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Issue Paper on Amnesty under the Streamlined Sales and Use Tax Agreement Dated November 12, 2002

ISSUE:

To identify the procedures for businesses to apply for and member states to approve amnesty for uncollected or unpaid sales or use taxes.

BACKGROUND:

Section 402 of the Streamlined Sales and Use Tax Agreement (November 12, 2002) provides that 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 taxes on sales made to purchasers in the state. Amnesty will be granted provided the seller was not registered in that state in the twelve-month period preceding the effective date of the state's participation in the Agreement.

Amnesty precludes assessment for uncollected or unpaid sales or use taxes, penalty, and interest for periods 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. Amnesty will be provided by any additional state that joins the Agreement after the seller has registered.

Amnesty is not available to a seller in the following situations:

- Seller received notice of an audit and the audit is not yet fully resolved, including any related administrative and judicial processes.
- For sales or use taxes already paid or remitted to the state or to taxes collected by the seller.
- For sales or use taxes due from a seller in its capacity as a buyer.

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

PROCEDURES:

- The Governing Board will be notified of a retailer's interest in application for amnesty via registration.

- The Governing Board will communicate with each member state and determine if an audit may prohibit amnesty.
- The Governing Board will communicate with each new member state and determine if an audit may prohibit amnesty.
- The Governing Board will execute an amnesty agreement with the applicant on behalf of the member states.
- The Governing Board will communicate approved amnesty applications to all member states.
- The Governing Board will maintain records on amnesty applicants, approvals, and executed agreements.