



Streamlined Sales Tax, The *Wayfair* Decision and Importance of Membership

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AGENDA – Streamlined Sales Tax

- ▶ What is Streamlined?
- ▶ Why was Streamlined Started?
- ▶ Who's involved ?
- ▶ What Makes Sales Tax Systems Burdensome?
- ▶ Streamlined's Goals and Results
- ▶ How is Streamlined Governed?
 - ▶ Importance of Business Community
- ▶ Key Features
- ▶ Certified Service Providers
- ▶ The *Wayfair* Decision and Subsequent Federal Activity
- ▶ Streamlined Successes to Date
- ▶ Streamlined's Current Projects

Different Perspectives

- ▶ **State Perspective** - Legislative and DOR
- ▶ **In-State Business Perspective** – Sellers with physical presence in Kansas (your constituents)
- ▶ **Remote Seller Perspective** – Sellers located outside Kansas but shipping products into Kansas and trying to comply with Kansas' laws
- ▶ **Kansas-Based Remote Seller Perspective** – Sellers located in Kansas (your constituents) shipping products to other states and trying to comply with those other states' laws

Streamlined Sales Tax

What is Streamlined Sales Tax?

- ▶ Minimize Burdens Referenced in *Quill*
- ▶ Effort by State and Local Governments
 - ▶ Simplification
 - ▶ Uniformity
- ▶ Significant input from business community

What We Do

“Assist states as they administer a simpler and more uniform sales and use tax system.”

- Simplify and modernize sales and use tax administration in order to substantially reduce the burden of tax compliance.
- Improve sales and use tax administration systems for all sellers and for all types of commerce.

Why Was Streamlined Created?

- ▶ *Quill v. North Dakota* (1992) – Required physical presence
- ▶ Compliance with sales tax laws by multi-state corporations is too complex
- ▶ Local merchants suffer from lack of level playing field
- ▶ Significant losses of tax revenue due to growth in electronic commerce and inability of states to administer use tax with consumers

Who's Involved?

- ▶ **Non-profit Corporation Controlled 100% by Member States**
 - ▶ Voluntary Participation
 - ▶ 23 Full member states
 - ▶ 1 Associate member state
- ▶ **Local Governments**
- ▶ **Business Community**
 - ▶ Businesses
 - ▶ Tax Practitioners
 - ▶ Business Associations

What Makes Some States' Sales Tax Systems Burdensome?

- ▶ Separate state and local tax administration
- ▶ Unclear rules on who has the right to tax a transaction
- ▶ Too many tax rates within each state and locality
- ▶ Different state and local tax bases

What Makes Some States' Sales Tax Systems Burdensome?

- ▶ Separate state definitions – and some locals don't follow their own state definitions
- ▶ Retailer is held liable for tax when a buyer lies or fails to provide proof of an exempt sale
- ▶ Returns different in every state
- ▶ Separate registration required in every state – and even some local jurisdictions

Streamlined's Goals

- ▶ Create a simpler system for administering the various state and local sales taxes
- ▶ At least make processes uniform if they cannot be made simple
- ▶ Balance the interests of a state's sovereignty with the interests of simplification and uniformity
- ▶ 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 (as of 12/1/2022)
 - ▶ 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

Levels of State Membership

▶ **Full Membership:**

- In compliance with SSUTA and made effective
- One vote on Governing Board
- Pays annual dues
- Subject to recertification

▶ **Contingent Membership:**

- Same as full membership, but has not made the SSUTA effective

▶ **Associate Membership:**

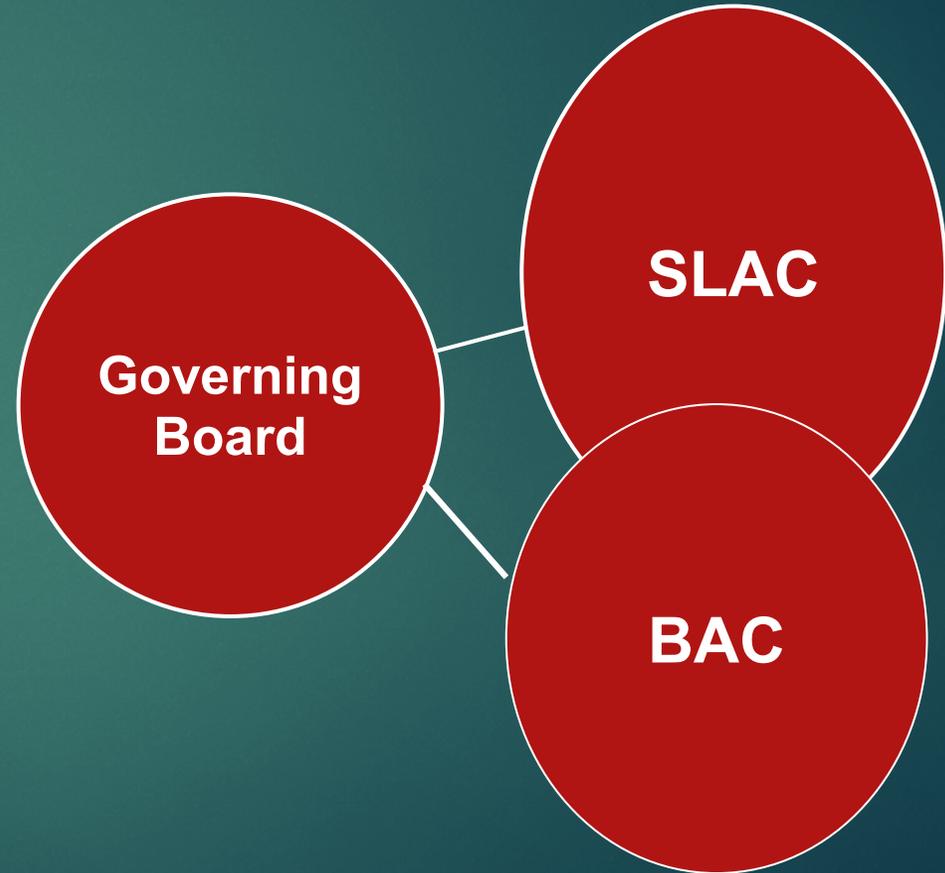
- Same as full membership, but is in substantial compliance and has not made the SSUTA effective

▶ **Advisor Membership:**

- Any state not a full, contingent or associate member

How Are We Governed?

