

A motion by Nebraska and South Dakota to adopt the best practices and corresponding best practices matrix under Sections 328 and 335 of the SSUTA relating to credits.

STATE NAME: _____

**Streamlined Sales Tax Governing Board
Section 328 Best Practices Matrix**

Effective Date:

Completed by:
E-mail address:
Phone number:
Date Submitted:

A “best practice” has been approved by the Streamlined Sales Tax Governing Board (SSTGB) for each of the products, procedures, services, or transactions identified in the chart below pursuant to Section 335 of the Streamlined Sales and Use Tax Agreement (SSUTA), as amended through October 30, 2013.

Place an “X” in the appropriate column to indicate whether the practice does or does not apply in your state.

For each practice identified in this matrix and further described in Appendix E of the SSUTA which your state follows, place an “X” in the “Yes” column and enter the statute or rule that applies to your state’s treatment of this “best practice” in the References column.

For each practice identified in this matrix and further described in Appendix E of the SSUTA that your state does not follow, place an “X” in the “No” column and describe in the “Comments” column your state’s credit practice in this area.

Sellers and certified service providers are relieved from tax liability to the member state and its local jurisdictions for having charged and collected the incorrect amount of sales or use tax resulting from the seller or certified service provider relying on erroneous data provided by the member state in the best practices matrix.

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Best Practice from Appendix E	Brief Description of Best Practice	For each section, place an "X" in the YES column for the Practice your state follows. Place an "X" in the NO column if the practice does not apply in your state.		For sections with only NO responses, describe your state's tax treatment. Additional comments may be added for any response.	
		Yes	No	References: Statute, Rule, Cite	Comments
Best Practice 2 - Credits					
	2.1 Use Taxes Credited				
Credits 2.1	The State imposing tax on the purchaser provides credit for "sales or use taxes paid" on a product against the State's use tax.				
	2.2 Sales Taxes Credited				
Credits 2.2	The State imposing tax provides credit for the "sales or use taxes paid" on a product against the State's sales tax.				

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Credits 2.3.a.	<p>2.3 Reciprocity</p> <p>2.3.a. The State provides credit regardless of whether another state provides a reciprocal credit.</p>				
Credits 2.3.b.	<p>2.3.b. The State only provides credit when the other state where the tax was paid provides a reciprocal credit.</p>				
Credits 2.4.a.	<p>2.4 State and Local Sales and Use “Tax Paid”</p> <p>2.4.a. The credit provided for in 2.1 and 2.2 is for the combined amount of state and local “tax paid” to another state or local jurisdiction against both the state and local taxes due to the State.</p>				
Credits 2.4.b.	<p>2.4.b. The credit provided for in 2.1 and 2.2 is for only the state “tax paid” to another state against the taxes due to the State (<i>i.e.</i>, no credit for local tax against state tax). If the State has local sales or use taxes, it only provides credit for state tax against state tax and local tax against local tax.</p>				
Credits 2.5	<p>2.5 “Similar Tax” Paid to Another Jurisdiction</p> <p>The credit provided for in 2.1 and 2.2 includes “similar taxes” that were (1) paid and (2) previously due to another state or local jurisdiction against the sales or use taxes due.</p>				

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	<p>List all known similar or like taxes the state provides credit for even if such tax does not meet the definition of a “similar tax.”</p> <p>a. b. c.</p>				
Credits 2.6	<p>2.6. “Similar Tax” Imposed by the State</p> <p>The credit provided for in 2.1 and 2.2 includes “sales or use taxes paid” to another state or local jurisdiction against “similar taxes” due.</p> <p>List “similar taxes” imposed that the state provides credits against.</p> <p>a. b. c.</p>				

Credits 2.7	<p>2.7 Sourcing when Receipt Location is Known</p> <p>The credit provided for in 2.1 and 2.2 applies when the other state’s “sales or use taxes” were (1) paid and (2) previously due based on: i) that other state’s sourcing rules, or ii) the purchaser’s location of use of a product subsequent to the initial sale.</p>				
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Credits 2.8	<p>2.8 Sourcing when Receipt Location is Unknown</p> <p>Except as provided in Best Practice 2.13, the credit provided for in 2.1 and 2.2 applies when the seller sources the initial sale pursuant to the SSUTA Sections 310.A.3, 310.A.4, or 310.A.5, because the location where the product was received by the purchaser was unknown to the seller.</p>				
Credits 2.9	<p>2.9 Characterization of Sale</p> <p>The credit provided for in 2.1 and 2.2 applies regardless of the other state’s characterization of the product as tangible personal property, a service, digital good, or product delivered electronically.</p>				
Credits 2.10.a.	<p>2.10 Sales Price Components</p> <p>2.10.a. Full Credit Allowed.</p> <p>The credit provided for in 2.1 and 2.2 applies to all components of the SSUTA “sales price” definition, whether taxable or nontaxable in the State.</p>				
Credits 2.10.b.	<p>2.10.b. Partial Credit Allowed</p> <p>When taxable and non-taxable charges are itemized on the invoice, the credit provided for in 2.1 and 2.2 is only for the “tax paid” on the taxable components of the sales price in the State.</p>				

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Credits 2.11.a.	<p>2.11 Transactions with Taxable and Exempt Products</p> <p>2.11.a. Full Credit Allowed</p> <p>The credit provided for in 2.1 and 2.2 applies to the full amount of “tax paid” on a transaction consisting of taxable and exempt products.</p>				
Credits 2.11.b.	<p>2.11.b. Partial Credit Allowed.</p> <p>When taxable and non-taxable products are itemized on the invoice the credit provided for in 2.1 and 2.2 is only for the “tax paid” on the taxable products of a transaction in the State.</p>				
Credits 2.12	<p>2.12 Audit Sampling</p> <p>The credit provided for in 2.1 and 2.2 applies when the product was part of the population sampled pursuant to an audit sampling method.</p>				
Credits 2.13	<p>2.13 Direct Mail</p> <p>The credit provided for in 2.1 and 2.2 applies when the seller sources the sale of Advertising and Promotional Direct Mail pursuant to Section 313.A.4.</p>				

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Credits 2.14	<p>2.14 Accelerated Payments on Lease/Rentals</p> <p>The credit provided for in 2.1 and 2.2 includes the “tax paid” to another state or local jurisdiction on a lease/rental transaction based on the sum of the lease payments (“accelerated basis”), against the “sales or use taxes” due on the balance of the lease/rental payments.</p>				
Credits 2.15	<p>2.15 Inception-Deferred Collection on Lease/Rentals</p> <p>The credit provided for in 2.1 and 2.2 includes the “tax paid” to another state or local jurisdiction on a lease/rental transaction based on a deferred collection/remittance method against the “sales or use taxes” due on the balance of the lease/rental payments.</p>				
Credits 2.16	<p>2.16 Lessor Acquisition.</p> <p>The credit provided for in 2.1 and 2.2 includes the “tax paid” by the lessor to another state or local</p>				

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	jurisdiction on the acquisition of the product against the "sales or use taxes" due on the balance of the lease/rental payments provided the tax reimbursement is documented and disclosed to the lessee.				
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