

**STREAMLINED SALES AND USE TAX AGREEMENT
COMPLIANCE REVIEW AND INTERPRETATIONS COMMITTEE**

Interpretation Recommendation 2006-08

This Interpretation Recommendation is made to the Governing Board by the Compliance Review and Interpretations Committee this 17th day of August, 2006 in accordance with Article IX, Rule 902 of the Rules and Procedures adopted by the Streamlined Sales Tax Governing Board, Inc.

The party requesting the interpretation is Jane Page of the South Dakota Department of Revenue. The request was made on the prescribed form on June 7, 2006 and was made pursuant to the provisions for consideration contained in Rule 902 at subsection (D).

Issue

The issue presented is an interpretation of Agreement section 402 pertaining to amnesty. The question presented was whether a registrant must remain registered with each state for a period of thirty-six months from the date that the state becomes a member.

The situation described involved a seller that registers through the streamlined sales tax central registration system with all member states on October 1, 2005. A new state becomes a member October 1, 2008. The seller cancels registration with all states effective December 1, 2008.

The seller in the situation described above was registered for a total of thirty-eight months, but only two months in the new state. Does the seller retain amnesty with the new member state?

Public Comment

No written public comments were received.

Recommendation

The Compliance Review and Interpretations Committee submits to the Governing Board a recommendation that a seller who deregisters to collect tax in a member state within thirty-six months of that state becoming a member is no longer eligible for amnesty in that new member state under Section 402 of the agreement. However, the seller retains amnesty with all member states in which they were registered for at least thirty-six months, provided they meet all of the other requirements of Section 402 of the agreement.

Rationale

Section 402A(1) of the agreement provides amnesty for uncollected or unpaid sales or use tax to a seller that registered to pay or to collect and remit applicable sales or use tax

in accordance with the terms of the agreement. In addition, Section 402D states that the amnesty is fully effective as long as the seller continues registration and continues payment or collection and remittance of applicable sales or use taxes for a period of at least thirty-six months. Each member state shall toll its statute of limitations applicable to asserting a tax liability during this thirty-six month period.

A seller that deregisters within thirty-six months of the date that a state becomes a member does not meet the requirements of section 402D and, therefore, forfeits the amnesty provided under the agreement for that member state. Assuming that all other requirements of Section 402 are met, the seller retains amnesty in the initial member states since they met the thirty-six month registration requirement in those states.

Committee members

Larry Wilkie, Committee Chair, Dale Vettel, Vice Chair, Tony Mastin, Dan Noble, Andy Sabol, Joe VanDevender, and Myles Vosberg