

**Streamlined Sales Tax - SLAC**

**Post Transaction Survey - SL16001A01**

The following survey questions are based on this **original fact pattern**:

Seller makes a \$100 sale in January, 2015 that is subject to the 5% state and 1% local sales tax for a total of 6%.

Seller collects \$106 from the customer.

Seller records the \$100 sale and remits \$6 in sales tax owed to the state and local jurisdiction.

Customer returns the product at a later date.

The following survey questions:

1. Do not apply to sales of motor vehicles; and

2. Intend that the word "tax" means the tax paid by the customer to the seller, and remitted by the seller to the state.

STATE	Alabama	Arizona	Arkansas	California	Connecticut	Georgia	Indiana	Iowa	Kansas
1. Absent a concern with fraud, what is your state's statute of limitations for a seller to obtain a refund of tax for returned merchandise?	Code of Alabama 1975, Section 40-2A-7: (2) NOTE a	Arizona's statute of limitation in regard to the filing of an amended return is 4 years from the due date of the return or from the date of actual filing whichever is later. (A.R.S. §42-1106).	A seller may obtain a refund of tax paid within 3 years from the time the return was filed or 2 years from the time the tax was paid, whichever of the periods expires later. Ark. Code Ann. § 26-18-306 (i)(1)(A); Gross Receipts Rule GR-81.1(E).	RTC section 6902, Claim; limitation period, states that whichever of the following dates occurs last is the filing deadline for a claim for refund: • Three years from the due date of the return on which an overpayment of tax was made. • Six months from the date of overpayment. • Six months from the date a determination (billing) became final. NOTE a	90 days from date of purchase; Conn. Gen. Stat. § 12-407(a)(8)(B)(ii) and 12-407(a)(9)(B)(ii); see Informational Publication 2011(17), Sales and Use Taxes on Returned Goods, Even Exchanges, and Trade-Ins	3 years from the date of payment of the tax. O.C.G.A. § 48-2-35(c)(1)(A).	Three (3) years after the latter of (1) the due date of the sales or use tax return or (2) the date of payment. For purposes of this statute, the due date of a sales tax return for any given year deemed to be December 31 of that year IC § 6-8.1-9-1	The statute of limitations is three years after the filing that covers the initial transaction. Iowa Code § 423.37(1).	Three years. K.S.A. 79-3609(b)
2. Absent a concern with fraud, is the seller's paper or electronic sales receipt showing tax was charged sufficient documentation to establish and support that a customer paid sales tax?	Yes. Code of Alabama 1975, Section 40-2A-3 NOTE b	NOTE a	Yes. NOTE a	The seller should maintain more than just the paper or electronic sales receipts to support the correct amount of tax paid. Normal books of account, bills, receipts, invoices, cash register tapes, or other documents of original entry, and schedules or working papers used in connection with the preparation of tax returns. Reg. 1698	Yes. IP 2011(17).	Dealer must keep records of taxable sales, books to determine amount of taxes collected, invoices, and other records that accurately reflect tax required to be collected and remitted. O.C.G.A. § 48-8-52; Ga. Comp. R & Regs. 560-12-1-.15, .23.	Yes. IC § 6-2.5-6-13; IC § 6-8.1-9-1	Generally, the seller's paper or sales receipt showing tax was charged is sufficient to show the customer paid sales tax. Ultimately, the answer may depend on all facts and circumstances surrounding the transaction.	No, because of the documentation required by K.S.A. 79-3693(b)(4) through (6). The seller's paper or electronic taxable sales receipt must be tied to that documentation. K.A.R. 92-19-49b discusses the requirements for electronic recordkeeping.

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Customer returns the product at a later date.									
<i>The following survey questions:</i>									
1. Do not apply to sales of motor vehicles; and									
2. Intend that the word "tax" means the tax paid by the customer to the seller, and remitted by the seller to the state.									
STATE	Kentucky	Maine	Michigan	Minnesota	Nebraska	Nevada	New Jersey	North Carolina	North Dakota
1. Absent a concern with fraud, what is your state's statute of limitations for a seller to obtain a refund of tax for returned merchandise?	NOTE a	NOTE a	NOTE a	3.5 years from the invoice date M.S. 289A.40 Subd. 1	NOTE a.	Three years, NRS 372.370 and NAC 360.490	4 years from date of payment. N.J.S.A. 54:32B-20(a); N.J.A.C. 18:24-5.2(c).	Generally 3 years after the date of the return or 2 years after payment unless a different period applies N.C. Gen. Stat. § 105-241.6(a)	North Dakota has no statute of limitations regarding the amount of time a customer has to return merchandise in order to qualify for a refund of tax paid.
2. Absent a concern with fraud, is the seller's paper or electronic sales receipt showing tax was charged sufficient documentation to establish and support that a customer paid sales tax?	Yes. KRS 139.210(1)	Generally, yes	Yes, assuming the tax is separately stated.	Yes	No. In addition to a seller's receipt or invoice showing sales tax was charged, the Department will verify that the seller was licensed to collect Nebraska sales tax during the tax period in question.	Yes	No, proof of seller's remittance to state is required. N.J.A.C. 18:2-5.8(d)3i.	In general, yes. NOTE a	Yes

