



*Streamlined
Sales Tax Project*

Policymakers' Briefing
Rosemont, Illinois
September 6, 2000

Streamlined Sales Tax Project

■ *Background*

- *Simplification Project*
- *National Tax Association Project*
- *Advisory Commission on Electronic Commerce*
- *National Governors' Association Proposal*

Streamlined Sales Tax Project

- *Project Focus - Modernization*
- *Project Vision*
 - *Simplification and Uniformity*
- *Project Mission*
 - *To develop measures to design, test and implement a system that radically simplifies sales and use taxes*

Streamlined Sales Tax Project

- *Project Organization*
 - *Steering Committee*
 - *Seven Members*
 - *MI, MO, NC, SD, TN, WI, and WY*
 - *Work Groups*
 - *Project Meetings*
 - *Seven Meetings*
 - *Denver (2), St. Louis, Chicago (3), San Antonio*

Participating States (26)

Arkansas

Florida

Illinois

Iowa

Kansas

Kentucky

Louisiana

Maryland

Michigan

Minnesota

Mississippi

Missouri

Nebraska

New Jersey

N. Carolina

N. Dakota

Ohio

Oklahoma

Rhode Island

S. Carolina

S. Dakota

Tennessee

Utah

West Virginia

Wisconsin

Wyoming

Observer States (13)

Alabama

California

Colorado

Connecticut

Georgia

Idaho

Indiana

Maine

Nevada

Pennsylvania

Texas

Vermont

Washington

Work Groups

- *Technology, Audit, Privacy and Paying for the System*
- *Tax Base Uniformity and Exemption Administration*
- *Tax Rates, Registration, Returns and Remittances*
- *Sourcing and Other Simplifications*

Technology, Audit, Privacy, and Paying for the System

- *Technology solutions*
- *Privacy of purchasers*
- *Audit and certification standards*
- *Paying for system*

Technology, Audit, Privacy, and Paying for the System

■ *Models*

- *Certified Service Provider (CSP)*
- *Retailer Using Certified Automated System (CAS)*
- *Proprietary System as a Certified Automated System (CAS)*
- *Traditional collection systems*

Certified Service Provider

- *Retailer selects CSP to perform sales tax functions.*
- *CSP determines tax due, pays the tax to the states, and files the return with the states using a CAS.*
- *States will compensate a CSP.*
- *CSP is liable for tax collected and tax due on transactions using certified software.*
- *CSP is not liable for tax due as a result of errors by the state and fraud by the retailer.*
- *CSP is subject to audit and periodic system checks.*

Retailer Uses Certified Automated System

- *Retailer selects CAS to calculate tax due.*
- *Person who obtained CAS state certification liable for failure of system to perform as certified and failure to timely correct errors.*
- *Retailer is liable for tax collected and tax due on transactions using CAS.*
- *Retailer is subject to audit on tax remittance and return filing.*
- *CAS is subject to periodic system checks.*

Proprietary System as a Certified Automated System

- *Retailer obtains certification of sales tax system from states.*
- *Retailer is liable for tax collected and tax due on transactions using system.*
- *Retailer is subject to periodic system checks.*
- *Retailer is subject to audit on tax remittance and return filing.*

Traditional Collection Systems

- *Current practice*
- *Uniform laws will apply (existing taxpayers get benefits)*

Tax Base Uniformity and Exemption Administration

- *Exemption Processing*
 - *Relax good faith requirement*
 - *Exemption database*
- *Product codes/classifications*
 - *Exploring coding systems*
- *Definitions*

Tax Rates, Registration, Returns and Remittances

- *Rate issues*
- *Matching rates to jurisdiction*
- *Notice of tax rate changes*
- *Single registration*
- *Simplified filing*

Sourcing and Other Simplifications

- *Uniform treatment of bad debts*
- *Uniform rounding*
- *Uniform sourcing*

The Project

■ *Accomplishments*

- *Reviewed Features and Issues*
- *Met with Software Providers*
- *Met with Retailers*
- *Recruited Resource People*
- *Increased State Participation*
- *Issued RFP for Pilot Program*
- *Awarded Contracts for Pilot Program*

Pilot Project

- *Purpose - Test Linkage*
- *Features - Existing Tax Law and Some Uniformity Features*
- *States: Kansas North Carolina*
Michigan Wisconsin
- *Projected Date - October 1, 2000*
- *Certified Service Providers*
 - *esalestax.com*
 - *Pitney Bowes (Vertex)*
 - *Taxware International (Hewlett-Packard)*
 - *Taxware International (Pitney Bowes)*

