Treatment of Business Correspondence under the Current Agreement

Least common practice due to lack of guidance and uncertainty as to sourcing services

Most common practice by default

If provided by direct mail user, sale would be sourced based on distribution list (not necessarily incorrect as explained below). Since this is an uncommon practice today, there has been little impact from having business correspondence in Section 313.A.

Business Correspondence needs to remain in direct mail so the user has the option to pay tax. The printer retains responsibility to determine if it owes any use tax based on its home state’s classification of the service.

Results in correct tax collection by the printer in most states IF the state continues to allow the interstate commerce or other exemption for business correspondence distributed out-of-state. Guidance could be added to taxability matrix.

Distribution Info (313.A)

Direct Mail Exemption Certificate (313.A)

Nothing provided (313.B)

Distribution Info

Exhibit B – Attachment to PIA Public Comment

Dow Lohnes Price © All Rights Reserved
Above, printer only collects from user the tax due at the loading dock under Section 313.B if NE regards it as a sale of TPP.

Below, user is responsible for tax in other states only if states regard it as a taxable distribution of TPP (most states do not) or taxable service (such as SD). If the treatment is clarified in taxability matrix, then more users can provide info to printer so tax can be collected under 313A.

Under the current rule, there is no under or over collection of tax.