

BAC Subcommittee Proposed Amendment on Credit for Taxes Paid - 4/14/2011

Section XXX. Credit for Taxes Paid

- A. Except as provided by subsection 313.A.4, a member state must credit the sales, use or similar taxes paid by a purchaser on the sale or prior use of a product in other jurisdictions.
- B.1. The determination of which state must provide the credit is first based on the time when the sale occurred under a state's law and next on the time when the use occurred.
2. Where there is a simultaneous receipt in multiple jurisdictions, the amount of the credit shall be determined by allocating the sale or use price based on a reasonable and consistent method that reflects the use in the jurisdictions.
- C. Taxes paid by a purchaser shall include the state and local taxes, if any, paid to a seller or paid directly to a state or a local jurisdiction. The taxes paid by a purchaser include any sales, use or similar taxes collected by a seller from a purchaser.
- D. Credit may be limited to the amount of taxes actually paid. The state may exclude any amount that the purchaser recovered, or may recover, resulting from an erroneous tax payment (*e.g.*, not legally paid) or a reduction in the amount of taxes owed attributable to the allowance by the other state of an exemption or credit against the tax.
- E. Nothing in this section requires a member state to provide credit for taxes paid on a product if the state the purchaser is seeking the credit from does not allow a credit for taxes paid to the member state.
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