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STATE	Ohio	Oklahoma	Rhode Island	South Dakota	Tennessee	Texas	Utah	Vermont	Washington
1. Absent a concern with fraud, what is your state's statute of limitations for a seller to obtain a refund of tax for returned merchandise?	Generally 4 years. NOTE a.	A refund claim cannot be made more than three years after the date the sales tax was remitted to the Tax Commission. 68 O.S. § 227	NOTE a	No statute of limitations. SD Codified Law 10-45-29, Deduction Allowed for Sales Refund, and SD Administrative Ruling 64:06:01:41, Returned Merchandise.	Three years from December 31 of the year in which the payment was made. Tenn. Code Ann. § 67-1-1802(a)(1)(A). NOTE a	4 years from the date the sales tax is due	3 years from date return filed 59-1-1410	Within 3 years of date return was required to be filed. 32 VSA § 9781(a).	NOTE a
2. Absent a concern with fraud, is the seller's paper or electronic sales receipt showing tax was charged sufficient documentation to establish and support that a customer paid sales tax?	NOTE b.	Yes, a seller's paper or electronic sales receipt is one example of sufficient documentation to establish that a customer paid sales tax.	Yes, however RI reserves the right to request documentation showing that the seller remitted the tax.	Yes per SD Administrative Ruling 64:06:01:35, Required records for sales, rentals, and leases.	NOTE b	NOTE a	Yes	Yes	Generally, yes. A taxpayer is subject to the recordkeeping requirements set out in RCW 82.32.070. See also WAC 458-20-229.

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STATE	West Virginia	Wisconsin	Wyoming				
1. Absent a concern with fraud, what is your state's statute of limitations for a seller to obtain a refund of tax for returned merchandise?	3 prior tax years, or 2 years after payment date	There is no statute of limitations for the seller to obtain a refund of tax for returned merchandise as long as the seller refunds the tax to the purchaser. (sec. 77.585(4), Wis. Stats.)	Three years from date of overpayment (return date). W.S. 39-15-109(c)(i), W.S. 39-15-109(d)(i)				
2. Absent a concern with fraud, is the seller's paper or electronic sales receipt showing tax was charged sufficient documentation to establish and support that a customer paid sales tax?	Yes, but an accompanying receipt for the refund of tax must also be provided	Yes	Yes. WY Dept. of Revenue Rules, Chapter 2, Sec 8(b)				

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STATE	Alabama	Arizona	Arkansas	California	Connecticut	Georgia	Indiana	Iowa	Kansas
3. How can a seller obtain a refund when a customer returns the product in a different period from when the sale was made (e.g., return was made in March, 2015)?		a. A seller would appropriately take a deduction for the returned merchandise in the period in which the merchandise was returned.	Option A. A seller may reduce the amount of gross receipts reported on the March report by the amount of the gross receipts for returned merchandise. A seller collects and remits tax only upon the amount of consideration received for the sale. Ark. Code Ann. § 26-52-103(13); Gross Receipts Rule GR-3(H).	a. If the requirements of Regulation 1655 are met, sellers can claim a returned merchandise deduction on their Sales and Use Tax Return in the filing period when the merchandise is returned.	Deduction is taken in the period during which the merchandise was returned; Conn. Gen. Stat. § 12-425; Form O-88, Instructions for Form OS-114, Sales and Use Tax Return, Line 52.	a, b or d. Deduction may be taken in the filing period the merchandise was returned in (March 2015). O.C.G.A. § 48-8-58(2)(A).	b. Amendment made to the January 2015 tax filing—IC § 6-2.5-6-1 and d. Other	NOTE a	b. Amendment made to the January 2015 tax filing. NOTE a
a. Deduction may be taken in the filing period the merchandise was returned in (March 2015)	a., b., or d								
b. Amendment made to the January 2015 tax filing									
c. No credit or refund allowed									
d. Other (explain)	NOTE c					Seller may file a claim for refund within 3 years from the date the tax was paid. O.C.G.A. § 48-8-58(2)(B), -2-35(c)(1)(A); Ga. Comp. R. & Regs. 560-12-1-.25.	Indiana would allow a seller to report the return as a ‘negative transaction’ in the gross sales amount. IC § 6-2.5-6-1; IC § 6-8.1-9-2		

