

ATTENTION RETAILERS:

Do you make sales into states without collecting that state's sales taxes? Do you make deliveries to those states in your own trucks? Do you send repair or maintenance employees or representatives into various states to perform work on your behalf? Do you sell items through a web site or catalog and then accept returns at a brick and mortar store? Do you market jointly with an affiliate that sells through catalog or internet? Do you use in-state solicitors, whether employees, agents or independent contractors, to make sales into a state?

If you answered yes to any of these questions, or if you are ready to take the guesswork out of your "nexus status" and want to sign up for simplified collection processes, you should take advantage of an amnesty program that will be available in all states participating as full members or associate members of the Streamlined Sales and Use Tax Agreement. For the first time ever, Tennessee will be offering this amnesty program after October 1, 2005 in accordance with 2005 Tenn. Pub. Acts 499.

What amnesty is available:

Amnesty is available for sales or use taxes uncollected or unpaid on sales by retailers for any period prior to registration through the Streamlined Sales and Use Tax Central Registration System.

Who are the Streamlined member states:

- Indiana, Iowa, Kansas, Kentucky, Michigan, Minnesota, Nebraska, New Jersey, North Carolina, North Dakota, Oklahoma, South Dakota, West Virginia (the "Full Member States")
- Arkansas, Ohio, Tennessee, Utah, Wyoming (the "Associate Member States")

Who is eligible:

- Sellers who are not currently registered to collect sales taxes in a member state and who volunteer to collect or pay sales or use taxes in the member states by registering through the Streamlined Sales and Use Tax Central Registration System.

Who is not eligible:

- A seller is not be eligible in a member state if
 - ✓ The seller is currently registered in the member state to collect sales and use tax, or
 - ✓ The seller had been registered in the member state within 12 months of the state become a member state, or
 - ✓ The seller has received notice of an audit by the member state and the audit is not yet fully resolved, including any related administrative and judicial processes.

How long does a seller have to sign up and be eligible for amnesty:

For full member states, the amnesty period will end on September 30, 2006 unless a state otherwise provides for amnesty. For associate member states, the period will

vary depending on the effective date of their compliance with the Streamlined Sales and Use Tax Agreement.

What is excluded from the amnesty:

- Sales or use taxes owed by the seller in its capacity as a buyer
- Sales or use taxes already paid or remitted to member states in which the seller was registered
- Sales or use taxes collected by the seller that are unpaid to member states
- Liability for taxes other than sales or use taxes
- **INFORMATION OBTAINED THROUGH THE STREAMLINED REGISTRATION SYSTEM MAY NOT BE AND WILL NOT BE USED BY THE MEMBER STATE FOR DETERMINING NEXUS FOR OTHER TAXES.**

How does it work:

The seller visits the website of the Streamlined Sales and Use Tax Central Registration System to register to collect taxes for the member states in which the seller makes sales. The seller may link to the Streamlined website from www.tennessee.gov/revenue **AFTER OCTOBER 1, 2005.**

The information provided by the seller will be sent electronically to all of the full member states and to associate member states for which the seller has chosen to collect the sales or use tax.

How long does a seller have to remain registered to collect sales taxes in a state:

The amnesty provisions in the Agreement require that a seller must maintain its registration and continue to collect and remit applicable sales and use taxes for at least 36 months after the date of registration through the Streamlined Sales and Use Tax Central Registration System in a member state.

Can the amnesty agreement be voided?

If a registration is not maintained for the required 36 months or if a seller is found to have committed fraud or intentional misrepresentation in the application, the amnesty agreement may be voided by the member state.

What if I owe money to Tennessee but I do not qualify for the amnesty under the Streamlined Agreement?

If you have not filed returns or have underreported liability on returns for sales and use or other taxes administered by the Department, you may be eligible for a Voluntary Disclosure Agreement. Information on the Voluntary Disclosure Agreement may be found on our website at www.tennessee.gov/revenue/misc/voluntarydisclosure.pdf or you may anonymously call our Audit Division Discovery Unit at (615) 741-8319.

For more information, visit www.tennessee.gov/revenue.