
Table of Contents

[Part A. CSP Instructions](#)

[Part B. State Instructions](#)

[Part C. Testing Central Instructions](#)

Testing Central is the administrative section of the Governing Board staff that is responsible for managing and documenting the communication between the states and the CSPs including items such as certification of product categories and rate or boundary file issues.

➔ Send Testing Central emails to: testingcentral@sstgb.org

Part A. CSP Instructions

Complete Form TC0005 SST CSP/CAS Change Request to notify states of:

- Any CAS system changes or maintenance that may affect tax calculations or SERs
- Requests for certification of new tax rules or updates to existing tax rules
- Errors found in the state's rate or boundary files
- Other items the state needs to be noticed on regarding services the CSP/CAS provides.

For Tax Rule Certification Requests

1. Complete the CSP Tax Rules worksheet in TC0005.

See SSUTA Section 502 F. for definition of "Product Category" and "Certify a product category."

A. Row # - Number lines beginning with 1, for sorting and reference purposes.

B. Date Request Submitted

C. Date Liability Relief Begins – CSP enters date ONLY if CSP closes the change request. The CSP should enter the closed date as Date Liability Relief Begins for each rule for which the state did not respond. This can be no sooner than the later of the 1st day of the month that begins 30 days (60 days if the state requested additional time) after the date (a) Testing Central (TC) notifies the state of the CSP request or (b) the date of the last CSP response sent to the state and TC. This date applies only to the remaining rules contained in the request that are unapproved and for which the state has not requested additional information or an extension of time. The CSP closes the Change Request at the same time they enter the Date Liability Relief Begins for each of the remaining unapproved rules on that Request.

D. CSP Parent Product Category Number – Number used by CSP.

CSP category numbers are the numbers or codes the CSP uses in their CAS to identify the product category. The state should compile a list of the tax rules and codes it certified for further use in

testing all CSP tax rules using the test deck process. The state should be able to compare its list to the CSP's list of tax rules using the category or subcategory numbers provided during certification.

E. CSP Parent Product Category Description – Be specific. Some products have names that apply to different products depending on the category in which it is listed.

F. Subcategory 1 Number – Number used by CSP.

CSP subcategory numbers are the numbers or codes the CSP uses in their CAS to identify the subcategory into which these products are classified.

G. Subcategory 1 Product Description – Be specific. Provide additional description or explanation of the products in this subcategory.

a. Do not list specific products unless the product taxability differs from the Parent Product Category. States are not responsible for certifying individual products unless they are treated differently than the product category under which it is properly classified.

H. Subcategory 2 Number – Number used by CSP.

See Subcategory 1 Number above for more information.

I. Subcategory 2 Product Description – Be specific. Provide additional description or explanation of the products in this subcategory.

See Subcategory 1 Product Description above for more information.

J. Subcategory 3 Number – Number used by CSP.

See Subcategory 1 Number above for more information.

K. Subcategory 3 Product Description – Be specific. Provide additional description or explanation of the products in this subcategory.

See Subcategory 1 Product Description above for more information.

L. Subcategory 4 Number – Number used by CSP.

See Subcategory 1 Number above for more information.

M. Subcategory 4 Product Description – Be specific. Provide additional description or explanation of the products in this subcategory.

See Subcategory 1 Product Description above for more information.

N. Sales or Use Taxability – Enter “T” for Taxable or “E” for Exempt

SSUTA Rule 317.1. C. Systems Related Issues

1. Default rules for coding the taxability of products.

- a. Sellers, Certified Service Providers (CSP's), and Model 2 Automated Systems (CAS's) shall code all products that are tangible personal property as taxable unless a member state has specifically exempted or excluded the product from its tax base.
- b. Sellers, CSP's, and CAS's shall code all services sourced to member states that enumerate taxable services as exempt unless a member state has specifically enumerated the service as a taxable service.
- c. Sellers, CSP's, and CAS's shall code all services sourced to member states that tax services in the same manner as tangible personal property as taxable unless a member state has specifically exempted or excluded the service from its tax base.

