

To: SST Governing Board

The attached list of administrative enhancements was prepared by General Electric Co. and affiliates as suggestions for opportunities to address administrative issues. It reflects the views and ideas solely of GE Co. It was presented to the SST GB on December 11, 2007 at the meeting in Dallas, TX. Any questions should be directed to either Jeff Hyde at 203-316-7032 or Kathy Neggers at 239-418-5088. We look forward to using this list as a way to initiate some of the ideas.

Minimum Requirement or Value Added Benefit?

Already in Pipeline

- Digital Products
- Software Maintenance Contracts
- Delivery Charges/Sales Price
- Direct Mail Sourcing
- Audit Process
- Dispute Resolution

Credit Balances—Value added

States need to recognize that credits are a normal part of the sale process. States would permit taxpayers to file returns with a negative balance. The negative amount would be refunded to taxpayer before the close of the next period.

(Suggested language to be provided.)

Pre-payment Requirements-- Minimum

- Taxpayers should not be required to make pre-payments
- Limit pre-payment requirements to cash based taxpayers
- Do not require pre-payments from publicly traded companies and their affiliates

Direct Pay Permits-- Minimum

- States must provide publicly traded companies and their affiliates the ability to hold a direct pay permit. Other taxpayers may be provided direct pay permits at the discretion of the Department.
- State must provide credit for taxes paid to vendors.

Refund Process—Minimum

- States must provide taxpayers with the ability to assign their right to pursue a refund to an assignee.

- Need to develop formal process for assignment and assurance from taxpayer that they will not pursue the assigned amounts and will assist in substantiating the amounts as necessary.

Simplified Electronic Returns/EFT for ALL Sellers--Minimum

- Taxpayer remits payment each month along with voucher. Taxpayer submits annual return with detail of the amounts. Would consider other filing options, but not more frequent than quarterly.
- Taxpayer remits payment each month along with minimal data.
- States must be able to accept returns filed in electronic data transfer upload, not merely re-keying information into a website.
- States must be able to accept a consolidated filing, meaning they must be able to accept a single file feed for multiple legal entities. The legal entity details will be provided as a data element in the file.
- EFT must have a standard format that can be utilized for all Member States.
- States must be able to accept a bulk payment, meaning that the EFT will include payments for multiple legal entities.

CRS for ALL Sellers– Registration & Maintenance

Minimum—States need ability to maintain a separate address for each tax type.

Value-Add—Provide all Taxpayers with central site to register on-line

Provide all Taxpayers ability to maintain their registration information on-line

State Change Notice

- States shall make an effort to provide a minimum of 60 days notice for changes to the rate or tax base.
- All taxpayers will be held harmless for any differential caused by a change in that state's tax rate for a period not to exceed 60 days from the date that the notice is provided.
- All taxpayers will be held harmless for errors related to the change in the tax base for a period not to exceed 60 days from the date that the notice is provided.

Timeframe for Changes to State Matrices

- States shall make an effort to provide a minimum of 60 days notice for changes to the tax matrix.
- All taxpayers will be held harmless for any differential caused by a change in that state's tax rate for a period not to exceed 60 days from the date that the updated matrix is provided.
- All taxpayers will be held harmless for errors related to the change in the tax base for a period not to exceed 60 days from the date that the updated matrix is provided.

Credits for transaction taxes paid to other jurisdictions--Minimum

Where a transaction has been subject to sales, use or other transaction taxes in the form of excise or privilege taxes, whether imposed on the seller or purchaser, the subsequent jurisdiction must provide a credit for tax paid on any portion of the purchase price that would otherwise be subject to tax under that jurisdiction's imposition statutes. .

Uniform Good Faith Standard

Equity Issues

- Broad based hold harmless
- Statute of Limitations- Best Practice
Statute of Limitations period should be the same for both underpayments/assessments and overpayments/refunds.
- Interest Inequities—Best Practice
Interest rates applied should be the same for both underpayments/assessments and overpayments/refunds
- Penalty Provisions—Best Practice
States should take into account the taxpayer's level of compliance when determining whether penalty should apply.

Administrative Ease

- \$\$\$ vs. Paper
- Consolidated filings

DPP Purchaser Compensation

Taxpayers who request Direct Pay Permits have agreed to take responsibility for their tax calculation and remittance, taking the burden off of the sellers. These taxpayers should received compensation for this administration, much like the sellers who would have had to administer the tax on the transaction.

Rate Options

- One rate per state
- One rate at state level, one rate at county level

Outlet Reporting

Provided states continue to adopt destination sourcing, there should be no need to report transactions based upon a place of business.

Eliminate Officer Information Requirements

At a minimum, publicly traded companies and their affiliates should not be required to provide detailed personal information for officers of the business. States should

reconsider these requirements due to privacy concerns. Alternatives, such as bonds or letters of credit, should be considered in lieu of officer information.