- ▶ All member states have seat on the Governing Board
- ▶ Governing Board formed non-profit entity: Streamlined Sales Tax Governing Board, Inc
- ▶ Governing Board advised by
 - ▶ **State and Local Advisory Council**
 - ▶ **Business Advisory Council**



Governing Board

- ▶ Interpretations of and Amendments to SSUTA
 - ▶ $\frac{3}{4}$ vote requirement
- ▶ Certifies tax technology systems and service providers
- ▶ Reviews state compliance with SSUTA
- ▶ Implements administrative mechanisms
 - ▶ Vendor compensation
 - ▶ Multi-state audit procedures
- ▶ Handles dispute resolution

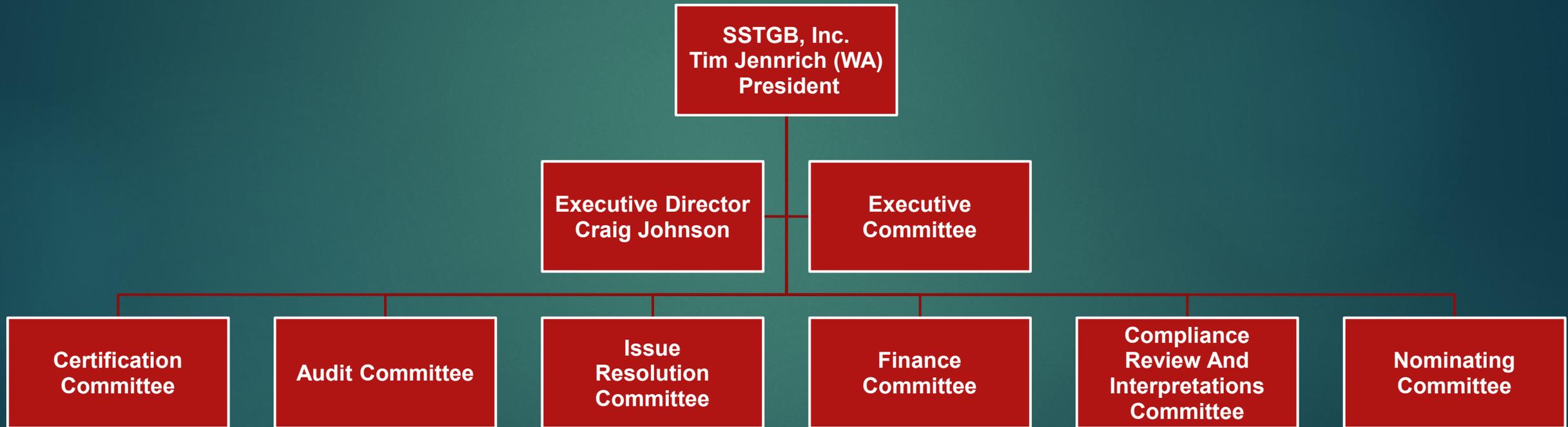
State and Local Advisory Council

- ▶ Voice for states and local governments – including those not on the Governing Board
- ▶ Ex officio membership on Governing Board
 - ▶ Chair – Dave Matelski (MI)
 - ▶ Vice Chair – Merry Hopkin (MN)
- ▶ Develops new definitions and analyzes proposed amendments
- ▶ Develops rules and advises on requests for interpretations
- ▶ Works with Business Advisory Council (“BAC”)

Business Advisory Council

- ▶ Voice of business community members
- ▶ Provides input to Governing Board and State and Local Advisory Committee related to administration, interpretation, compliance with and amendments to the agreement
- ▶ Members include businesses, associations, and practitioners
- ▶ Ex officio seat on Governing Board
 - ▶ Russ Brubaker – Tax Cloud

How Are We Governed?



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

SSUTA: Key Features

Uniform Definitions

- ▶ Food and food ingredients
- ▶ Prepared food
- ▶ Candy
- ▶ Soft drinks
- ▶ Dietary supplement
- ▶ Clothing
- ▶ Lease or rental
- ▶ Tangible personal property
- ▶ Bundled Transaction
- ▶ Drugs
- ▶ Durable Medical Equipment
- ▶ Computer Software
- ▶ Prewritten Computer Software
- ▶ Delivered Electronically
- ▶ Load and Leave
- ▶ Sales Price
- ▶ Specified digital products

Key Features of SSUTA

- ▶ Uniform simplified electronic return
- ▶ Rate and boundary databases
- ▶ Taxability matrix
- ▶ Simplified exemption administration
- ▶ Liability relief provisions
- ▶ Protection of consumer privacy
- ▶ Certified Service Providers (CSPs)

State Liability Protection Obligations



States must provide

- ▶ Database matching tax rates to local jurisdictions
- ▶ Database of boundary information for local jurisdictions
- ▶ Taxability matrix that identifies whether defined products are exempt or taxable under the state's laws

The “Certified Service Provider” (CSP)

▶ Who or what is a CSP?