O. Does a Second Rate Apply? Enter “Y” for Yes or “N” for No. State's may have a second state rate for food and drugs.

- P. Cap or Thresholds** – Enter the % of sale or \$ amount of the cap or threshold. Only use if the product category has a cap or threshold. If product category includes both items that have and items that do not have a cap or threshold, those products need to be listed separately using subcategories.
 - Q. State Law, Rule or Publication** – The CSP is responsible for researching product category taxability prior to submitting a Tax Rule Certification request. List the state law, rule or publication used to determine the product category taxability.
 - R. CSP Additional Comment** – Enter any additional notes or comments that will help the state understand the product category or how the taxability was determined.
 - S. New Rule or Update?** – Enter “New” if this is a new taxability rule. Enter “Update” if this is a change to a product category previously certified by the state.
 - T. For State Use – State Approved?** – State response should be “No” until the state agrees with the taxability as listed in column N.
 - U. For State Use – Date State Approved** – Date state approves the taxability as entered in column N.
 - V. For State Use – State Comments** – State provides explanation of taxability if the state disagrees with the taxability listed in column N or requests additional information concerning the product description. Enter response date in the comment.
 - W. CSP Response** – CSP and states use additional comments as needed to clarify the taxability of the product. Enter response date in column W as responses are made.
2. After the CSP completes columns A through S, the CSP sends Form TC0005 to Testing Central (TC)
 - A. TC will number the form, enter Date Response Required and forward form to the state requested and copy the CSP.
 - B. State will review, approve, request additional information, or request additional time.
 3. Send responses to state questions directly to the state and copy TC
 - A. Add response to column after the state’s response on the tax rule line that is being discussed. Enter date response is sent. Respond to questions the state has concerning product descriptions or taxability codes. Provide as much detail as possible.
 - B. Create separate codes for entries the state indicates are for subcategories that have different taxability or cap or thresholds than the product category as a whole.
 - C. Update Taxability Codes in column N, as agreed on by the CSP and State. The final form for the state to sign off on should have the correct taxability in column N, Sales or Use Taxability.
 4. Complete testing the state requests.
 5. The state is responsible for signing off on TC0005 once the state has approved all rules listed in the request.
 6. **Withdrawing Rules.** A CSP may withdraw a rule from a request if the state and CSP fail to agree on the product taxability. A rule may also be withdrawn, if the product description is modified to create a new rule or rules. Withdrawn rules should remain in the listing. The State will indicate it has not approved the rule in Column T and the reason in its comments. The CSP should indicate in its comments that the rule was withdrawn. A CSP may not close a withdrawn rule for purposes of liability relief. If the CSP reopens a previously withdrawn rule in a new request, they should copy all prior comments from the withdrawn rule.

7. Closing Tax Rule or Change Request by CSP. A CSP may close a TC0005 Change Request if the state has not responded to or requested additional time to review the remaining rules for which the state did not respond. This can be no sooner than the later of the 1st day of the month that begins 30 days (60 days if the state requested additional time) after the date (a) Testing Central (TC) notifies the state of the CSP request or (b) the date of the last CSP response sent to the state and TC. This date applies only to the remaining rules contained in the request that are unapproved and for which the state has not requested additional information or an extension of time. The CSP closes the Change Request at the same time they enter the Date Liability Relief Begins for each of the remaining unapproved rules on that Request.

To close the Change Request, add the date that Liability Relief Begins in column C for any remaining open Product Categories and enter the date at the top of the Change Request Form for “Date Change Request is Closed by CSP”. Use the same date in both fields.

- a. Send copy of form to state and TC.

For Errors found in a State’s Rate or Boundary File

1. If the change description field on the form is too small to display the explanation or if you are copying lines from the rate or boundary file, use the worksheet Boundary – Rate File Issues to explain the errors or show the listings. States and CSPs can respond to each line or error in the column after that listing if needed.
2. Send TC0005 to TC to be numbered and forwarded to the appropriate state.
3. Responses to state’s comments should be sent directly to the state with a copy to TC.
4. State’s will notice CSPs of updated or corrected Rate or Boundary file postings using TC0001.

Part B. State Instructions

For Tax Rule certification requests

1. Review rules to determine taxability.

The state has until the first day of the month that begins at least 30 days after it receives the tax rule request from Testing Center (TC) to:

- certify the rule,
- request additional information, or
- request an extension in time, which is done in writing to the Executive Director. The extension provides the state until the first day of the calendar month that is at least 60 days from the date Testing Central notified the state of the request to respond.

The time frame for each item contained in the request starts over each time the CSP sends additional information related to that item.

If a state fails to certify the taxability of a new product category within the time period described, the CSP is not liable to the extent allowed by each state’s law for any taxes due for these product categories until the first day of the calendar month that is at least 30 days after the CSP is notified of the required change. (CSP Contract E.4.)

