

May 3, 2011 SLAC meeting discussion

ISSUE: Section 304C: Is a state required to have in law the liability relief required in Section 304, or is it only necessary that a state provide the liability relief if they change their tax rate without providing at least 30 days notice as required in Section 304?

Section 304C (Notice for State Tax Changes)

Each member state failing to provide for at least thirty days between the enactment of the statute providing for a rate change and the effective date of such rate change shall relieve the seller of liability for failing to collect tax at the new rate if:

1. the seller collected tax at the immediately preceding effective rate; and
2. the seller's failure to collect at the newly effective rate does not extend beyond thirty days after the date of enactment of the new rate.

1. Does Section 304.C require a state be in compliance with this section even if no rate change has taken place, by providing statute, rule, or written policy statement for the relief of liability prior for a state tax rate change?

Or

2. Can a state wait until they implement a state tax rate change within 30 days of enactment before they are required to prove they are in compliance with relief from liability provisions.

If #2, shall a state:

1. Specifically provide relief in the taxing statute or a rule when changing a rate
2. Provide relief by written policy at time of rate change
3. Provide relief by unwritten policy at time of rate change