

Streamlined Sales Tax Project


FTA Revenue Estimating and Tax Research Conference

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Streamlined Sales Tax Discussion Agenda

- **Background of Project**
- **State Legislative Status**
- **Streamlined Sales Tax Implementing States**
- **SSTIS Action on SSTP Recommendations**
- **What's Ahead?**



Streamlined Sales Tax Project Background

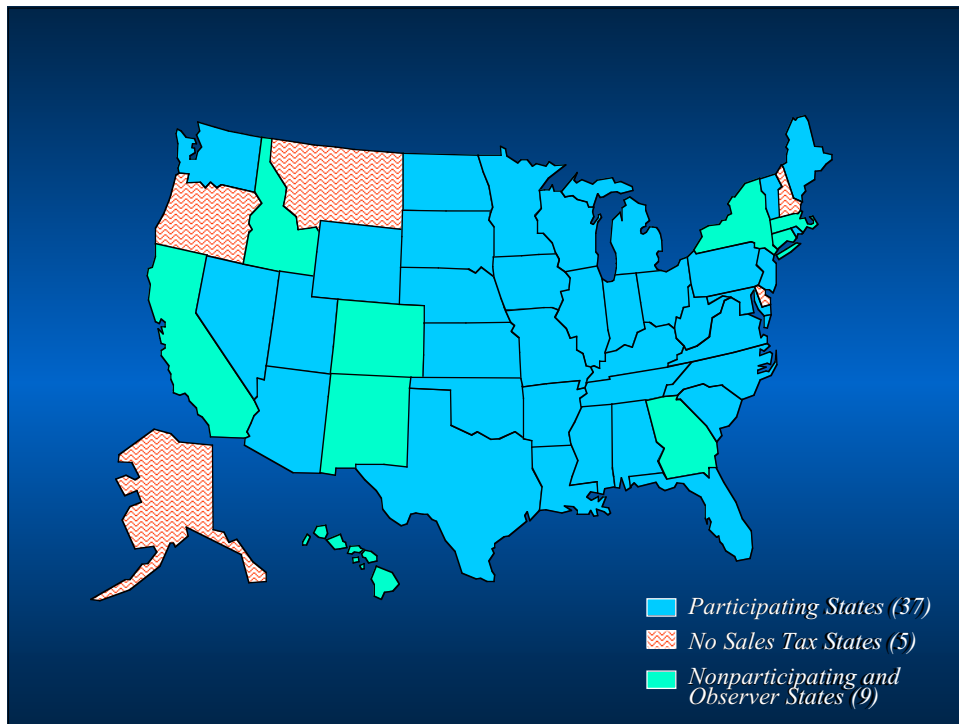
- **What is SSTP?**
 - Modernize sales and use tax
 - Affects all taxpayers and all commerce
- **Why is modernization important?**
 - Reduce complexity especially for multistate taxpayers
 - Increase voluntary compliance
 - Congressional sale on remote sales



Key Strategies

- **Simplification**
- **Uniformity**
- **Shift responsibilities to States**
- **Use of Technology**





Streamlined Sales Tax System Model Legislation

- **Model Act**
 - Authority to enter agreement
 - Conforming legislation
- **Interstate Agreement**
 - Contract between states
 - Details of tax administration
 - Governance model



Streamlined Sales Tax Project Legislative Status

- **Legislation introduced in 37 states**
- **Act and Agreement provisions enacted in 4 states-**
 - Wyoming
 - Minnesota
 - North Carolina
 - South Dakota



Streamlined Sales Tax Project Legislative Status

- **Act enacted in 34 states –**
Wyoming, Kentucky, Utah, Arkansas,
North Dakota, Indiana, Maryland, Oklahoma,
Louisiana, Tennessee, Nebraska, Nevada,
Florida, Texas, Minnesota, Rhode Island,
Illinois, North Carolina, Wisconsin, Michigan,
New Jersey, South Dakota, Maine, West
Virginia, Ohio, Washington, Virginia, Alabama,
Kansas, Iowa, Arizona, Missouri, Vermont,
and South Carolina
- **Enacted in District of Columbia**



Streamlined Sales Tax Implementing States

- **Purpose**
 - Finalize provisions of interstate agreement to simplify and modernize
- **Process**
 - Review and act on recommendations of SSTP
- **Membership**
 - Passage of Uniform or Simplified Sales and Use Tax Administration Act
 - Currently 34 states and D.C.



