

Streamlined Sales Tax

Process Review

Gary Centlivre, CEO
Kansas Department of Revenue
SST Certification Committee

David Thompson, CIT
SSTGB, Inc.
Testing Central

Streamlined Sales Tax

- Certification process
- Member State implementation
- SSTGB, Inc
- Testing Central
- Change Control

Certified Service Provider (CSP)

"An agent certified under the Agreement to perform all of the seller's sales and use tax functions, other than the seller's obligation to remit tax on its own purchases." (sec.203, SSUTA)

Model 1 Seller

"A seller that has selected a CSP as its agent to perform all the seller's sales and use tax functions, other than the seller's obligation to remit tax on its own purchases." (sec.205, SSUTA)

Certified Service Provider

- A third party that provides a sales tax administration system that is certified by the member States of the SSUTA.
 - Determines what is taxable and what is exempt
 - Sources the sale and calculates the correct tax
 - Reports and remits to the correct jurisdiction
 - Protects privacy of taxpayer information

CSP Requirements

(source: RFP11/01/04)

- Uniform Sourcing
- Exemption Processing
- Uniform Rounding
- Rate and Boundary Changes
- Tax Collection Procedures
- Liability Relief
- Tax Remittance Procedures
- Record Retention Procedures
- Audit Requirements
- Tax Privacy

Certified Technology – Criteria for Evaluation

- Technical Approach
- General Controls
- Application Controls
- System Modification Accuracy
- Sufficiency of Information
- Transaction Speed and Data Security
- Privacy Standards/Data Protection
- Electronic Format Capabilities
- Sampling Procedures

Acceptance Requirements

- Execute test decks successfully
- Successfully test single entry screen
- Successfully complete end-to-end testing
- Approval of tax rules
- Activity/Audit report capabilities
- Financial soundness assessment
- All other requirements of SSUTA (sec. 501B) and Certification Standards

Certified Automated System (CAS)

"Software certified under the SSUTA to calculate the tax imposed by each jurisdiction on a transaction determine the amount of tax to remit to the appropriate state, and maintain a record of the transaction." (sec.203 SSUTA)

Model 2 Seller

"A seller that selected a CAS to perform part of its sales and use tax functions, but retains responsibility for remitting the tax." (sec.206 SSUTA)

CAS Requirements

- Determines the applicable state and local sales and use tax rate for a transaction
- Determines whether or not an item is exempt from tax
- Determines the amount of tax to be remitted for each taxpayer for a reporting period
- Can generate required reports and returns (SER and IR)
- Any other requirements set by the governing board

Certification Timeline

- RFP issued November '04
- CSP Eval Committee formed - February '05
- Review of RFP responses - March '05
- Seven companies selected for evaluation - April '05
- System testing begins with three service providers - October '05
- Tentative Awards/Contract/Cost negotiations - April/May '06
- Final Contract Award to Certified Service Providers - June 2006

Certified Service Providers

Avalara – www.Avalara.com

ADP Taxware* – www.Taxware.com

Exactor = www.Exactor.com

*also a CAS provider

Calendar

- **Recertification of CSP's**
 - Compensation and Contract Review
 - Contract Renewal - July 1, 2008
- **New CSP Certification**
 - Evaluation – now through 11/1/07
 - System test – 11/1/07 through 5/1/08
 - Contract – no later than 7/1/08
- **Model 2 CAS Certification**
 - Ongoing Process

SST Member States

- **Full Member States**

States that are in compliance with the Streamlined Sales and Use Tax Agreement through it's laws, rules, regulations and policies.

- **Associate Member States**

States that are substantially compliant to the Streamlined Sales and Use Tax Agreement whose laws are not fully in effect but are scheduled for adoption by January 1, 2008.

SST Member States

- **Full Members**

Indiana, Iowa, Kansas, Kentucky, Michigan, Minnesota, Nebraska, New Jersey, North Carolina, North Dakota, Oklahoma, Rhode Island, South Dakota, Vermont, West Virginia

- **Associate Members**

Nevada, Ohio, Tennessee, Utah, Washington, Wyoming

Implementation and Compliance

- Rate and Boundary Databases
- Web Services
- SST Registration System
- Streamlined Electronic Return (SER)
- Information Return
- Electronic Payments
- Audit Information Processing

Required Reading

www.streamlinedsalestax.org

- SSUTA
- Article V, Governing Board Rules and Procedures
- SST White Papers
 - Rates and Boundary Databases
 - Returns and Remittances
 - Registrations
- Implementation Guide

Information

SSTGB, Inc. – Testing Central
David.Thompson@sstgb.org

and Participation

SST Certification Committee

TIGERs

Streamlined Sales Tax Governing Board, Inc.

Streamlined Sales Tax Governing Board, Inc.

Presented by
David Thompson

■ Location:

- 4205 Hillsboro Pike
- Suite 305
- Nashville, TN
- Phone: 615.460.9330

■ Employees:

- Scott Peterson, Executive Director
- David Thompson, IT Director
- Jessica Ando, Executive Assistant

SSTGB Technical Responsibilities

- Monitor problems and changes of the SST registration system
- Maintain SSTGB web site, list servs, and FTP area
- Maintain Testing Central

SST Registration System

- Central web based registration system
- Ability to register and make registration changes once for all member states

- 22 – States are current members
- 1032 registrations
 - 93 registered as Model 1s (CPS)
 - 58 registered as Model 2s (CAS)
 - 881 registered as Model 4s

SSTGB Web Site

- Currently developing new web site.
- Meeting Calendar
- Committee Meetings and Documents

SSTGB Web Site

- Technology Information – Implementation Guide, R&B paper, Schema changes..etc.
- State Contact URLs for R&B Files and Revenue Department
- WWW.streamlinedsalestax.org

SSTGB FTP Area

- Secure area for transferring data
- Each state has Admin, Audit and Registration directories
- Place to have all R&B files in one location

Testing Central

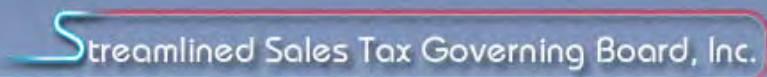
- Maintain changes log of CSP system changes
- Maintain log of CSP system problems discovered in state testing
- Maintain log of state rate and boundary changes

SSTGB List Servs

- Subscribe – Unsubscribe from SSTGB web site
- Current List Servs available:
 - Governing Board (restricted)
 - State and Local Government Advisory Committee (SLAC) (open to public)
 - Compliance Review and Interpretation Committee (CRIC) (open to public)

SSTGB List Servs

- Current List Servs available:
 - General Public Information (Open to public)
 - Certification Committee (restricted)

Streamlined Sales Tax Governing Board, Inc.

David Thompson
David.Thompson@SSTGB.org
931-387-2280