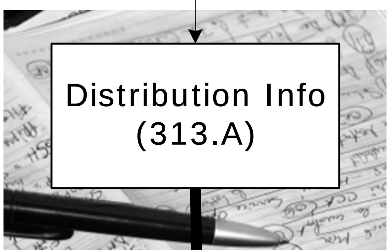
EXHIBIT B – Attachment to PIA Public Comment

Treatment of Business Correspondence under the Current Agreement

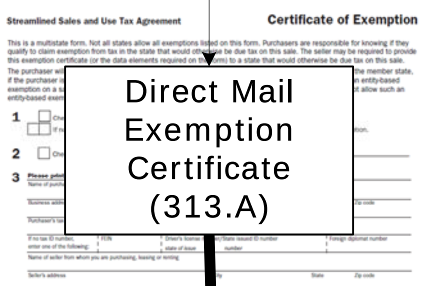
Business Correspondence

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

Most common practice by default



Distribution Info (313.A)


Streamlined Sales and Use Tax Agreement

Certificate of Exemption

Direct Mail Exemption Certificate (313.A)

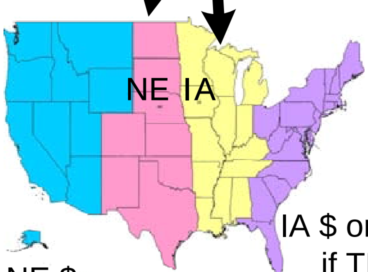
Nothing provided (313.B)

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 <u>IF</u> 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.

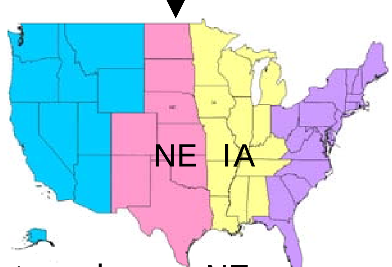
PRINTER COLLECTS or REMITS



IA $ on sale if TPP

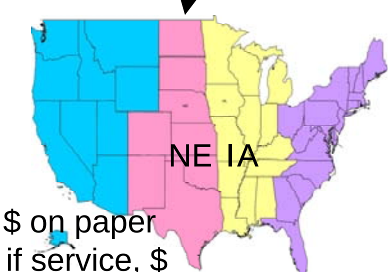
NE $ on paper cost if service, NE $ on sale if TPP

PRINTER REMITS



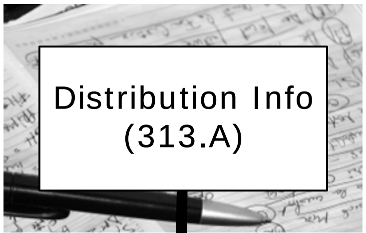
Printer only pays NE $ on paper cost if NE regards as a service

PRINTER COLLECTS or REMITS



NE $ on paper cost if service, $ on sale if TPP

EXHIBIT B, Page 2



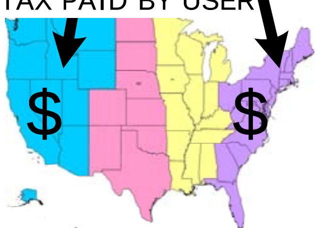
Distribution Info (313.A)

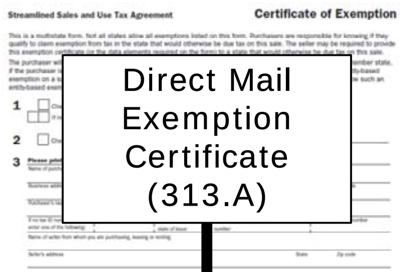
Above, printer collects tax at the mailbox per info provided for those states which regard it as a sale of TPP (guidance needed in taxability matrix).

Below, user bears any responsibility for use tax to states where printer is not licensed. However, if the state regards as a non-taxable service (most common), no tax is due at the mailbox (clarification in Section 313 is needed).

<u>Business is concerned with complexity if states begin taxing this service and would prefer defined sourcing under 313.A to one location.</u>

TAX PAID BY USER



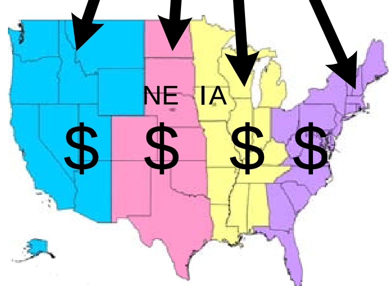


Direct Mail Exemption Certificate (313.A)

Below, direct mail users may owe use tax at the mailbox if the state taxes it as a distribution of TPP (need to identify these states in the taxability matrix).

SD is one of the few states that tax billing service at the mailbox and 313 does not impact this.

TAX PAID BY USER

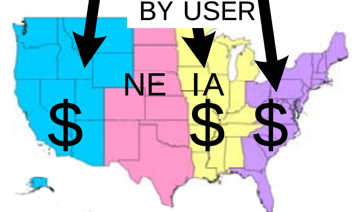


Nothing provided (313.B)

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.

TAX PAID BY USER



Correct tax on business correspondence is paid to each state based on whether the state treats it as a sale of TPP or a taxable service.

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