

The Project approved moving this paper to the Implementing States on July 18, 2003.

Streamlined Sales Tax Project Registration

Overview

This paper describes the Agreement requirements for a central online registration system. The Agreement places restrictions on what a state can require from taxpayers that register for Streamlined Sales Tax in order to file and pay taxes. The Agreement provides for a central online registration that is uniform. Throughout the Agreement and this paper the word 'registration' is used as defined in

“Section 211: Registered Under This Agreement

Registration by a seller with the member states under the central registration system provided in Article IV of this Agreement.”

Who has to use the central online registration application?

- Any model 1 or 2 seller who wants to take advantage of monetary allowances as described in the Agreement, Sections 601 or 602.
- Any model 3 or all other sellers who are voluntary and want to take advantage of monetary allowances as described in the Agreement, Sections 603.
- Any seller who wants to take advantage of amnesty as described in the Agreement, Section 402A1.
- A seller who wants to volunteer to collect tax in any member state and is not already registered in all the member states to ensure they are collecting in all member states as described in the Agreement, Section 401B.
- Any seller using a technology model (models 1, 2, and voluntary 3's) to inform the states of their intent as described in the Agreement, Section 403.

Who can use the central online registration application?

Any seller who chooses to may access the central online registration system. They will use the system for new registrations, changes to registration or to inform the states of their technology model.

Additional benefits

- Sellers obtain one unique identifying number that would be used across member states.
- Sellers gain the ability to update registration data across member states.

Identification Number

The work group is recommending a unique 9-digit alpha/numeric number be assigned to sellers who choose to use the central online registration system. The Governing Board will allocate a range of numbers for each registration vendor.

Benefits:

- The SSTP identification number is unique.
- The combination of a 9 digit alpha/numeric characters would be consistent with existing field sizes for FEIN or SSN.
- Participating states could implement a process to internally convert this SSTP number to their respective state identification number.
- The usage of a unique alpha/numeric number will allow the SSTP seller to be easily identified.

Issues:

- Why issue another unique identifier when sellers already have an FEIN/SSN?
- Can participating states accommodate another identification number?

Registration Data Elements

SSTP identification number

Legal name

Doing business as name (optional)

FEIN or social security number (and indicator)

NAICS code

State of incorporation/formation/organization

Street address (physical) - Foreign address compatible

City, State, Zip

Mailing address - street address (if different) – Foreign address compatible

Mailing address - city, state, zip (if different)

Contact name – for future registration, filing or paying questions

Contact telephone number

Contact E-mail address for communicating with the taxpayer

Technology model (1, 2, 3 or none) & number if applicable

Initial registration, change or out of business request indicator

Registration type (Need to register, Already registered, Eligible to volunteer)

Effective date

Restrictions on States

This registration meets the requirements for the voluntary collection of sales and use taxes. Traditional registration, including EFT enrollment, may be required at a state's discretion for a business that has a prior requirement to register in a member state. A state shall not use registration with the central registration system and the collection of sales and use taxes in the member states as a factor in determining whether the seller has nexus with that state for any tax at any time.

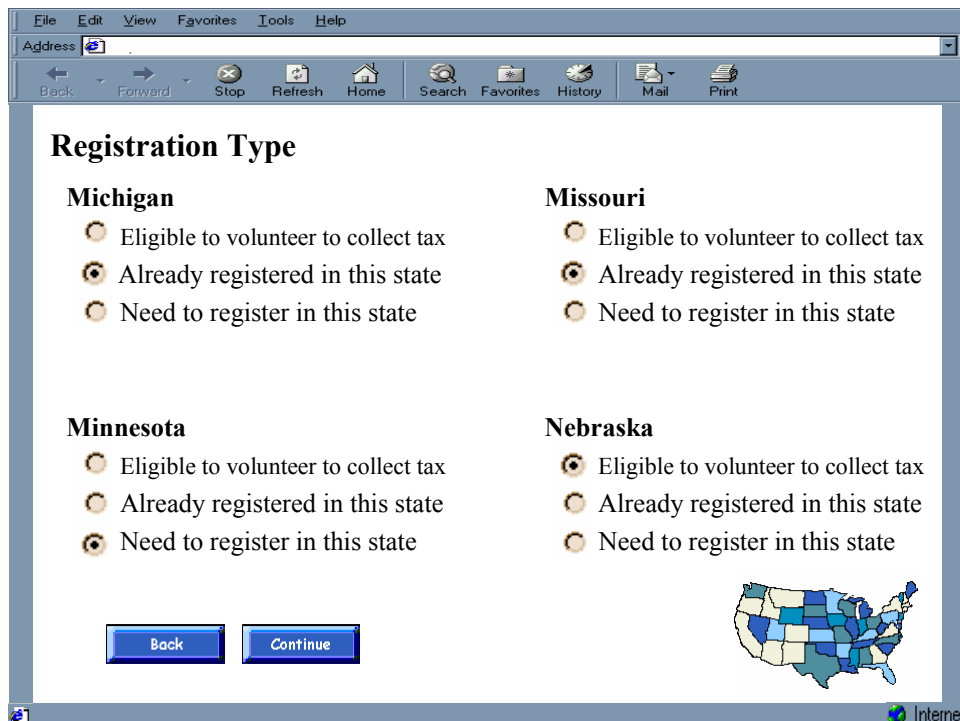
- A seller registering under the Agreement is registered in each member state.
- Registration data will be sent to states electronically following standard file formats and communication protocols to be set by the Governing Board. Registration file schema will be set via the TIGERS group using standard XML schema.
- The member states agree not to require the payment of any registration fees or other charges for a seller to register in a state in which the seller has no legal requirement to register.

