

The Case For Consumer-Focused Use Tax Enforcement and Experimentation

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Adam B. Thimmesch
Associate Professor of Law
University of Nebraska College of Law



Nebraska Law
University of Nebraska

Outline of Presentation

- Background
- Why focus on consumer compliance?
- How can we promote consumer compliance?

Use Tax History

National Bellas Hess



Quill



S.D. v. Wayfair

Why should states take action?

- Aren't the feds handling it?
 - *South Dakota v. Wayfair*
 - Marketplace Fairness Act

Why should states take action?

- Aren't the feds handling it?
 - *South Dakota v. Wayfair*
 - Marketplace Fairness Act
- Is it worth it?
 - Economic
 - Rule of Law
 - Psychological
 - Lessons for compliance generally

How do you promote voluntary compliance with an unenforceable tax?

Models of Tax Compliance

- Deterrence
- Social Norms
- Legitimacy
 - Trust
 - Procedural Justice
 - Retributive Justice
- Behavioral Economics

Ideas

- Increase knowledge
 - Information reporting
 - Letters/other advertising
 - Focus on tax return preparers



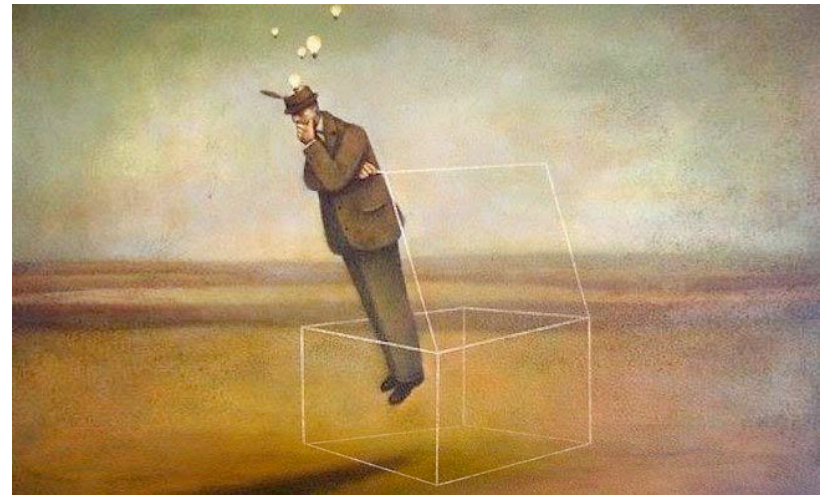
Ideas, cont.

- Detering Non Compliance
 - Audits (indirect audit effect)
 - Inquiry letters for zero reporters
 - Decrease costs of compliance
 - Penalties / collateral sanctions
 - Return preparer penalties ?



Ideas, cont.

- Non-Deterrence Approaches
 - Give voice
 - Behavioral Use Tax
 - Withholding
 - Tax form design



Information

- Adam Thimmesch, athimmesch2@unl.edu
- @AdamThimmesch
- Papers found at:
 - <http://ssrn.com/author=1627011>
 - *Taxing Honesty*
 - *Testing the Models of Use-Tax Compliance: The Use-Tax Experiment*