A third party that allows sellers to outsource its sales tax compliance responsibilities

The “Certified Service Provider” (CSP)

- ▶ Uses a Certified Automated System (CAS)
 - ▶ Determines:
 - ▶ Taxability of transaction
 - ▶ State and local tax rates
 - ▶ Tax due to each jurisdiction
 - ▶ Generates and files returns
 - ▶ Makes required remittances
 - ▶ Meets other requirements set by SSTGB

The “Certified Service Provider” (CSP)

- ▶ **Benefits to States:**
 - ▶ **Upfront review of tax rules**
 - ▶ **Confidence that proper rates are being charged**
 - ▶ **Timely and electronic filing of returns**
 - ▶ **Ongoing testing of system for accuracy**
 - ▶ **No cost unless tax is collected and remitted by “CSP-Compensated Seller”**

The “Certified Service Provider” (CSP)

▶ **Benefits To Sellers of Using CSPs:**

- ▶ Sellers who have to collect tax in a Streamlined state solely because they exceed the state’s economic nexus requirements may use CSP’s at **no cost** in those states
- ▶ Seller makes a single automated payment for all remittances
- ▶ CSP distributes the money to appropriate jurisdictions
- ▶ CSP assumes responsibility for audit(s)

The “Certified Service Provider” (CSP)

▶ Operating in Streamlined and Non-Streamlined States

- ▶ CSP only compensated in SST states where seller qualifies as a “CSP-compensated seller”

▶ Who is a “CSP-compensated seller”

▶ General Requirements:

- ▶ Registered through the SSTRS and
- ▶ The Seller meets all the following criteria during the 12-month period preceding the date of registration with the Streamlined State:
 - ▶ no fixed place of business for more than 30 days in the state
 - ▶ less than \$50,000 of Property in the state
 - ▶ less than \$50,000 of Payroll in the state
 - ▶ less than 25% of its total Property or Payroll in the state
 - ▶ was not required to be registered to qualify as a supplier to the state



Federal Legislation

Federal Legislation – The Proposals



Since 2005, the following types of legislative bills have been introduced:

- Main Street Fairness Acts (MSFA)
- Marketplace Equity Act (MEA)
- Marketplace Fairness Acts (MFA)
- Remote Transactions Parity Act (RTPA)
- Online Sales Simplification Act (draft only)
- No Regulation Without Representation Act



State Frustration Leads to *Wayfair* Decision

South Dakota v. Wayfair – What the Court Held

- ▶ U.S. Supreme Court (June 21, 2018)
 - ▶ Overturned a physical presence requirement for sales/use tax (*Bellas Hess* (1967) and *Quill* (1992))
 - ▶ Added an “economic and virtual presence” test
 - ▶ Only addressed the first prong of *Complete Auto*’s (1977) four prong test – requires a taxpayer have “substantial nexus with the taxing state”
 - ▶ South Dakota’s \$100,000 in sales or 200 transactions held by the Court to be sufficient because “the seller availed itself of the substantial privilege of carrying on a business in South Dakota”

South Dakota v. Wayfair – What the Court Did Not Hold

- ▶ The Court did not rule on the overall constitutionality of South Dakota's law;
 - ▶ The Court remanded the case back to South Dakota to address “whether some other principle in the Court's Commerce Clause doctrine might invalidate [South Dakota's law]”
 - ▶ The Court noted these issues were not litigated or briefed; thus, the Court remanded the case for the lower courts to resolve them
 - ▶ Case was ultimately settled with no resolution on undue burdens, etc.

South Dakota v. Wayfair - Guidance

- ▶ The Court noted three features about South Dakota's law that appeared to be **designed to prevent discrimination against or undue burdens upon interstate commerce**:
 - ▶ Transactional Safe Harbor;
 - ▶ No retroactive application; and
 - ▶ **Membership in the Streamlined Sales and Use Tax Agreement (SSUTA)**

South Dakota v. Wayfair - Guidance

- ▶ Specific Items Noted in *Wayfair* Decision Related to South Dakota being a member state of the Streamlined Sales and Use Tax Agreement:
 - ▶ SSUTA states standardize taxes to reduce administrative and compliance costs
 - ▶ SSUTA states have single state level administration
 - ▶ SSUTA states share uniform definitions of many products and services
 - ▶ SSUTA states have simplified tax rate structures
- ▶ **Other uniform rules:**
 - ▶ SSUTA states provide access to sales tax administration software paid for by the member states
 - ▶ Sellers in SSUTA states who choose to use such software are immune from audit liability



Economic Nexus and Remote Sellers

Economic Nexus

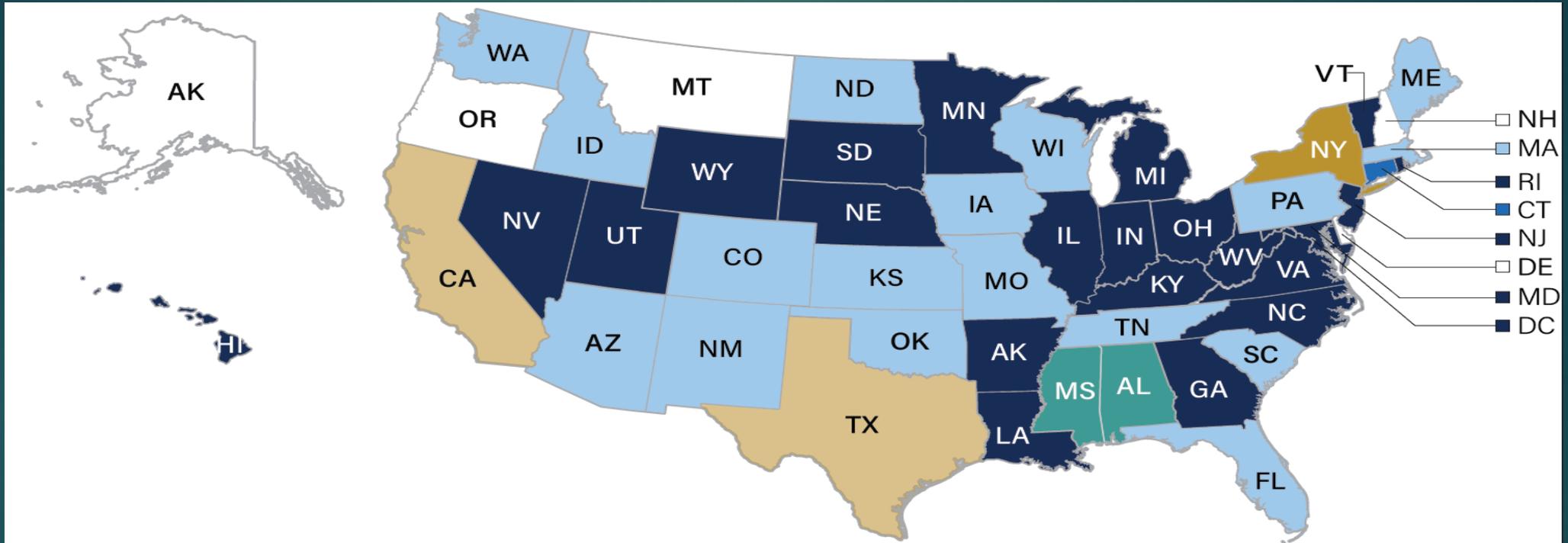
It's no longer just location, location, location . . .