- A written signature from the seller is not required.
- An agent may register on behalf of a seller.
- The seller may end their SSTP registration using the central online registration system. Cancellation does not relieve the seller of its liability for remitting to the appropriate states any taxes collected.
- The central online registration system will include the ability to accept updated registration information. This data will be collected and sent to each member state.
- Because there is no intent to build a national database to maintain the registration information, data will not be kept in sync between the registration vendors and member states.
- The central online registration system may include full functionality for sellers to register in states in which they have physical presence. A state is not required to participate in the full registration process to be in compliance with the Agreement.

States Entering After Agreement is Effective

- When a new state becomes certified after implementation, the registration vendor will prepare an electronic file containing all the registrant information collected to date.
- The registration vendor or new state will inform the sellers, potentially by email, of their requirement to begin collecting sales and use tax in that state.
- Because the seller will not have answered the registration type question (see below) the newly certified state will register these businesses as voluntary unless the seller is found to be previously registered within their state.

Possible Screen Formats



File Edit View Favorites Tools Help

Address

Back Forward Stop Refresh Home Search Favorites History Mail Print

Complete the following business information:

Legal name

DBA name (optional)

FEIN or social security #

Products sold (primary)

Street address

City, state, zip

Mailing address (if different)

Contact name

Contact phone number

Contact e-mail address

Internet

File Edit View Favorites Tools Help

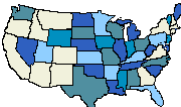
Address

Back Forward Stop Refresh Home Search Favorites History Mail Print

Which technology model for reporting and paying are you registering for?

Model 1 **Model 2**
 - CSP performs functions - CAS used

Model 3 **Other**
 - Certified system



Internet

Agreement Language

Section 211: REGISTERED UNDER THIS AGREEMENT

Registration by a seller with the member states under the central registration system provided in Article IV of this Agreement.

Section 303: SELLER REGISTRATION

Each member state shall participate in an online sales and use tax registration system in cooperation with the other member states. Under this system:

- A. A seller registering under the Agreement is registered in each of the member states.
- B. The member states agree not to require the payment of any registration fees or other charges for a seller to register in a state in which the seller has no legal requirement to register.
- C. A written signature from the seller is not required.
- D. An agent may register a seller under uniform procedures adopted by the member states.
- E. A seller may cancel its registration under the system at any time under uniform procedures adopted by the governing board. Cancellation does not relieve the seller of its liability for remitting to the proper states any taxes collected.

Section 401: SELLER PARTICIPATION

- A. The member states shall provide an online registration system that will allow sellers to register in all the member states.
- B. By registering, the seller agrees to collect and remit sales and use taxes for all taxable sales into the member states, including member states joining after the seller's registration. Withdrawal or revocation of a member state shall not relieve a seller of its responsibility to remit taxes previously or subsequently collected on behalf of the state.
- C. In member states where the seller has a requirement to register prior to registering under the Agreement, the seller may be required to provide additional information to complete the registration process or the seller may choose to register directly with those states.
- D. A member state or a state that has withdrawn or been expelled shall not use registration with the central registration system and the collection of sales and use taxes in the member states as a factor in determining whether the seller has nexus with that state for any tax at any time.

