

Streamlined Sales Tax Project Returns & Remittances

(~~September~~ August, 2003~~5~~)

1. Overview

This paper describes the Agreement requirements for returns and remittances. In order to simplify the return and remittance process the Agreement places restrictions on what a state can require from taxpayers in how they remit taxes and what information is required on a tax return.

The Agreement provides for:

1. A simplified electronic return (an electronic return and periodic information reports) that would be available to most participating sellers (Section 318 C).
2. Out-of-state sellers that choose not to use a certified system could use the simplified electronic return or the existing state returns under relaxed filing requirements (Section 318 D).
3. A uniform return for all sellers is to be developed at a later date (Section 318 D, 4). By making the simplified return and information report available to all sellers, this requirement is satisfied.

2. Implementation Recommendations

- We recommend offering two methods of filing for all sellers. States must be able to accept the simplified electronic return and information report. At the seller's discretion they may choose to:
 - file the simplified electronic return and information report or
 - file the current state form.
- The simplified electronic returns and information reports will be sent electronically to states and follow standard file formats and communication protocols set by the Governing Board. The TIGERS group is currently working on appropriate standards to be submitted for consideration.

3. Restrictions on States

The following are restrictions on what states can require for all sellers.

Filing Restrictions

- One return per state per seller (as defined in the Agreement), including multiple sales locations - no local returns.
- Return due dates can be no earlier than the 20th of the following month.
- Information reports cannot be required more frequently than every six months.
- Some states may choose not to require sellers to provide information reports.

- States will stagger the timing of the due dates for information reports as determined by the Governing Board.

Paying Restrictions

- At the state's discretion payments from Models 1, 2, and 3 may be required electronically.
- States must accept ACH Debit, ACH Credit and same day alternative payment options.
- Due dates on banking holidays or weekends shift to next business day.
- Any additional payments or prepayments will not require the filing of a return and may be based on a calculated amount.
- Additional payments or prepayments are subject to a de minimis threshold of one remittance per month unless seller collects over \$30,000 in state and local tax per year.

4. Description of Returns - Simplified Electronic Return/Information Reports

Purpose - Provide a simple, uniform way for sellers to file sales and use taxes that allow states to properly allocate the funds to the appropriate jurisdictions and meet their research and reporting needs.

Who Can Use It? - Each state must accept or make this available to all sellers. A seller may choose to utilize each state's existing returns and/or utilize the simplified electronic returns and information reports.

Definition of Simplified Electronic Return

The simplified electronic return will be filed monthly and contain minimal data needed to deposit funds appropriately. The data elements are intended to provide sufficient information to perform basic mathematical calculations. The field can be a negative amount. If the Amount Due Field results in a negative amount, a refund will be generated.

Data Elements

- Number that identifies taxpayer
- FEIN/SSN and indicator
- Return Type (Original or Amend)
- Period of return (beginning and ending month & year)
- Total Sales
- Exemptions/Deductions
- Taxable Sales

For each jurisdiction:

State	Jurisdiction #1	Jurisdiction #2 etc.
A. Tax due on in-state sales (Sale originated in-state)	A. Tax due on in-state sales (Sale originated in-state)	A. Tax due on in-state sales (Sale originated in-state)
B. Tax due on out-state sales (Sale originated out-state)	B. Tax due on out-state sales (Sale originated out-state)	B. Tax due on out-state sales (Sale originated out-state)
C. Tax due on your own purchases & withdrawals from inventory	C. Tax due on your own purchases & withdrawals from inventory	C. Tax due on your own purchases & withdrawals from inventory

* For the following states (WI, SD, UT.....) lines A & B may be combined on line A.

- Total Tax Due
- Interest due
- Penalty due
- Prepayments previously made
- Discounts
- [Allowance for Certified Service Provider or Certified Automated System](#)
- Prepayment included with this return
- Amount due

SSTP Electronic Return **Business Name - State**

1. Identifying Number
2. FEIN or SSN
3. Month and Year
4. Total Sales
5. Exemptions/Deductions
6. Taxable Sales (Line 4 minus 5)
7. Total Tax Due *The total of each jurisdiction including state tax will be separated by sales and use tax.
8. Interest Due
9. Penalty Due
10. Prepayment Previously Made
11. Discount
12. Prepayment Included With This Return
13. Amount Due (Add Lines 7+8+9+12 minus 10 & 11)

Note that in the TIGERS standard, corresponding to the table above, the data elements for state tax due sales originating in state, the state tax due on sales originating out of state, and the state tax due on the sellers own purchases and withdrawals refer to the state taxing level only. The data elements for jurisdiction taxes due refer to local jurisdictions only. The data element for total tax due contains the sum of taxes at the state and local levels.

A minimal number of additional data elements may be utilized in the standards developed by TIGERS to facilitate electronic filing, such as the identifying number of the party transmitting the return and the "electronic postmark" of the return.