- On June 21, 2018, the U.S. Supreme Court ruled in favor of South Dakota, giving states authority to impose sales tax obligations on out-of-state sellers based on their level of economic activity in that state
- All of the 45 states with a state sales tax have now adopted economic nexus
 - ▶ Thresholds vary by state
 - ▶ Calculations vary by state

Remote Sellers – Questions They Ask

- ▶ Do I ship products into states where I am not registered?
- ▶ Have I exceeded the economic nexus laws and thresholds enacted by a state?
 - ▶ How are the thresholds calculated?
- ▶ Do I need to collect sales tax on these transactions?

Sales Tax Economic Nexus Thresholds for Remote Sellers, as of September 2022



Threshold

- Not applicable; no statewide sales tax
- \$100,000
- \$100,000 and 200 transactions
- \$100,000 or 200 transactions
- \$250,000
- \$500,000
- \$500,000 and 100 transactions

Source: GAO analysis of state laws. | GAO-23-105359

Wayfair's new collection obligations for sellers

- ▶ Must comply with sales/use tax laws in other states for first time
- ▶ Economic nexus rules can increase burden of tax collection in some states
- ▶ Lack of uniformity/consistency among the states
- ▶ Non-SSUTA States can, and should, take action to reduce these burdens

Bewildering and expensive

- ▶ The cost is not just dollars, but time
- ▶ Time that could be put to more beneficial uses
- ▶ Time required of administrators as well as businesses

THRESHOLDS

- ▶ Achieving a specific level of economic activity in a state means a business has met a **THRESHOLD** requiring it to collect tax – “gross” versus “retail” versus “taxable” sales
- ▶ Helpful in the sense that it clearly defines when economic nexus is met in a state
- ▶ **However, NOT** helpful because states have employed a complex array of rules or factors to determine when economic nexus is met

Undue Burden Litigation Pending in Two States (Thus Far)

▶ **Louisiana** – *Halstead Bead*

- ▶ Halstead estimates its compliance cost due to Louisiana's decentralized state and local tax collection would cost it \$2.28 per \$1 in sales tax collected
- ▶ Case pending in U.S. 5th Circuit Court of Appeals on whether federal Tax Injunction Act, which requires most state tax cases to be heard by state courts, applies to bar suit in federal ct.

▶ **Colorado** – *Wayfair v. City of Lakewood*

- ▶ Wayfair assessed sales tax by the City of Lakewood for failing to collect and remit the City's tax (home rule jurisdiction)
- ▶ City imposed a differing registration nexus standard than that imposed by the State and Colorado's overall system alleged to failed to simplify tax collection –unduly burdensome

What States Should Do

- ▶ Enact changes that provide uniformity and consistency to reduce burdens
- ▶ Business associations can help identify the most beneficial changes
- ▶ Streamlined could propose best practices for SST states
- ▶ NCSL could evaluate burdens and recommend solutions
- ▶ **Publish Clear, Accessible Guidance**



Congress Could Still Act

Senate Finance Committee Hearing June 2022

- ▶ Examined Impact of *Wayfair* Decision
- ▶ Witnesses – GAO, 2 small businesses, one practitioner and SST
- ▶ Business Concerns Raised
 - ▶ Created burdens and challenges
 - ▶ Registration
 - ▶ Lack of uniformity
 - ▶ Lack of state guidance
 - ▶ Cost of compliance

Highlights from the 2022 GAO Report

Congress asked GAO to examine affect of states' expanded authority to collect remote sales tax

- ▶ Current sales tax landscape
- ▶ Number of businesses subject to these requirements
- ▶ Types of cost businesses have incurred
- ▶ Extent to which the remote sales tax system aligns with criteria for a good tax system
 - ▶ Equity
 - ▶ Economic efficiency
 - ▶ Simplicity, transparency and administrability



November 2022

REMOTE SALES TAX

Federal Legislation
Could Resolve Some
Uncertainties and
Improve Overall
System

Highlights from the 2022 GAO Report

Current Remote Sales Tax System Raises Concerns

- ▶ Patchwork of different requirements for remote sellers
 - ▶ Economic Thresholds
 - ▶ Dollar amount of transactions
 - ▶ Number of transactions
 - ▶ Registration Timing
 - ▶ Local Sales Taxes

Highlights from the 2022 GAO Report

Current Remote Sales Tax System Raises Concerns

- ▶ Costs Incurred by Businesses
 - ▶ Software costs for multistate collection
 - ▶ Audit and assessment costs due to exposure in more jurisdictions
 - ▶ Research and liability costs for additional jurisdictions

Highlights from the 2022 GAO Report

Overall Remote Sales Tax System Lacks Key Elements of Good Tax System

- ▶ Equity
 - ▶ Multistate vs. Brick-and-mortar sellers
- ▶ Economic Efficiency
 - ▶ Diverting resources away from business operations toward tax compliance
- ▶ Simplicity, Transparency and Administrability

