

CREDITS

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Section 3XX Credit for Taxes and Sourcing Priority

A.1. Except as provided in Section 313.A.4., each member state shall allow a full credit against sales or use tax for the combined amount(s) of sales and/or use taxes paid by the purchaser to the seller, or to other states, or any local jurisdictions thereof, that are imposed with respect to the purchase or use of the same product.

2. The provisions of this section apply regardless of the characterization of a product as tangible personal property, a digital good, or a service.

3. The credit must be allowed where another jurisdiction imposes its tax on the same product using different definitions.

4. The credit must be allowed the purchaser where the tax on the sale or use of the product was the legal liability of the seller.

5. This section only applies to taxes due during the time period the product was owned and used by the same purchaser. A credit against any tax due is not required for tax paid in connection with a prior transaction when a product is subsequently sold to another person.

B. It shall be presumed that the purchaser paid the tax on a taxable product when the purchaser was subject to an audit using sampling and the purchase was included in the scope of the audit population.

C.1. The jurisdiction to which the sale initially was sourced pursuant to the Agreement has the first priority to impose tax on the sale of a product. All subsequent uses of the product in another jurisdiction shall have priority based on the order of the product's use in those jurisdictions.

2. Jurisdictions where the product was used earlier have higher taxing priority than jurisdictions where the product was used later.

3. The amount of the credit may be reduced proportionally if only a portion of a purchase or use is subject to tax in the jurisdiction with higher taxing priority.

4. Notwithstanding subsection C.2., a jurisdiction with higher taxing priority must give credit to the purchaser for tax paid to a jurisdiction with lower taxing priority if the purchaser is unable to timely request (or otherwise obtain) a refund of the tax paid to the jurisdiction with lower taxing priority.