Section 402: AMNESTY FOR REGISTRATION

- A. Subject to the limitations in this section:
 - 1. A member state shall provide amnesty for uncollected or unpaid sales or use tax to a seller who registers to pay or to collect and remit applicable sales or use tax on sales made to purchasers in the state in accordance with the terms of the Agreement, provided that the seller was not so registered in that state in the twelve-month period preceding the effective date of the state's participation in the Agreement.
 - 2. The amnesty will preclude assessment for uncollected or unpaid sales or use tax together with penalty or interest for sales made during the period the seller was not registered in the state, provided registration occurs within twelve months of the effective date of the state's participation in the Agreement.
 - 3. Amnesty similarly shall be provided by any additional state that joins the Agreement after the seller has registered.
- B. The amnesty is not available to a seller with respect to any matter or matters for which the seller received notice of the commencement of an audit and which audit is not yet finally resolved including any related administrative and judicial processes.
- C. The amnesty is not available for sales or use taxes already paid or remitted to the state or to taxes collected by the seller.
- D. The amnesty is fully effective, absent the seller's fraud or intentional misrepresentation of a material fact, 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.
- E. The amnesty is applicable only to sales or use taxes due from a seller in its capacity as a seller and not to sales or use taxes due from a seller in its capacity as a buyer.

F. A member state may allow amnesty on terms and conditions more favorable to a seller than the terms required by this section.

Section 403: METHOD OF REMITTANCE

When registering, the seller may select one of the following methods of remittances or other method allowed by state law to remit the taxes collected:

- A. MODEL 1, wherein a seller selects a CSP as an agent to perform all the seller's sales or use tax functions, other than the seller's obligation to remit tax on its own purchases.
- B. MODEL 2, wherein a seller selects a CAS to use which calculates the amount of tax due on a transaction.
- C. MODEL 3, wherein a seller utilizes its own proprietary automated sales tax system that has been certified as a CAS.

Section 404: REGISTRATION BY AN AGENT

A seller may be registered by an agent. Such appointment shall be in writing and submitted to a member state if requested by the member state.

Section 601: MONETARY ALLOWANCE UNDER MODEL 1

- A. Each member state shall provide a monetary allowance to a CSP in Model 1 in accordance with the terms of the contract between the governing board and the CSP. The details of the monetary allowance will be provided through the contract process. The governing board shall require that such allowance be funded entirely from money collected in Model 1.
- B. The contract between the governing board and a CSP may base the monetary allowance to a CSP on one or more of the following:
 - 1. A base rate that applies to taxable transactions processed by the CSP.
 - 2. For a period not to exceed twenty-four months following a voluntary seller's registration through the Agreement's central registration process, a percentage of tax revenue generated for a member state by the voluntary seller for each member state for which the seller does not have a requirement to register to collect the tax.

Section 602: MONETARY ALLOWANCE FOR MODEL 2 SELLERS

The member states initially anticipate that they will provide a monetary allowance to sellers under Model 2 based on the following:

- A. All sellers shall receive a base rate for a period not to exceed twenty-four months following the commencement of participation by a seller. The base rate will be set after the base rate has been established for Model 1. This allowance will be in addition to any discount afforded by each member state at the time.
- B. The member states anticipate a monetary allowance to a Model 2 Seller based on the following:
 - 1. For a period not to exceed twenty-four months following a voluntary seller's registration through the Agreement's central registration process, a percentage of tax revenue generated for a member state by the voluntary seller for each member state for which the seller does not have a requirement to register to collect the tax.
 - 2. Following the conclusion of the twenty-four month period, a seller will only be entitled to a vendor discount afforded under each member state's law at the time the base rate expires.

Section 603: MONETARY ALLOWANCE FOR MODEL 3 SELLERS AND ALL OTHER SELLERS THAT ARE NOT UNDER MODELS 1 OR 2

The member states anticipate that they will provide a monetary allowance to sellers under Model 3 and to all other sellers that are not under Models 1 or 2 based on the following:

- A. For a period not to exceed twenty-four months following a voluntary seller's registration through the Agreement's central registration process, a percentage of tax revenue generated for a member state by the voluntary seller for each member state for which the seller does not have a requirement to register to collect the tax.
- B. Vendor discounts afforded under each member state's law.