Highlights from the 2022 GAO Report

Overall Remote Sales Tax System Lacks Key Elements of Good Tax System

- ▶ Simplicity, Transparency and Administrability
 - ▶ Simpler = less compliance burden
 - ▶ Transparency = understanding requirements and likelihood of penalties for noncompliance
 - ▶ Administrability = ease of collecting/cost of collecting

Highlights from the 2022 GAO Report

Proposed Reforms

- ▶ Incremental (state-by-state)
 - ▶ Single statewide tax rate and base
 - ▶ Single statewide point of registration, filing, administration, and audit
 - ▶ Exclude tax-exempt sales from threshold calculations
 - ▶ Remove transactional thresholds
 - ▶ Programs to mitigate past tax liability
 - ▶ Free or reduced cost software for sellers
 - ▶ Seller compensation

Highlights from the 2022 GAO Report

Proposed Reforms

- ▶ Incremental (multiple states)
 - ▶ Consistent definitions
 - ▶ Consistent thresholds
 - ▶ Consistent programs and processes
 - ▶ Centralized programs and processes

Highlights from the 2022 GAO Report

Proposed Reforms

- ▶ Comprehensive (nationwide)
 - ▶ As a condition of taxing remote sales, require state participation in an interstate collaborative mechanism through which states agree on uniform standards and centralized processes
 - ▶ As a condition of taxing remote sales, require states to adopt certain minimum simplification standards

Highlights from the 2022 GAO Report

Recommendation

- ▶ Congress work with states
- ▶ Establish nationwide parameters
- ▶ Balance state interests and multistate complexities
- ▶ Address uncertainties



Streamlined's Current Projects

streamlinedsalestax.org

Streamlined's 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 Current 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

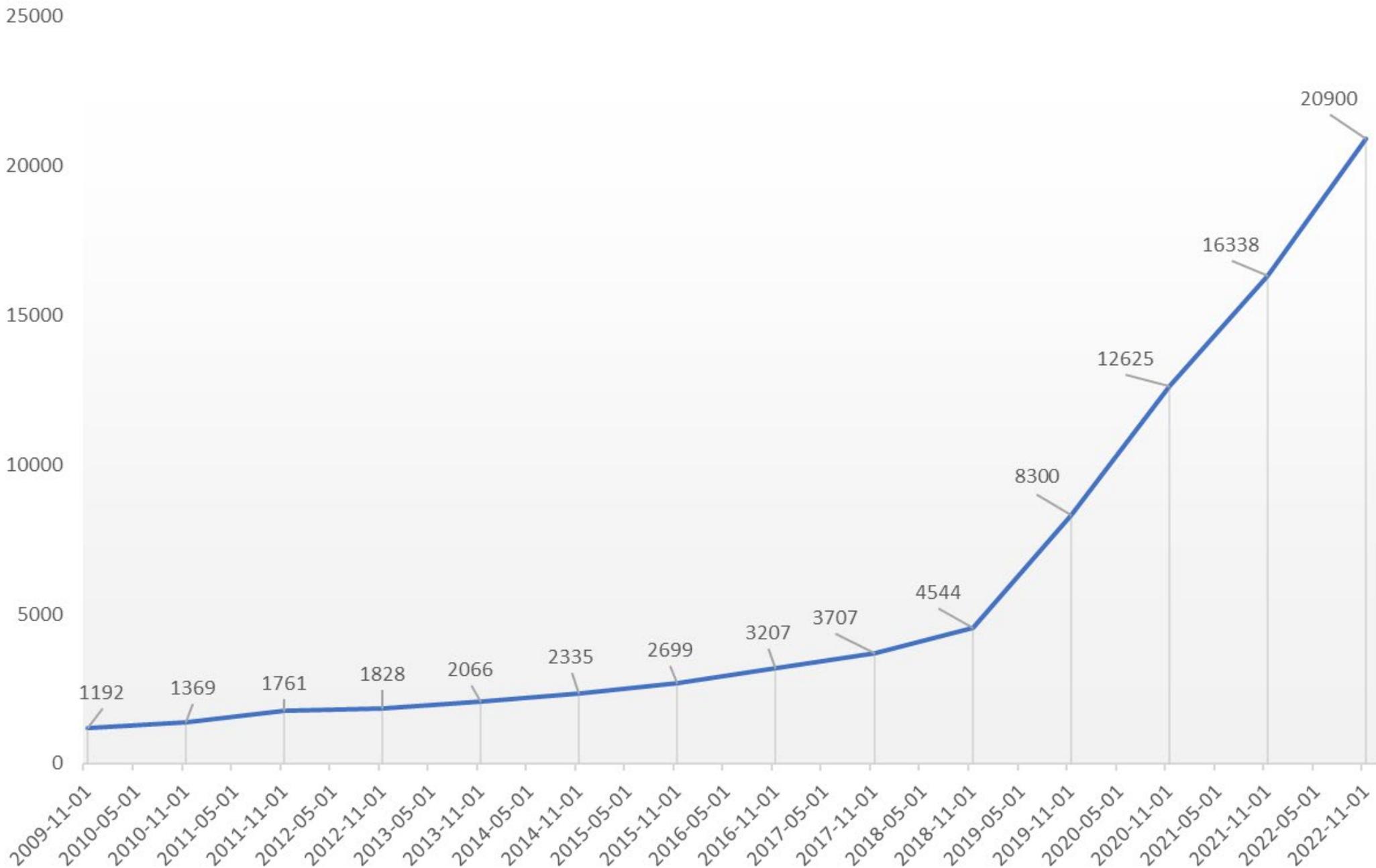


Streamlined Successes

Streamlined's Success to Date

- ▶ Over 20,000 active sellers registered
- ▶ 500% Increase in registrations since *Wayfair*
- ▶ Over \$6 billion collected by member states

SST Total Active Registered Sellers





Streamlined Website And Examples of Resources



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Governing Board Meetings

States and businesses
working together to create
simpler, more uniform sales
and use tax systems.

