ARTICLE V
Provider and System Certification
Rule 501 – Certification process

Rule 501.1 – Definitions
A. **Certified Service Provider (CSP).** An agent certified under the agreement to perform all the seller’s sales and use tax functions other than the seller’s obligation to remit tax on its own purchases.
B. **Certified Automated System (CAS).** Software certified under the Agreement to perform part of the seller’s sales and use tax functions; must include ability to calculate the tax imposed by each jurisdiction on a transaction, determine the amount of tax to remit to the appropriate state, and maintain a record of the transaction. The seller is responsible for the maintenance of the seller’s data, the security of the system, and remitting the taxes collected.
C. **TIGERS.** Tax Information Group for Ecommerce Requirements Standardization was formed in October 1994 by FTA, the states, the IRS, and business and service provider representatives, to provide an overall coordinative body for advice and counsel on government technical implementation of American National Standards Institute (ANSI)-based tax-related electronic data interchange applications.
D. **Certification Committee.** The Certification Committee advises the Governing Board on matters pertaining to the evaluation, testing, certification and recertification of service providers and automated systems. The Committee will consider and respond to those matters referred to it from the Governing Board or its committees regarding evaluation, testing, certification or recertification. The Committee may also recommend items to the Governing Board for consideration.
E. **Testing Central.** An administrative process to manage and document communication between member states, Certified Service Providers, Certified Service Provider candidates, Certified Automated System providers and/or Certified Automated System applicants regarding testing and changes.

Rule 501.2 – Certification of service providers
The certification process for CSP candidates shall take place as described below and shown in Appendix A.
1. Interested persons shall notify the Executive Director of their intentions in becoming a certified service provider.
2. Candidates shall submit a completed self-evaluation assessment to the Executive Director. The Executive Director shall notify the Certification Committee regarding the candidate’s status for further evaluation.
3. The Certification Committee shall review documentation submitted by candidates, screen and identify candidates for further evaluation and testing, and conduct site reviews within 90 days of submission of the self-evaluation assessment in subdivision 2.
4. The Certification Committee shall recommend a candidate for system testing within 15 days of completion of the requirements in subdivision 3. Any candidates not recommended for further evaluation may address issues and discrepancies found during the initial review process and re-apply for certification.
5. Testing Central shall manage the system(s) testing between the CSP candidate and the member states. The criteria to begin testing must be met prior to the initiation of testing. Reference - *SST Testing Process for Certification of Service Providers*, Appendix E). Upon successful completion of testing, each member state shall recommend certification of the CSP candidate(s) to the Certification Committee. Testing must be completed within 5 months of the completion of subdivision 4.
6. The Certification Committee shall submit the recommended candidate(s) to the Executive Director within 15 days of the completion of subdivision.

7. The Executive Director shall submit the recommended candidate(s) to the Executive Committee for certification within 15 days of completion of subdivision 6.

8. The Executive Committee shall act on the new certification recommendation(s) within 15 days of completion of subdivision 7.

9. Contracts shall be negotiated and signed by officers designated by the Executive Committee. To remain compliant with the contract, Certified Service Providers shall be operational through the term of the contract.

Compiler’s note: (a) On May 24, 2012 this section was amended as follows. The amendment (RP12001) became effective upon its adoption.

“The certification process for CSP candidates shall take place on a two-year cycle as described below and shown in Appendix A. (The initial process followed a different timeline as noted and shown in Appendix B.)

April 1, Odd Years – 1. The Governing Board Executive Director shall issue a request for service providers interested in responding to the terms and conditions for participation as a certified service provider. (For the initial process, a request for proposal was issued November 1, 2004.)

April 1 to June 1, Odd Years – 2. Interested candidates shall respond to the request by submitting a completed self-evaluation assessment (see Minimum Standards, Appendix C. For the initial process Minimum Standards compared with the RFP were used, Appendix D) within 60 days of the request in subdivision 1 to the Executive Director. The Executive Director shall notify the Certification Committee regarding candidates for further evaluation. (For the initial process, the responses were due February 1, 2005.)