SSTIS Action on SSTP Proposals

- **State tax administration of local sales and use taxes (Adopted)**
- **Base Simplification (Adopted)**
- **Simplified exemption processing (Adopted)**
- **Uniform sourcing (Adopted)**
 - Telecommunications Sourcing (Adopted)
- **Single registration (Adopted)**



SSTIS Action on SSTP Proposals

- **Menu of uniform definitions (Adopted)**
 - Food
 - Prepared Food
 - Candy
 - Soft Drinks
 - Clothing



SSTIS Action on SSTP Proposals

- **Menu of uniform definitions (Adopted)**
 - Lease
 - Tangible Personal Property
 - Drugs
 - Medical Equipment
 - Software
 - Delivered Electronically
 - Load and Leave



SSTIS Action on SSTP Proposals

- **Limitation on State rates per state**
(Revised - allow second rate on food and drugs)
- **Single local rate per jurisdiction** (Adopted)
- **Limitations on caps and thresholds** (Adopted)
- **Uniform treatment of bank holidays** (Adopted)



SSTIS Action on SSTP Proposals

- **Sales Tax Holidays**
(Revised to allow for limited defined products)
- **Limited scope audits and certification standards**
(Adopted)
- **No nexus attribution for voluntary collection**
(Adopted)
- **Simplified filing - uniform form (ELF)** (Adopted)
- **Electronic funds transfer for remittances**
(Adopted)



SSTIS Action on SSTP Proposals

- **State data base matching rate to jurisdiction (Adopted)**
- **States cannot hold retailers liable if state-provided information is incorrect (rates, boundaries, zip+4 assignment) (Adopted)**
- **Tax Collection and Remittance Models (Adopted)**
- **Governance (Adopted)**



What's Ahead for the Streamlined Sales Tax Effort?

- **Legislative Action and Education**
 - Final Vote on Agreement (November?)
 - State Legislation complying with Agreement
- **Federal Legislative effort**
 - Expiration of Internet Tax Freedom Act in November 2003
 - Business Activity Tax Nexus
 - Cost of Collection Study



What's Ahead for the Streamlined Sales Tax Project?

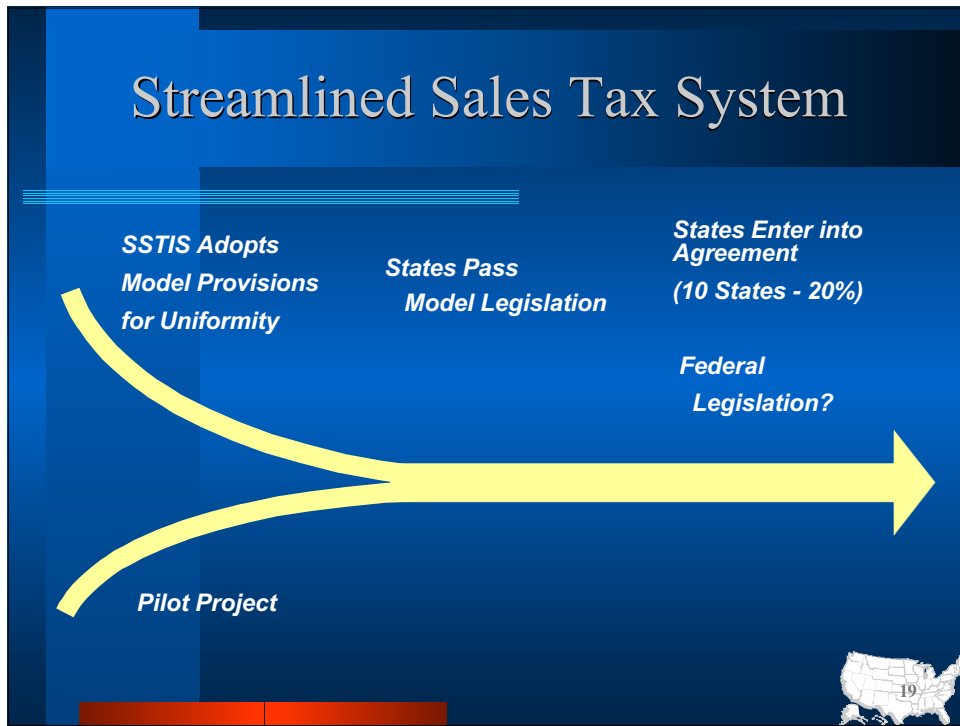
- **More Definitions (Digital Goods)**
- **Implementation**
 - Data Bases
 - Audit standards and procedures
 - Exemption administration
 - Uniform forms
 - Uniform exemption certificate
 - Central registration process



What's Ahead for the Streamlined Sales Tax Project?

- **Technology Issues**
 - Tax Collection Models
 - Pilot Project (Model 1)
 - Certification Standards (Model 2)
 - Address/Rate Database
 - Central Registration System





Questions?

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