Streamlined Sales Tax System

Model Legislation

Uniform Features

- ***Rate Simplifications***
- ***Initial Uniform Definitions***
- ***Exemption Administration***
- ***Uniform Sourcing Rule***
- ***Uniform Bad Debts Treatment***
- ***Uniform Rounding Rule***
- ***Certification Authority***
- ***Payment Provisions***

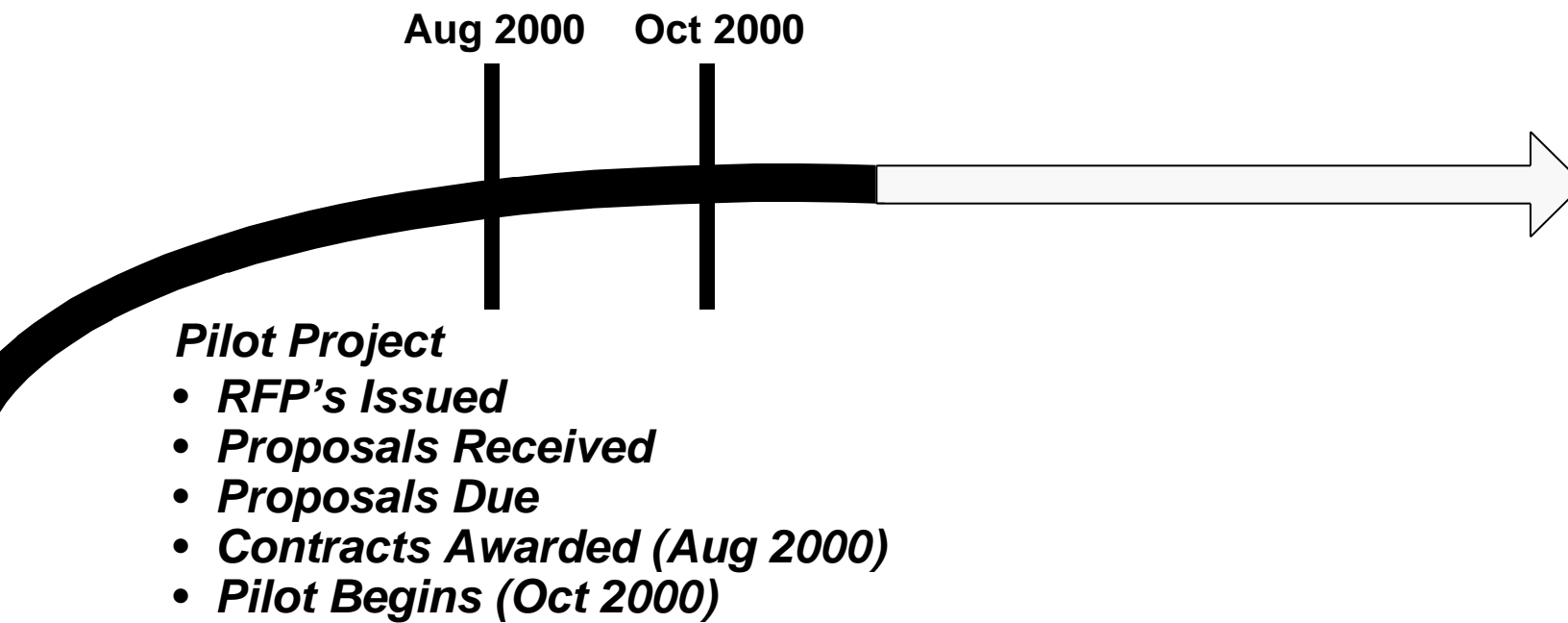
Additional Development (Phase II)

- ***More Uniform Definitions***
- ***Product Coding***
- ***Uniform Return***
- ***Review of Pilot Results***



Jan 2001

Streamlined Sales Tax System



Streamlined Sales Tax System

***Model Legislation
(Uniform Features
and Procedures)***

**Legislative Adoption of Model
Legislation (Phase I)
Project (Phase II)**

Pilot Project

Project Timeline

<i>Sept 13-15</i>	<i>Project Meeting</i>
<i>Sept 19</i>	<i>Draft Work Products Posted to Website</i>
<i>Sept 29</i>	<i>Public Comment Day</i>
<i>October</i>	<i>Project Meeting</i>
<i>October</i>	<i>Drafting of Model Legislation</i>
<i>December</i>	<i>Approval of Model Legislation</i>
<i>2001</i>	<i>Legislative Adoption of Model Legislation</i>
<i>2001</i>	<i>Additional Development</i>

Website

- *www.streamlinedsalestax.org*
 - *Structure and Rules*
 - *Participating States*
 - *Meeting Announcements*
 - *Agendas*
 - *Press Releases*
 - *Project Updates*