June 1 to August 1, Odd Years – 3. The Certification Committee shall review documentation submitted by candidates, screen and identify candidates for further evaluation and testing, and conduct site reviews within 90 days of submission of the self-evaluation assessment in subdivision 2. Any candidates not recommended for further evaluation may respond to the next request (April 1, odd years). (For the initial process, the reviews were completed by May 1, 2005.)

August 1 to November 1, Odd Years – 4. The Certification Committee shall conduct evaluation and site review. (For the initial process, the reviews were completed by October 1, 2005.) recommend a candidate for system testing within 15 days of completion of the requirements in subdivision 3. Any candidates not recommended for further evaluation may respond to the next request.

November 1, Odd Years to May 1, Even Years – 5. Testing Central shall manage the system(s) testing between the CSP candidate and the member states. The criteria to begin testing must be met prior to the initiation of testing. Reference - SST Testing Process for Certification of Service Providers, Appendix E). Upon successful completion of testing, each member state shall recommend certification of the CSP candidate(s) to the Certification Committee. Testing must be completed within 5 months of the completion of subdivision 4. (For the initial process, the system tests will be completed by June 30, 2006.)

May 1 to May 12, Even Years – 6. The Certification Committee shall submit the recommended candidate(s) to the Executive Director within 15 days of the completion of subdivision 4. For the initial process, the recommended candidate(s) shall be identified and placed under contract no later than July 1, 2006.

May 12 to May 15, Even Years – 7. The Executive Director shall submit the recommended candidate(s) to the Executive Committee for certification within 15 days of completion of subdivision 6.

May 15 to June 1, Even Years – 8. The Executive Committee shall act on the new certification recommendation(s) within 15 days of completion of subdivision 7. Any candidate(s) not recommended for certification may respond to the next request (April 1, odd years).

June 1 to July 1, Even Years – 9. Contracts shall be negotiated and signed by officers designated by the Executive Committee. To remain compliant with the contract, Certified Service Providers shall be operational for two years subsequent to the signing of the contract.”

Compiler’s Note (b): On September 19, 2012, subdivisions 1, 2, 4 and 8 of this section were amended to clarify that the certification process is driven by those who want to be certified as long as the states are ready and able to conduct the certification and became effective upon their adoption via RP12010.

“1. Interested persons shall notify the Executive Director shall issue a request for service providers of their intentions interested in application for becoming responding to the terms and conditions of participation as a certified service provider.
2. Interested candidates shall respond to the request by submitting a completed self-evaluation assessment (see Minimum Standards, Appendix C within 60 days of Item 1) to the Executive Director. The Executive Director shall notify the Certification Committee regarding the candidate’s status for further evaluation...

4. The Certification Committee shall recommend a candidate for system testing within 15 days of completion of the requirements in subdivision 3. Any candidates not recommended for further evaluation may address issues and discrepancies found during the initial review process and re-apply for certification. Respond to the next request....

8. The Executive Committee shall act on the new certification recommendation(s) within 15 days of completion of subdivision 7. Any candidate(s) not recommended for certification may respond to the next request.”

Rule 501.3 – Acceptance requirements for service providers
During testing, the member states, Certification Committee and the CSP candidates shall work cooperatively through Testing Central to identify and resolve issues in a timely manner.

