

TIGERS SUMMARY FOR STREAMLINED SALES TAX – MARCH 2006

1. Streamlined Registration System

A. AddressLine

- RegNew and RegCou schemas have one element, AddressLine, with two occurrences. Some parsers/mappers do not recognize the multiple occurrences, and overlay the first address line with the second. Proposal was to change the element to two separate elements, AddressLine1 and AddressLine2, which would match the 1120 schema.
- Because a) all states either have no problem or have a workaround in place, b) the Governing Board is unlikely to fund unnecessary changes, and c) all states would have to make this change and retest, it was voted not to make this change at this time.

B. Seller Phone

- Tennessee submitted a Change Request to add a phone number to the seller's mandatory data, so that the state agency can reach the seller even if the contact information is a CSP or other agent. It is not an emergency; just want it in the queue.
- Tennessee received TIGERS assurance previously that this is a feasible change, and has received an estimate from TaxWatch of less than \$1000 for the change. They will now take the proposal to the SLAC for approval.
- This process for submitting changes: taking the Change Request to TIGERS to determine technical feasibility, obtaining a quote from TaxWatch, and then taking the proposal to the SLAC, will be documented in the Implementation Guide.

C. Get Changed/Unacknowledged Web Service Method

- TaxWatch problem has been fixed.
- It was reiterated that this should be the default method to be used by states to retrieve registration data. It will retrieve any messages that were "lost" for any reason en route to the states, and will reinforce the need for states to acknowledge all transactions.
- A notice will be put out on the SSTRegister and TIGERS listserves that the problem has been fixed, and that the method should be used.

D. Model Clarifications

- Model 1 – the first CSPs will be voted on at the Indianapolis meeting, and may be certified mid-May and contracts signed. Then the seller has 60 days from the date that the seller signs up with the CSP before the seller is required to file a SER, however some CSPs say that they will be ready more quickly.
- Model 2 – the CAS number will be CASnnnnnn, but it has not been determined how they numbers will be assigned. The Evaluation Team is starting to work on Model 2 evaluations, and to determine the process flow. One CAS may be ready for certification as soon as the CSPs are certified, however no date can be given right now as to when Model 2's will be ready to file.
- It will be a while before the Evaluation Team can deal with Model 3 candidates. There may be some identification number assigned to Model 3 sellers to indicate their certification.

E. Volunteer Definition Schema Changes

- Considerable time was spent on this issue, the proposed changes, and the schedule for the changes. A separate write-up of this discussion was provided by Janis Wright of Indiana, and was distributed via the SSTRegister and TIGERS listserves.
- No action has been taken to date on this issue. The changes were placed on hold until the Governing Board approves wording for the volunteer/non-volunteer election on the Registration online application.

2. **Simplified Electronic Return (SER)**

- TotalSales and TaxableSales include both sales in state and sales outside of state, but do not include the seller's own purchases and withdrawals from inventory.
- TotalTaxDue includes all three tax amounts: tax on sales in state, tax on sales out of state, and tax due on the seller's own purchases and withdrawals from inventory.
- Although Accelerated Payments are listed as an exemption/deduction on the Information Report definition, they should be reported on the SER as part of PriorPayments. TIGERS will recommend that they be taken out of exemptions/deductions. It is not required for a state to allow prepayments; this capability was added to the SER to allow states with current prepayment processes to continue with them.
- These business rules will be documented in the Implementation Guide.

3. **Lexicon**

- Washington State has drafted a lexicon of terms, especially elements and complex types, used in Streamlined technology. Appreciation was expressed to Washington for the effort that went into the lexicon.
- Tim Sachs (Ohio), Willie Hucks (NC), and Ruth Rowley (MN) will review the lexicon and edit as necessary.
- The final lexicon will be distributed as part of the schema package, and referenced in the Implementation Guide.

4. **PaymentIndicator**

- The issue was raised that there are two indicators of whether a payment is present with the SER: the FilingType and the PaymentIndicator, both in the FilingHeader. If the two do not match, which one is utilized, and is this an error?
- The group voted to delete the PaymentIndicator with the next schema release, since it is redundant and unnecessary.
- There is already an error message, "Filing type in header does not match schema(s) of document." This message will be all that is needed.