2. To Request Additional Time: Send request by email to Executive Director and copy TC. Include a copy of the SST CSP/CAS Change Request. The form will be updated to show the extended time allowed and returned to the state and the CSP.
3. If the state has questions concerning the product category or the taxability is incorrect:
 - a. Enter “No” in column T and leave the Date State Approved column blank.
 - b. Enter comments or questions in the State Comments column (column V).

- i. Enter the date response is sent.
 - ii. Provide a detailed explanation of the additional information needed.
 - iii. Provide the correct taxability and explanation if possible.
 - iv. If rule is for a product category that includes both taxable and exempt products, explain that the product category needs to be split or subcategories assigned and why.
 - c. On the CSP Change Request Form worksheet:
 - i. Enter Date Responded
 - ii. Contact Person
 - iii. Tax Rules approved – “Yes” means all rules on request were approved; “No” means none of the rules were approved; and “Partial” means some of the rules were approved.
 - iv. Reason – enter comments for a specific rule in the column following the rule requests.
- If the taxability of a transaction is dependent on who the customer is and/or what they do with the product purchased, or if any other documentation is required to exempt the sale, the code should be taxable.
- If the taxability is dependent on who is selling the product or what it is sold in conjunction with, then the code may require further breakdown.

Example 1: Software training. The training is taxed if provided by a third party, but not if provided by the software seller. Because there is no customer exemption information that would document when this is exempt, this requires two product categories/subcategories.

- 1. Software training provided by seller in conjunction with sale of product.
- 2. Software training by someone other than the seller of the software.

Example 2: Software training. All software training is taxable. Software training purchased by a public school is exempt. Because this is a purchaser exemption, no separate category is required. The product is taxable unless exemption documentation is provided by the customer.

- 4. If rule is correct (correct taxability in column N)
 - a. Enter “Y” in column T (state approved)
- 5. Enter date approved in Column U. This is the date the state certifies that specific rule. Liability relief, as provided in the SSUTA and CSP contract, will begin on this date for this rule. Return responses to the Change Request form to the CSP and Testing Central after you have either approved each tax rule or you requested additional information on those not approved. Any requests for additional time extends the time allowed for the entire Change Request.
- 6. Request testing if necessary to confirm correct rules are in place.
- 7. Withdrawing Rules. A CSP may withdraw a rule from a request if the state and CSP fail to agree on the product taxability. A rule may also be withdrawn, if the product description is modified to create a new rule or rules. Withdrawn rules should remain in the listing. The State will indicate it has not approved the rule in Column T and the reason in its comments. The CSP should indicate in its comments that the rule was withdrawn. A CSP may not close a withdrawn rule for purposes of liability relief. If the CSP reopens a previously withdrawn rule in a new request, they should copy all prior comments from the withdrawn rule.
- 8. Repeat until all rules are certified.
- 9. When all items on the Change Request are approved, complete the Change Request Form TC0005 indicating Rules are approved and Date. Send the completed form to the CSP and to Testing Central.

10. Keep all tax rules reviewed. Compile a master listing by placing all rules into one worksheet. This will allow you quick access to research tax rules you have approved for that CSP. This master list may be used for testing tax rules directly with that CSP in a test deck.

For Errors found in a State's Rate or Boundary File

1. Review information provided by the CSP.
2. Make appropriate corrections to the rate or boundary file, if necessary.
3. Reply to CSP explaining reason state does not believe there is an error or that the error will be corrected and when.
4. The state will send Notice of corrected files being posted using form TC0001.
5. CSP will receive liability relief for incorrect tax collections if they rely on the data provided by the state in the Rate and Boundary files. CSP liability relief for errors will end 10 days after the CSP is noticed that corrections have been posted.

Part C. Testing Central Instructions (SST Admin) (TC)

SSUTA Section 502 states that upon approval by the state, the state shall certify to the governing board its acceptance of the determination of the taxability of the product categories included in the program.

Testing Central maintains the documentation to show the TC0005 requests and responses and:

1. Numbers all Change Requests received from CSP, enters date response required by and forwards to the appropriate state.
2. Tracks correspondence and updates to the Change Request (Date Response required by will not be updated each time a request is sent back to the State. If the state is not responding timely we can review the response and enter the date as needed.)
3. Updates Date Response Required by if the state is allowed an extension.
4. Keeps final approved Change Request.

TC will close outstanding change requests and update tracking no sooner than the first day of the month 60 days after the date of the last information request by the state, if there is no response by the CSP. No liability relief is provided for rules that are not approved. The date closed will be added to the form and the form will be sent to both CSP and State.