Acceptance criteria. The criteria listed below, in addition to those listed in Section 501B of the Agreement are requirements for a recommendation for certification.
The CSP candidate shall execute test decks successfully* and provide results to the member states. Member states shall successfully* test the single entry screen provided by the CSP candidate.
Reference - SST Testing Process for Certification of Service Providers, Appendix E.
Member states and the CSP candidate shall successfully* complete end-to-end testing. Reference - SST Testing Process for Certification of Service Providers, Appendix E.
Member states shall review and approve the tax rules defined in the system of the CSP candidate.
The CSP candidate shall provide an administrative site that allows each state the capability of obtaining activity reporting and error logging. Reference - SST CSP Site Administration paper, Appendix F.
The CSP candidate shall provide all financial data necessary to perform an assessment of financial soundness. The CSP candidate shall meet all other requirements of the Streamlined Sales and Use Tax Agreement (SSUTA) and Certification Standards, Appendix G.
*Successfully means the transactions are returned with the correct taxability, tax amount and sourcing at an acceptable accuracy level as determined by each individual member state.

Rule 501.4 – Recertification process for Providers who have been Certified
The recertification process will verify that any provider that has been certified, as evidenced by a contract with the Governing Board, continues to be compliant with requirements set forth by the Governing Board, either in the contract, or by policy. Reference – Recertification Process, Appendix H; Process flow; Appendix I, Contract between Streamlined Sales Tax Governing Board, Inc. and Company ___.
On-going Basis – Testing Central shall continuously review operational performance of the CSP(s) and provide that information regularly to the Executive Committee.
Seven months prior to expiration of Contract - The Executive committee shall review CSP(s) Compensation and Contract terms, including any material changes to the minimum standards which had been in effect, and begin negotiations with the CSP(s) on compensation and any changes required for recertification. For renewal of contracts which began in 2006, CSP’s will be required to provide an administrative site that allows each state the capability of obtaining activity reporting and error logging. Reference - SST CSP Site Administration paper, Appendix F.
Six months prior to expiration of Contract – The Certification Committee shall review CSP(s) performance to date and recommend CSP(s) for renewal and continued participation.
Three months prior to expiration of Contract - The Certification Committee shall submit recommendation(s) for renewal to the Executive Committee. Any CSP(s) not recommended for continued participation or renewal may respond to the next request (April 1, odd years).
One month prior to expiration of Contract – The Executive committee shall finalize CSP(s) Compensation and Contract terms and upon reaching agreement, the Executive Committee shall approve officers to sign the contract extensions, amendments or renewals.
On the Contract expiration date - The Officers so designated shall sign the contracts on behalf of the Executive Committee for whatever term has been negotiated.

**Rule 501.5 – Certification of Model 2 automated systems**

The certification process of a Model 2 automated system may begin at any time as described below and shown in Appendix J.


2. After successful self-evaluation, the applicant shall submit the results and apply to the Executive Director to begin the certification process.

3. The Executive Director shall submit the application to the Certification Committee for evaluation.

4. The Certification Committee shall screen and identify systems for further evaluation and testing. If a system is not recommended for further evaluation, the applicant may re-apply after three months.

5. Testing Central shall manage the system(s) testing between the model 2 CAS applicant and the member states. The criteria to begin testing must be met prior to the initiation of testing. Reference - *SST Testing Process for Certification of Model 2 Automated Systems*, Appendix K.

6. Upon successful completion of testing, each member state shall recommend certification of the automated system to the Certification Committee.

7. The Certification Committee shall recommend the acceptable system to the Executive Committee.

8. The Executive Committee shall act on the certification recommendation. Any system not recommended for certification may re-apply after three months.

9. Contracts shall be negotiated and signed by the officer(s) designated by the Executive Committee. Once signed, the Model 2 CAS is considered to be operational.

**Rule 501.6 – Acceptance requirements for automated systems**

During testing, the member states, Certification Committee and the model 2 CAS applicant shall work cooperatively through Testing Central to identify and resolve issues in a timely manner.

A. The CAS must meet the requirements in Section 501(C) of the Agreement:

1. The CAS determines the applicable state and local sales and use tax rate for a transaction;
2. The CAS determines whether or not an item is exempt from tax;
3. The CAS determines the amount of tax to be remitted for each taxpayer for a reporting period;
4. The CAS can generate reports and returns as required by the governing board; and
5. The CAS can meet any other requirement set by the governing board.