Electronic Payment

The standard for electronic filing under development by TIGERS will allow an electronic payment to be packaged in the same electronic transmission as the SER. For payment by ACH debit, the authorization for the state to initiate the ACH debit may be filed, so that the return and payment are filed together. ACH credit or same day payment must be initiated by the payer (seller or CSP), outside of the filing, but a notification of the payment, including the trace number of the payment transaction, may be transmitted with the SER. Bulk payment, that is, the ability of a Certified Service Provider to make a single ACH debit or Ach credit payment corresponding to a "batch" of SERs, is also supported. The state, however, is not required to accept bulk payment.

Definition of Information Reports

The information report would contain additional monthly data concerning deductions, vendor compensation and location detail. The information report could be required no more frequently than every six months. The member states will customize the report based on a list that will be jointly agreed upon by the Governing Board. The states will choose elements from a pre-determined list. The following is a listing of the data the states currently request on returns. It is being recommended that states reduce data that is currently captured to encourage a smaller, concise list of elements.

Data Elements

Product Based Exemptions	Entity Based Exemptions	Other Exemptions	Other Elements
Agricultural Equipment & Machinery, Manufacturing Equipment	Government (including Federal, State & Local, & Foreign Diplomats)	Accelerated Payments, Credits, Prepaid Amounts	SSTP ID#
Agricultural Sales of Feed, Seed, Chemicals	Hospitals	Bad Debts	Period of Report

Used Agricultural Equipment & Parts (ND)	ND - In-state sales to Montana residents	Incentive Credits (MIC/Tourism)	Breakout of Vendor vs. Consumer Use Tax
Electricity, Natural Gas, Water	Other Exempt Entities (including Religious, Educational and Charitable)	Returned Merchandise	Location details for consolidated filers - Location Identifier - data elements per month
Food, Food Stamps, WIC		Resale, Direct Pay	Other Taxes (State Specific)
Fuel		Sales Tax Holiday Exemptions	Breakout of Two State Rates and Rate Changes
Healthcare Services		Trade-Ins for Taxable Resale	Breakout of Discount Detail
Motor Vehicles			
Prescription Drugs; Medical Devices			
Other Authorized Exemptions			

Relaxed Returns

Purpose - Provide for those sellers not using a certified system or a certified service provider an easy way to file and pay taxes.

Who Can Use It? - Sellers who do not have physical presence and want to join the system but are not using a certified system or a certified service provider.

State Restrictions

Return may be requested to be filed within one year of registering and annually thereafter (same time as states current annual filing cycle) or in month following the accumulation of \$1,000 or more in tax funds for any state.

Data Elements

States provide current state returns upon registration and shall accept/offer the monthly, simplified electronic return and information report.

No new forms established for this category.

Agreement Language Related to Returns and Remittances.

Section 318: Uniform Tax Returns

Each member state shall:

- A. Require that only one tax return for each taxing period for each seller be filed for the member state and all the taxing jurisdictions within the member state.
- B. Require that returns be due no sooner than the twentieth day of the month following the month in which the transaction occurred.
- C. Allow any Model 1, Model 2, or Model 3 seller to submit its sales and use tax returns in a simplified format which does not include more data fields than permitted by the governing board. A member state may require additional informational returns to be submitted not more frequently than every six months under a staggered system developed by the governing board.
- D. Allow any seller that is registered under the Agreement, which does not have a legal requirement to register in the member state, and is not Model 1, 2, or 3 seller, to submit its sales and use tax returns as follows:
 1. Upon registration, a member state shall provide to the seller the returns required by that state.
 2. A member state may require a seller to file a return anytime within one year of the month of initial registration, and future returns may be required on an annual basis in succeeding years.
 3. In addition to the returns required in subsection (D) (2), a member state may require seller to submit returns in the month following any month in which they have accumulated state and local tax funds for the state in the amount of one thousand dollars or more.
 4. Participate with other member states in developing a more uniform sales and use tax return that, when completed, would be available to all sellers.
 5. Require, at each member state's discretion, all Model 1, 2, and 3 sellers to file returns electronically. It is the intent of the member states that all member states have the capability of receiving electronically filed returns by January 1, 2004.

Section 319: Uniform Rules for Remittances of Funds

Each member states shall:

- A. Require only one remittance for each return except as provided in this subsection. If any additional remittance is required, it may only be required from sellers that collect more than thirty thousand dollars in sales and use taxes in the Member State during the preceding calendar year as provided herein. The amount of the additional remittance shall be determined through a calculation method rather than actual collections and shall not require the filing of an additional return.
- B. Require, at each member state's discretion, all remittances from sellers under Models 1, 2, and 3 to be remitted electronically.
- C. Allow for electronic payments by both ACH Credit and ACH Debit.
- D. Provide an alternative method for making "same day" payments if an electronic funds transfer fails.
- E. Provide that if a due date falls on a legal banking holiday in a member state, the taxes are due to that state on the next succeeding business day.

- F. Require that any data that accompanies a remittance be formatted using uniform tax type and payment type codes approved by the governing board.

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 select 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.