Learn more about sales tax registration and reporting requirements for:

Remote
Sellers

Marketplace
Sellers

Marketplace
Facilitators

Register to collect and report
sales tax in Streamlined
States

Register Now

Log In

Do you qualify for *free* sales tax calculation and reporting services? [Learn more](#)

Exemption
Certificate

[Learn more](#) about exemptions



[Home](#) > [For Businesses](#) > [Remote Sellers](#) > Remote Seller State Guidance

Remote Seller State Guidance

Many states have enacted economic nexus laws that require remote sellers to collect and remit sales tax if they exceed certain thresholds. If you have a physical presence in a state, you are not a Remote Seller and are required to register in that state regardless of the amount of sales.

Are you a Remote Seller? A Remote Seller is generally a seller that does not have a physical presence in a state but who sells products or services for delivery into that state.

If you are a remote seller and your sales of products for delivery into a state meet or exceed the threshold for a state, you are required to register to collect and remit sales tax for that state.

Economic nexus laws apply to any business that makes sales into states in which they have no physical presence but meet the state's sales and/or transactions thresholds.

Items to note when reviewing the requirements:

- Many states base their threshold on sales OR transactions, while some states base their threshold on sales AND transactions.
- A state may base its sales threshold on *gross sales, gross revenues, retail sales or taxable sales*. Many states do not distinguish between taxable and non-taxable sales when determining if a threshold is met.

If you know that you will be making sales into a state, you may choose to register to collect and remit that state's sales tax at any time.

IMPORTANT NOTE: This is general guidance and is not legal advice. Nothing in this chart overrides an individual state's laws. For specific state guidance, [contact that state](#).

This chart provides you a summary of the Remote Seller thresholds and compliance dates as of November 19, 2021.

State Registration Guidelines for:

Remote Sellers

Marketplace Sellers

Marketplace Facilitators

Do you qualify for *free* sales tax calculation and reporting services? [Learn more before you register](#)



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Revenue Department Website	Remote Seller Compliance Date	Remote Seller Threshold	State Guidance for Remote Sellers	Notes	Streamlined Member State Information
Alabama	10/1/2018	Sales of TPP of <i>more than \$250,000</i> in prior calendar year; No transaction threshold Seller must also engage in or conduct certain other activities in Alabama in addition to having more than \$250,000 in sales.	Remote Seller	Press Release (7/3/2018) AL FAQs	
Alaska	4/1/2020	Statewide gross remote sales <i>meets or exceeds \$100,000</i> or 200 transactions in the current or previous calendar year	Remote Seller	Marketplace Facilitator	
Arizona	10/1/2019	Annual gross retail sales or income from online sales into Arizona is <i>more than \$200,000</i> in 2019, <i>\$150,000</i> in 2020 and <i>\$100,000</i> in 2021 and thereafter.	Remote Seller	Marketplace Facilitator	
Arkansas	7/1/2019	Sales <i>exceed \$100,000</i> or 200 transactions during the current or preceding year.	Remote Seller	Marketplace Facilitator	AR
California	4/1/2019	The total combined sales <i>exceed \$500,000</i> during the preceding or current calendar year	Remote Seller	Marketplace Facilitator	
Colorado	12/1/2018	Taxable sales of <i>more than \$100,000</i> in past calendar year	Remote Seller	Marketplace Facilitator	
Connecticut	12/1/2018	7/1/2019 Threshold change: <i>\$100,000 or more</i> in gross receipts and <i>200 or more</i> retail transactions 12/1/2018 Threshold: <i>\$250,000 or more</i> in gross receipts and <i>200 or more</i> retail transactions	Remote Seller		



Marketplace Seller State Guidance

Many states have enacted Marketplace Facilitator/Provider laws that require the Marketplace Facilitator/Provider to remit tax on sales facilitated on behalf of Marketplace Sellers. The Marketplace Seller may also be required to register and file returns for sales and use tax purposes in that state. Review the chart below to help determine a state's registration and reporting requirements for a Marketplace Seller.

Are you a Marketplace Seller? A Marketplace Seller is generally a seller who sells products through a physical or electronic marketplace operated by a Marketplace Facilitator/Provider.

A Marketplace Seller may also be a "remote seller." A Remote Seller is generally a seller that does not have a physical presence in a state but who sells products or services for delivery into that state.

A remote seller that sells through a Marketplace Facilitator and also sells products direct to its customers, is required to register to collect and remit sales tax in the state if its sales in that state meet that state's Remote Seller Threshold.

If you have a physical presence in a state, you are not a Remote Seller and are generally required to register in that state regardless of the amount of sales.

If you know that you will be making direct sales into a state, you may choose to register to collect and remit that state's sales tax at any time.

IMPORTANT NOTE: This is general guidance and is not legal advice. Nothing in this chart overrides an individual state's laws. For specific state guidance, [contact that state](#).

This chart provides you a summary of Marketplace Seller Registration and Reporting Requirements in the 24 Streamlined Member states and some nonmember states. For specific questions concerning your requirements in a state, contact that state.

State Registration Guidelines for:

Remote Sellers

Marketplace Sellers

Marketplace Facilitators

Do you qualify for *free* sales tax calculation and reporting services? [Learn more before you register](#)

State Marketplace Seller Information	Is the Marketplace Facilitator required to collect and remit sales tax?	Is a seller who only sells through a Marketplace required to register and file returns if the Marketplace is required to collect and remit sales tax?	Does a remote seller include sales through a Marketplace Facilitator in the seller's Remote Seller's Threshold calculation?	If a marketplace seller is required to identify their sales through the marketplace separately from direct sales on a state's sales tax return, how are those sales reported?
Alaska <small>(updated 7/13/2021)</small>	Yes	No	Yes	N/A
Arkansas <small>(updated 6/22/2020)</small>	Yes	No, a seller that has physical presence may want to register in order to purchase merchandise for resale without payment of tax.	No	N/A

Marketplace Facilitator State Guidance

Many states have enacted Marketplace Facilitator/Provider laws that require the Marketplace Facilitator/Provider to collect and remit sales tax on sales facilitated on behalf of Marketplace Sellers if they exceed certain thresholds. Review the chart below to determine a state's registration and reporting requirements for a Marketplace Facilitator/Provider.