B. Acceptance criteria. In addition to the requirements listed in A, the criteria listed below are requirements for a recommendation for certification.
1. The software program shall be a discrete set of tools for sale or licensing to sellers that is capable of being operated by sellers, certified by the Governing Board, and functions as a system. The seller is responsible for the maintenance of the seller’s data, the security of the system, and remitting the taxes collected.

2. The required reports shall include:
   a) Simplified Electronic Return (SER) and Information Report (IR) compliant with the TIGERS standards;
   b) Reports required in the Simplified Exemption Administration paper;
   c) Software version control logs;

3. The results from the self-evaluation of the potential automated system have been verified.

4. The CAS applicant shall execute test decks successfully* and provide results to the member states.

5. Member states shall successfully* test the single entry screen provided by the CAS applicant.

6. Member states and the CAS applicant shall successfully* complete end-to-end testing.

7. The CAS applicant meets all requirements in Certification Standards, Appendix G.

   *Successfully means that transactions must be returned with the correct taxability, tax amount, and sourcing at an acceptable accuracy level as determined by each member state.

C. Integration. Integration is not part of the certification process, but is a critical element of proper implementation of the automated system into the seller’s business process. Without proper integration the system may not produce the correct results.

Rule 501.7 – Certification Committee

A. State Membership

1. Each Member State or Associate Member State of the Streamlined Sales Tax Governing Board shall designate at least one representative who is a state employee to represent that state in evaluation, testing, certification or recertification of service providers and automated systems. States may have more than one state employee attend and participate in the Committee meetings.

2. Participating States may also designate one representative who is a state employee to represent that state in evaluation, testing, certification or recertification of service providers and automated systems. "Participating States" are those States that support the mission of the project and for which an elected official or body of elected officials has committed the State to participate in the Streamlined Sales Tax Project. Any question over whether or not a State qualifies as a Participating State shall be resolved by a majority vote of the Governing Board.

3. The President of the Governing Board will appoint the chair of the committee, and may appoint other state officials to serve on the Committee as deemed appropriate or necessary.

B. Committee Meetings

1. The work of the Certification Committee may be conducted in closed meetings as provided in Section 807 (B), (C) and (D) of the Agreement when dealing with proprietary information from businesses, consideration of issues incident to competitive bidding, requests for information, or certification, the disclosure of which would defeat the public interest in a fair and competitive process.

2. The Committee shall meet as often as is necessary to fulfill its mission. The Officers shall determine the time and place for regular meetings and notice of the meetings shall be given in accordance with the Rules of the Governing Board.

3. The Certification Committee may meet electronically.

Rule 501.8 – Testing Central
Testing Central is created as an administrative process under Governing Board staff supervision to manage and document communication between member states, Certified Service Providers, Certified Service Provider candidates, Certified Automated System providers and/or Certified Automated System applicants regarding testing and changes. Each Member State will designate at least one person to work with Testing Central. A more complete description of this process is found in Appendices E and K.

Rule 502 – Vendor Database Certification
1. Definitions
a. An *address-based database* ("database") is a system by which a user of such system can determine whether an address is within the boundaries of a state and one or more local tax jurisdictions. A "system" can be one or more software applications and/or other electronic processes by which the provider (vendor) determines which state and local sales tax jurisdictions apply to a particular address. The vendor supports the address-based database.
b. A *tax jurisdiction* is any governmental entity or special tax district located within a state that levies a sales and/or use tax. "Special tax districts" include, but are not limited to, rural transportation authority districts, local marketing districts, mass transit districts, multi-jurisdictional housing authority districts, regional library districts, and local improvement districts. Tax jurisdictions can be classified into the following four categories: state, county, city, or special tax district.