5. **Operational Issues**

- A conference call was held to discuss operational issues, but it generated fewer issues than anticipated.
- Jane Page will update the FAQ on the state site to include information from the call.
- No follow up is planned at this time; another call may be needed when SERs start being filed.
- It was noted that if a seller uses the SER, the seller must use the SSTEP-ID. If the seller uses the existing state process, the seller may use either the SSTEP-ID or a state-assigned ID, depending on state process.

6. Rates and Boundaries

A. Rules Recap

- Rates & Boundaries databases should be available now for all member and associate states.
- Changes can only be made on the calendar quarter, and must be posted 60 days prior to the quarter.

B. State Usage Issues

- Concerns were raised with one state's use of zero-value Rate Table records for all FIPs combinations that do not levy tax. Preferred process is not to have Rate Table entries if no tax is levied.
- Concerns were raised with several states' use of Special Taxing Districts for geographical areas which do not actually have taxing authority.
- It was noted that the R&B technology supports both of these practices; it is not a TIGERS decision as to whether they should be allowed.

7. Web Services

- A spreadsheet was reviewed that was compiled by a CSP candidate, showing a list of points where several states vary from the TIGERS standard web service definitions for transmission and acknowledgement of SERs. It was agreed that all J2EE and .Net states must utilize the standard web services. States with other technology must come as close as possible. Specific requirements include the following:
 - The standard security header, including transmitter id and password, must be used. The Implementation Guide has one typo in the security header, that will be fixed.
 - States using HTTP/S must use a standard commercial certificate. Self-generated certificates require extra code for .Net shops
 - The Ping method must also contain the security header.
 - If message text is sent with the Ping, then it must be echoed back in the response. If no message is sent with the Ping, then a short text string with the current schema version and release should be returned.
 - Ack and LastAck must accept the standard message including transmitter ID.
 - All states must implement new schema versions at the agreed date and time. CSPs should not have to support multiple schema versions in production mode.
- The above standards will be added to the Implementation Guide to clarify the use of the Web Services.
- The spreadsheet will be sent to the CSP Evaluation Committee.

8. Information Report

- The Governing Board has not discussed the staggering of Information Reports. Staggering may not be an issue for the CSPs if the Information Reports are automatically generated.
- There are two paths in the Information Report schema, one with locations for retail sales, and one without locations. States can determine which path a given seller must use.
- The LocationId is the identifier that the state uses to identify the retail location. States must provide sellers and CSPs with the correct location codes for filing. It is assumed that if the seller has multiple retail locations in the state, and has been filing the state's traditional sales return, then the seller should already have the

codes, which may be retail license numbers. CSPs will have to be storing transactional data by location.

- LocationId of all zeroes (string of length equal to the state's location code) may be used to indicate use tax if location is not involved.
- The four sales tax amounts and two use tax amounts are amounts of tax, not amounts of the basis for the tax.
- By the date of implementation, there may only be two sales tax rates allowed.

9. **Full Electronic Return (FER)**

- The FER has no standing in Streamlined Sales Tax.
- The transmission package and acknowledgement have not yet been developed.
- The FER schema set was reviewed, and the following changes made:
 - The PaymentIndicator will be removed from the header, as was done for the SER FilingHeader.
 - Any unbounded strings or amounts will be bounded.
 - Accommodations data will be expanded to include the number of days and the rate.
 - Elements will be added for rates and bases of exemptions/deductions.
 - Bases and rates will also be added to Solid Waste.
 - Bases and rates will also be added to Other Tax.
 - Car and truck rental data are needed for Florida and Maryland.
 - For the FER, the jurisdiction code is defined by the state. It may be the FIPS code, or may be a code used by the state's traditional return.
 - Administrative information, such as address change indicator and new address, last return indicator, closed business indicator and date closed will be added.
 - Rates will be added to the Discount loop.
 - Additional elements will be added, including Tax Collected and Excess Tax Collected.
- The FER may be of interest to other parties. Sales tax software providers will be invited to contribute to FER development. The TIGERS listserv and FTA venues will be used to invite other states to participate.