

## **Streamlined Sales Tax Project Taxability Matrix**

This document is intended to gather information about all product-based sales and use tax exemptions and exclusions allowed in member states.

**A “product-based exemption” is an exemption that is based on the description of the product and not based on who purchases the product or how the purchaser intends to use the product.**

The information will be used to code the Streamlined Sales Tax System to be used in determining when to charge sales tax on sales in member states, so it is important to include all exemptions and exclusions that apply. For purposes of programming the system, the following default rules apply:

- All sales of tangible personal property will be considered taxable unless an exemption exists.
- All sales of services are considered exempt unless they are specifically identified as taxable.

Note: A few states consider all sales of tangible personal property and all services to be taxable unless a specific exemption applies. The default rule for those states will be to tax all sales unless an exemption applies.

The document has three parts to be completed by each state.

- **Part One** is to indicate the tax treatment of specific products defined in the Library of Definitions in the Streamlined Sales Tax Agreement adopted on November 12, 2002.
- **Part two** is to gather information about product-based exemptions and exclusions allowed in member states for products that are not defined in the Streamlined Sales Tax Agreement.
- **Part three** is to gather information about the specific services that are taxed in each state. Two separate charts are provided in Part three. Section A should be completed by states that list the specific services that are taxable in state statute. Section B should be completed by states that tax all services except when specifically exempted by state statute.

Please complete to document according to the instructions provided for each part. Attach the taxability matrix to your state’s Certificate of Compliance and submit the Governing Board when you petition to be certified as compliance with the provisions of the Streamlined Sales Tax Agreement.