Are you a Marketplace Facilitator/Provider? A Marketplace Facilitator/Provider is generally a business or person who owns, operates or otherwise controls a physical or electronic marketplace and facilitates the sale of a third-party Seller's products. The Marketplace Facilitator/Provider either directly or indirectly through contracts, agreements, or other arrangements with third parties, collects the payment from the purchaser and transmits all or part of the payment to the Seller.

States may define a Marketplace Facilitator/Provider more narrowly or more broadly than the general definition above. It is important to review a state's laws and other published guidance for specific state requirements.

A Marketplace Facilitator/Provider may also be a "remote seller." A Remote Seller is generally a seller that does not have a physical presence in a state but who sells products or services for delivery into that state.

If the Marketplace Facilitator/Provider has a physical presence in a state, it is not a Remote Seller and is generally required to register in that state regardless of the amount of sales.

If you are **Marketplace Seller** making sales through a Marketplace Facilitator/Provider, you may also be required to register and file returns for sales and use tax purposes in that state. See the Marketplace Seller state Guidance for more information.

IMPORTANT NOTE: This is general guidance and is not legal advice. Nothing in this chart overrides an individual state's laws. For specific state guidance, **contact that state**. If you have questions related to this chart, please **contact us**.

This chart provides you a summary of Marketplace Facilitator/Provider Registration and Reporting Requirements in the 24 Streamlined member states and some nonmember states. For specific questions concerning your requirements in a state, contact that state.

State Registration Guidelines for:

Remote Sellers

Marketplace Sellers

Marketplace Facilitators

Do you qualify for *free* sales tax calculation and reporting services? [Learn more before you register](#)

State Marketplace Facilitator Information	Marketplace Facilitator Compliance Date	Is the Marketplace Facilitator required to collect and remit sales tax?	Marketplace Facilitator Threshold	Is a Marketplace Facilitator required to identify sales made on behalf of marketplace sellers separately from its own direct sales on its return?	Does your state allow or require the Marketplace Facilitator file a separate return for any third-party sales it facilitates?	Is the Marketplace Facilitator required to provide certification that it will collect and remit tax on behalf of the marketplace seller?
Alaska <small>(updated 7/13/2021)</small>	4/1/2020	yes	Statewide gross remote sales meets or exceeds \$100,000 <u>or</u> 200 transactions in the current or previous	No	Allow	No

Taxability Matrix

Reference Number	Food and food products	Taxable	Exempt	Statute/Rule Cite	Comment
40010	Candy	X		77.51(1fm), 77.54(20n), 77.54(20r)	
40015	Dried or partially dried fruit that contains one or more sweeteners and may also contain other additives		X	77.51(1fm)(b), 77.54(20n), 77.54(20r)	Effective October 1, 2021 (2021 Wis. Act 58), dried or partially dried fruit that contains one or more sweeteners and may also contain other additives is excluded from the definition of candy and exempt.
40020	Dietary Supplements	X		77.51(3n), 77.54(20n), 77.54(20r)	
40030	Food and food ingredients excluding alcoholic beverages and tobacco		X	77.51(3t), *77.54(20n)(a), 77.54(20n)(b), 77.54(20n)(c)	*Exempts all food and food ingredients except candy, dietary supplements, soft drinks, and prepared foods.
40040	Food sold through vending machines				Taxability based on specific food product being sold. Example: Candy would be taxable, but unsweetened bottled water would not be taxable.
40050	Soft Drinks	X		77.51(17w), 77.54(20n), 77.54(20r)	
40060	Bottled Water		X	77.54(20n)	Also assumes not a soft drink.
41000	Prepared Food	X		77.51(10m), 77.54(20n), 77.54(20r)	



Streamlined Certificate of Exemption

Streamlined Sales Tax Certificate of Exemption

**Do not send this form to the Streamlined Sales Tax Governing Board.
Send the completed form to the seller and keep a copy for your records.**

This is a multi-state form for use in the states listed. Not all states allow all exemptions listed on this form. The purchaser is responsible for ensuring it is eligible for the exemption in the state it is claiming the tax exemption from. Check with the state for exemption information and requirements. The purchaser is liable for any tax and interest, and possible civil and criminal penalties imposed by the state, if the purchaser is not eligible to claim this exemption.

1. Check if this certificate is for a single purchase. Enter the related invoice/purchase order # _____

2. **A. Purchaser's name** _____

B. Business address _____ **City** _____ **State** _____ **Country** _____ **Zip code** _____

C. Name of seller from whom you are purchasing, leasing or renting _____

D. Seller's address _____ **City** _____ **State** _____ **Country** _____ **Zip code** _____

3. **Purchaser's type of business.** Check the number that best describes your business.

- | | | |
|--|--|--|
| <input type="checkbox"/> 01 Accommodation and food services | <input type="checkbox"/> 08 Real estate | <input type="checkbox"/> 15 Professional services |
| <input type="checkbox"/> 02 Agriculture, forestry, fishing, hunting | <input type="checkbox"/> 09 Rental and leasing | <input type="checkbox"/> 16 Education and health-care services |
| <input type="checkbox"/> 03 Construction | <input type="checkbox"/> 10 Retail trade | <input type="checkbox"/> 17 Nonprofit organization |
| <input type="checkbox"/> 04 Finance and insurance | <input type="checkbox"/> 11 Transportation and warehousing | <input type="checkbox"/> 18 Government |
| <input type="checkbox"/> 05 Information, publishing and communications | <input type="checkbox"/> 12 Utilities | <input type="checkbox"/> 19 Not a business |
| <input type="checkbox"/> 06 Manufacturing | <input type="checkbox"/> 13 Wholesale trade | <input type="checkbox"/> 20 Other (explain) _____ |
| <input type="checkbox"/> 07 Mining | <input type="checkbox"/> 14 Business services | |

4. **Reason for exemption.** Check the letter that identifies the reason for the exemption.

