

Streamlined Sales Tax[®]

The Importance of Uniform Definitions

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Disclaimer

Streamlined Sales Tax[®] Governing Board does not control or interpret state laws.

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What is Streamlined Sales Tax[®] (SST)?

Started in 1999: National Governors Association, National Conference of State Legislatures, Federation of Tax Administrators and Multistate Tax Commission requested tax administrators to develop a simpler sales tax system:

- Address complexities faced by multistate businesses
- Address the unlevel playing field for merchants
- Addresses loss of revenue from states unable to efficiently collect taxes already imposed

Effort by State and Local Governments and Business Community

What is SST? - Streamlined's Goals

01

Create a simpler system for administering the various state and local sales taxes

02

At least make processes uniform if they cannot be made simple

03

Balance the interests of a state's sovereignty with the interests of simplicity and uniformity

04

Leverage the use of technology to ease the retailer's tax collection and reporting

Results:
Streamlined Sales
and Use Tax
Agreement
(SSUTA)

SSUTA effective October 1, 2005

Current membership (6/1/2024)

- 23 Full members:

Arkansas, Georgia, Kansas, Kentucky,
Indiana, Iowa, Michigan, Minnesota,
Nebraska, New Jersey, Nevada, North
Carolina, North Dakota, Ohio,
Oklahoma, Rhode Island, South Dakota,
Utah, Vermont, Washington, West
Virginia, Wisconsin, Wyoming

- 1 Associate member:

Tennessee

Key Features of SSUTA

- State level administration of local sales and use taxes
- Common state and local tax bases within a state
- Uniform destination-based sourcing rule for goods and services
- One-stop central registration system
- **Uniform definitions**
 - Administrative
 - Product
 - Sales Tax Holidays
- Uniform simplified electronic return (SER)

Key Features of SSUTA

- Taxability matrices
 - Library of Definitions
 - Tax Administration Practices
- Rate and boundary databases
- Simplified exemption administration
- Liability relief provisions
- Certified Service Providers (CSPs)

Importance of Uniform Definitions

- Reducing complexity
- Achieving legislative intent
 - Toggles
- Multistate businesses
 - Remote sellers
- State administration
 - Local administration (differences?)

Common Definitions in SSUTA

- Sales Price (Administrative)
 - Numerous toggles
- Food (Product)
 - Candy, soft drinks
- Drugs and Medical (Product)
 - Numerous Toggles
- Clothing (Product)
- Digital goods (Specified digital products) (Product)
- Computer software (Product)
- School supplies (Sales Tax Holidays)
- Firearm Safety (Product)

Summary

- Uniform Definitions Should Be Followed When Possible
 - Business community input important
 - Helps provide clarity and certainty
 - Nuances in definitions create burdens
- Definitions Affect All Retailers
 - Brick-and-mortar and remote sellers
- SST Willing to Develop Additional Definitions
 - Taxability Matrix

SST Statistics

- SST program has grown considerably – and takes more resources
 - 2009 (Wisconsin Joined) – 1,200 active sellers
 - 2018 (Wayfair decision) – 3,900 active sellers
 - Current – More than 29,000 active sellers
 - Adding 200 – 400 sellers per month
- Over \$9 billion collected and remitted

Nonmember State Participation

Goal of Nonmember State Participation

- Addressing third point raised by Supreme Court in *Wayfair* decision
 - Reducing “undue burdens”
- Not re-inventing the process
- Working in conjunction with current Streamlined states
- Not having to separately certify or negotiate contracts with the CSPs
- Contract compliance audits of CSPs conducted by Streamlined
- Uniformity for the CSPs

Nonmember State Participation

Limited participation

Requirements

- Use of Streamlined Sales Tax Registration System
- Develop and post rate and jurisdiction databases
- Complete and post taxability matrix noting differences
- Complete and post certificate of compliance
- Participate in CSP certification process and CSP contract
- Provide liability relief for reliance on state-provided information
- Pay annual membership dues

Miscellaneous Reminders

- Try to put yourself in the shoes of a small business trying to comply with 45 states and local jurisdiction laws
- Always looking for additional ideas and suggestions for improvements
- SST website has a wealth of information for multistate sellers
(www.streamlinedsalestax.org)

Streamlined's Recently Completed and Current Projects

- Digital Goods Sourcing – 5-digit zip codes – no delivery information
- Develop combined rate and jurisdiction look-up application
- Develop combined online filing portal
- Improved coordination with FTA and MTC
- Encourage Nonmember State Participation

Streamlined's Ongoing Projects

- Educate remote sellers on collection requirements post-*Wayfair*
- Pushback on federal legislation that would overturn *Wayfair*
- Foreign Sellers – identifying and registering
- Disclosed Practices and Best Practices

Questions



Contact Information

See “Contact Us” on website: streamlinedsalestax.org

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