.28</b>
<b>WV</b>	<b>July 1, 2005</b>	<b>.66</b>

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## Governing Board Chart

<b>States Compliant July 1, 2005</b>		<b>16.90 %</b>
<b>(Associate Members Until Date Noted)</b>		
<b>NJ</b>	<b>October 1, 2005</b>	<b>3.06</b>
<b>ND</b>	<b>October 1, 2005</b>	<b>.23</b>
<b>NV</b>	<b>October 1, 2005 (Expected)</b>	<b>.73</b>
<b>UT</b>	<b>July 1, 2006</b>	<b>.81</b>
<b>TN</b>	<b>July 1, 2007</b>	<b>2.07</b>
<b>OH</b>	<b>January 1, 2008</b>	<b>4.14</b>
<b>AR</b>		<b>.97</b>
<b>WY</b>		<b>.18</b>
<b>Members and Associates</b>		<b>29.09 %</b>

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## Effective Dates

- Interstate agreement: 10-01-2005
- Amnesty: 10-01-2005 to 9-30-2006
- Contracts for Certified Service Providers
- Initial operation of Governing Board

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## Technology Update

- Central registration system
- Certified service providers
- Database matching rate to local jurisdiction
- Database of boundary information for local jurisdictions
- Taxability matrix

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## Central Registration System

- Purpose of the Streamlined Sales Tax Registration System (SSTR) to implement a web-based system to enable taxpayers to volunteer to register to participate in Streamlined Sales Tax.
- Taxpayers can use SSTR for new voluntary registrations and updates.
- SSTR is pass-through system in that the states will incorporate data into their state system.
- SSTR will maintain all taxpayer information for specific business processes.
- XML file schema used to exchange data between the SSTR system and states.

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## Central registration system

- Issued RFP in Spring 2005.
- Received 9 responses to RFP.
- Contracted with TaxWatch from Louisiana.
- A committee of states along with FTA has been appointed to work with TaxWatch.

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## Central registration system

- Selected URL's and set up web pages
- Made a decision to allow multiple names per FEIN or SS number
- Made a decision to eliminate the PUSH method of transmission
- Distributed a draft of the terms & conditions page including privacy statement
- Distributed a draft of FAQ/Help Text for sellers
- Started to set up conference calls with states for help on transmission & other technical areas.
- Schema changes for the registration finalized at the June TIGERS meeting

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## Certified service providers

- Issued RFP in the fall of 2004.
- Received 12 responses to the RFP.
- An evaluation team narrowed the list to 7.
- In March 2005 a new evaluation team began developing the certification criteria, timetable, and strategy.

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## Candidates to be Certified Service Providers

- Avalera
- EDS (with Vertex and Microsoft)
- Exactor (with Sabrix)
- Taxware
- Sales Tax Services
- Salis
- Paychex

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## Certified service providers

- **Evaluation team of 32 people from 20 states and the Multistate Tax Commission.**
- **Team includes policy, audit and computer experts.**
- **Each company completed a security self-assessment guide.**
- **Each company receives at least one on-site visit.**
- **The on-site visits started the week of June 1 and will end the middle of July.**
- **The states have started putting together a collection of sample transactions that will be run through each company's system.**

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## State Databases

- Database matching rate to local jurisdiction
- Database of boundary information for local jurisdictions
- Taxability matrix

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## Technology Implementation Challenges:

- State development of databases.
- State interfaces with central registration system.
- Continued testing of CSP systems to maintain certification.
- Continue certification of new CSP candidates.

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## Governing Board

- Formation on October 1, 2005
- Membership up to 4 from eligible states
- Administers SSUT Agreement
- Meets at least annually
- Executive Committee (4 Officers & 5 Dir)
- Enters into contracts

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## Governing Board

- Approves rates and jurisdictional databases
- Certifies compliance systems and service providers
- Approves uniform tax returns and exemption certificates
- Promulgates rules necessary to administer Agreement

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## Governing Board

- Standing Committees
  - Nominating
  - Compliance Review and Interpretations
  - Finance
  - Issue Resolution
- Ad hoc committees

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## State and Local Advisory Council

- Advises Governing Board
- Membership from each SSTP state & local representation
- President of Exec. Committee appoints Chair and Vice Chair

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# Business Advisory Council

(Agreement amended April 05)

- Amended provision
- Role of council
- Relationship to Governing Board

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