- | | |
|---|--|
| <input type="checkbox"/> A Federal government (Department) * _____ | <input type="checkbox"/> H Agricultural Production * |
| <input type="checkbox"/> B State or local government (Name) * _____ | <input type="checkbox"/> I Industrial production/manufacturing * |
| <input type="checkbox"/> C Tribal government (Name) * _____ | <input type="checkbox"/> J Direct pay permit * |
| <input type="checkbox"/> D Foreign diplomat # _____ | <input type="checkbox"/> K Direct Mail * |
| <input type="checkbox"/> E Charitable organization * | <input type="checkbox"/> L Other (Explain) _____ |
| <input type="checkbox"/> F Religious organization * | <input type="checkbox"/> M Educational Organization * |
| <input type="checkbox"/> G Resale * | |

* see Instructions on back (page 2)

5. **Identification (ID) number:** Enter the ID number as required in the instructions for each state in which you are claiming an exemption. If claiming multiple exemption reasons, enter the letters identifying each reason as listed in Section 4 for each state.

ID number	State/Country	Reason	ID number	State/Country	Reason
AR			NV		
GA			OH		
IA			OK		
IN			RI		
KS			SD		
KY			TN		
MI			UT		
MN			VT		
NC			WA		
ND			WI		
NE			WV		
NJ			WY		

6. **I declare that the information on this certificate is correct and complete to the best of my knowledge and belief.**
 Signature of authorized purchaser _____ Print name _____ Title _____ Date _____

Streamlined Sales and Use Tax Exemption Certificate Instructions

Sections 1-6 are required information. A signature is not required if in electronic form.

Section 1: Check the box for a single purchase and enter the invoice number. If the box is not checked, this certificate is considered a blanket certificate and remains effective until cancelled by the purchaser if purchases are no more than 12 months apart, unless a longer period is allowed by a state.

Section 2: Enter the purchaser's and seller's name, street address, city, state, country and zip code.

Section 3 Type of Business: Check the number that best describes the purchaser's business or organization. If none of the categories apply, check 20 and provide a brief description.

Section 4 Reason for Exemption: Check the letter that identifies the reason for the exemption. If the exemption you are claiming is not listed, check "L Other" and provide a clear and concise explanation of the exemption claimed. Not all states allow all exemptions listed on this form. The purchaser must check with that state for exemption information and requirements.

Section 5 Identification ID Number:

Purchaser's Instructions:

Enter the ID number as required in the instructions below for each state in which you are claiming an exemption. Identify the state or if a foreign ID, the country the ID number is from. If multiple exemption reasons are being claimed enter the letters identifying the reasons for exemption as listed in Section 4 for each state.

ID Numbers for Exemptions other than resale: You are responsible for ensuring that you are eligible for the exemption in the state you are claiming the tax exemption. Provide the ID number to claim exemption from sales tax that is required by the taxing state. Check with that state to determine your exemption requirements and status.

Foreign diplomats and consular personnel must enter their individual tax identification number shown on their sales tax exemption card issued by the United States Department of State's Office of Foreign Missions.

ID Numbers for Resale Purchases (Including Drop Shipments): If you are claiming a purchase is not subject to tax because it is for resale (Exemption Reason G.) and you are:

- Required to be registered in the state you are claiming the tax exemption:** Provide your sales tax ID number issued by that state. If claiming exemption in OH and registration is not required in the state, enter any tax ID number issued by OH. If claiming exemption in MI and registration is not required in the state, enter "Not Required".
- Not registered in the state you are claiming the tax exemption:** Provide your sales tax ID number issued by any state.
- Not required to register for sales tax and you do not have a sales tax identification number from any state:** Enter -Your FEIN.
-If you do not have a FEIN, enter a different state-issued business ID number.
-If you do not have any state-issued business ID number or FEIN, enter your state driver's license number.
- A foreign purchaser and you do not have an ID number described in 1, 2 or 3:** The following states will accept the tax ID number (e.g., VAT number) issued by your country: AR, IN, KS, KY, ND, NJ, OK, RI, SD, TN, UT, WA, WY. All other states require an ID number as listed in 1, 2 or 3.

If you do not have any of the ID numbers listed in 1 thru 4: You are not required to list an ID number for the following states: NE, OH, SD, WI. Enter "Not Required" and the reason for exemption for that state. All other states require an ID number.

Seller's Instructions

The seller is not required to verify the purchaser's ID number or determine the purchaser's registration requirements. (GA requires the seller verify the purchaser's ID number.) The seller is required to maintain proper records of exempt transactions and provide those records to the state when requested in the form in which it is maintained. These certificates may be provided in paper or electronic format.

The seller is not liable for any tax, interest, or penalty if the purchaser improperly claims an exemption or provides incorrect information on the certificate, provided all the following conditions are met:

- The fully completed exemption certificate is provided to the seller at the time of sale or within 90 days subsequent to the date of sale;
- The seller did not fraudulently fail to collect the tax due; and
- The seller did not solicit customers to unlawfully claim an exemption.

Note: A seller may not accept a certificate of exemption for an entity-based exemption on a sale made at a location operated by the seller within the designated state if the state does not allow such an entity-based exemption.

Drop Shipper Instructions: The drop shipper may accept an ID number to claim the resale exemption as provided above in the Purchaser's Instructions. The ID number may include an ID number issued by another state. This may result in the same ID number being used for multiple states to claim the resale exemption (e.g., a retailer or marketplace seller may only be required to register for sales tax in one state).

CONTACT INFORMATION

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