2. Procedures for Database Certification
a. In accordance with Section 305, sub-section (H) of the Streamlined Sales and Use Tax Agreement (SSUTA), states may elect to certify vendor-provided address-based databases. A vendor requesting certification of its database shall give authorization for a certifying agency (state) to access its address-based database for the sole purpose of verifying the accuracy of the database in determining the proper tax jurisdiction.
b. A vendor application for certification may be made to each individual state in accordance with state procedures.
c. For purposes of certification, a state may require that the address database file structure be the same as described in the SST Rates and Boundary Database Instructional Paper. This document is available on the Streamlined Sales Tax web site.
d. A certifying state will notify the vendor of the schedule for recertification. A certification cycle shall not exceed two years.

3. Certification Criteria. The Database must satisfy the certification criteria set forth below.
a. *Accuracy.* The state will provide the vendor with its required minimum acceptable level of accuracy. A database will not be certified if it does not achieve the acceptable level of accuracy for all associated tax jurisdictions that are assigned to a particular address.
b. Relief of liability due to incorrect identification of tax jurisdiction(s) is at the discretion of the certifying state and not a condition of the SSUTA.
c. *Identifiability of Tax Jurisdictions.* The taxing jurisdiction categories include: state, county, city, or special tax district. A database will not be certified if it is not capable of identifying all tax jurisdictions within each of the categories.
d. *Response.* Each address lookup shall include a response for each assigned category: state, county, city, or special tax district. Failure to provide a response to any category shall be deemed an error with respect to that category. A response in a tax category is deemed incorrect if the response identifies incorrectly or fails to identify a tax jurisdiction in which a given address is located.
e. *Access to Database For Verification of Address Locations.* The state must have a way to conveniently and quickly determine whether a database correctly places a given address within the correct jurisdiction. Consequently, as a condition of certification, the vendor must make available a means by which representatives of the state can determine whether the database places a given
address within the correct state and taxing jurisdictions. The vendor shall work cooperatively with
the state to facilitate the validation of addresses against the database.
f. **Prompt Updating of Information.** Should the certifying state determine that a given address is
incorrectly identified, there must be a convenient means to inform the vendor of the error.
Furthermore, a vendor shall have in place a documented process for promptly and regularly updating
and correcting its database, including those circumstances when information concerning errors and
omissions is received from the state. Consequently, a condition of database certification is that:
1. The certifying state provides a reliable process for notifying the vendor that the database is in error
with respect to one or more addresses, and
2. The vendor agrees to promptly update its database with the corrected information provided by the
state. Updates can only occur at the beginning of each quarter.
g. **Version Designation – Record Retention.** A condition of database certification is that vendors
provide a convenient means by which a certifying state can identify the version of the address
database that was in effect on any given date while certified under these rules. The vendor must
maintain such records for no less than five years from the beginning of the initial certification period.
h. **Test Data.** A principal responsibility of the certifying state is to provide test data and verify the
accuracy of the database in determining the proper tax jurisdiction. When creating the test data, each
state should adhere to the formats in place and described in Appendix E of Article V, Rules and
Procedures of the SSUTA.

4. **Denial or Revocation of Certification.** A certifying state may deny a request to certify or may
revoke the certification of a vendor-provided address database for just cause. The certifying state
may reassess at any time whether the database should continue to be certified. "Just cause" for denial
or revocation of certification shall include, without limitation, that the database is not in compliance
with the requirements and procedures established in this document.
a. The state shall give written notice to the vendor of intent to revoke or deny database certification.
b. The vendor shall have 30 days from the date of mailing of said notice in which to provide the state
a written response explaining in detail why certification should be granted.
c. If certifying state statute allows and there are disputed issues of fact, the certifying state shall
provide the vendor a hearing on said notice of denial or revocation.
d. Vendors shall provide users notice of revocation within an agreed upon period of time. The
vendor shall immediately remove any advertising from its webpage and all other media that
indicated it was certified by the state that has revoked its certification. Failure of a vendor to
provide such notice and remove such advertising may be sole reason to deny future application for
database certification.