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STATE	Kentucky	Maine	Michigan	Minnesota	Nebraska	Nevada	New Jersey	North Carolina	North Dakota	
<p>3. How can a seller obtain a refund when a customer returns the product in a different period from when the sale was made (e.g., return was made in March, 2015)?</p> <p>a. Deduction may be taken in the filing period the merchandise was returned in (March 2015)</p> <p>b. Amendment made to the January 2015 tax filing</p> <p>c. No credit or refund allowed</p> <p>d. Other (explain)</p>	a and d. NOTE b	a. Although the preferred method, b is also allowed as well as d: filing a sales tax refund application with the agency.	Either a. or b.	a.	Either A. or B, provided the sale was rescinded.	a. It may be taken when merchandise was returned unless the tax rates are different. NAC 360.492	d.	Options a. and b. are acceptable methods as well as the option to file a claim for refund using the applicable refund claim form. NOTE b	A. Deduction for tax refunded may be taken in the period the merchandise was returned and the tax was refunded.	
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STATE	Ohio	Oklahoma	Rhode Island	South Dakota	Tennessee	Texas	Utah	Vermont	Washington	
<p>3. How can a seller obtain a refund when a customer returns the product in a different period from when the sale was made (e.g., return was made in March, 2015)?</p> <p>a. Deduction may be taken in the filing period the merchandise was returned in (March 2015)</p> <p>b. Amendment made to the January 2015 tax filing</p> <p>c. No credit or refund allowed</p> <p>d. Other (explain)</p>	a. & b. NOTE c	The seller can obtain a refund by filing an amended sales tax report for January 2015 or by providing a completed Form 13-9 Application for Credit or Refund of State and Local Sales or Use Tax with supporting documentation.	A. seller may take credit for tax refunded in the month the merch was returned.	A. SD Codified Law 10-45-29, Deduction Allowed for Sales Refund, and SD Administrative Ruling 64:06:01:41, Returned Merchandise.	Option a. The seller may take a credit on its return for March 2015 or file a refund claim. The seller should not amend the January 2015 tax return. TENN. COMP. R. & REGS. 1320-5-1-.79	(a), (b) and (d). NOTE b	a and b	a. Deduction may be taken in the filing period the merchandise was returned in.	Options (a), (b) or (d) NOTE b	

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<b>STATE</b>	<b>West Virginia</b>	<b>Wisconsin</b>	<b>Wyoming</b>				
<p>3. How can a seller obtain a refund when a customer returns the product in a different period from when the sale was made (e.g., return was made in March, 2015)?</p> <p>a. Deduction may be taken in the filing period the merchandise was returned in (March 2015)</p> <p>b. Amendment made to the January 2015 tax filing</p> <p>c. No credit or refund allowed</p> <p>d. Other (explain)</p>		a. (answer assumes seller refunds the tax to the purchaser when the product is returned - sec. 77.585(4), Wis. Stats.)	a or b W.S. 39-15-109(c)(i), W.S. 39-15-109(d)(i)WY Dept of Revenue Rules, Chapter 2, Sec 5(f)				



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<b>Modify the original fact pattern by adding that the seller imposes a 20% restocking fee or \$20 (\$100 x 20%).</b>									
4. Can the seller obtain a refund of all tax paid (\$6) when a \$20 restocking fee is deducted from the amount refunded to the customer (\$100 + \$6 - \$20 = \$86 refunded)?	No. DOR rule 810-6-1-.147, Code Section 40-23-1-(a)(6)	No. They are only refunding \$80 so only \$4.80 in tax is refundable.	A seller may obtain a refund of all tax paid in this situation by keeping and preserving records to support that all tax on the original sale was refunded to the customer. Ark. Code Ann. § 26-18-506; Ark. Code Ann. § 26-18-507; Gross Receipts Rule GR-81.1	Assuming the 20% restocking fee represents the average cost, or does not exceed the actual cost of restocking the merchandise, the seller can obtain a refund of all the tax paid.	No. The tax refund is on the net of the purchase price less the restocking fee, if returned within 90 days; Conn. Gen. Stat. § 12-407(a)(8)(A)(ii) and 12-407(a)(9)(A)(ii); IP 2015(12), Getting Started in Business, p. 27	No. See <a href="http://dor.georgia.gov/what-subject-sales-and-use-tax">http://dor.georgia.gov/what-subject-sales-and-use-tax</a> .	No. NOTE a	NOTE b	Yes. See K.A.R. 92-19-49b(a)(4)
5. Can the seller obtain a refund of all tax paid (\$6) when a \$20 restocking fee is charged to the customer as a separate transaction (\$106 refunded and \$20 charged separately)?	No	Yes but the \$20 restocking fee is subject to tax as part of gross income.	A seller may obtain a refund of all tax paid in this situation by keeping and preserving records to support that all tax on the original sale was refunded to the customer. Ark. Code Ann. § 26-18-506; Ark. Code Ann. § 26-18-507; Gross Receipts Rule GR-81.1.	See Response to question 4. The fact that the restocking fee is charged to the customer as a separate transaction does not affect whether the seller qualifies for a returned merchandise credit assuming the qualification of Regulation 1655 have been met.	No. Conn. Gen. Stat. § 12-407(a)(8)(A)(ii) and 12-407(a)(9)(A)(ii)	No. See <a href="http://dor.georgia.gov/what-subject-sales-and-use-tax">http://dor.georgia.gov/what-subject-sales-and-use-tax</a> .	Yes; IC § 6-2.5-1-5. NOTE b	NOTE b	Yes. See K.A.R. 92-19-49b(a)(4)

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4. Can the seller obtain a refund of all tax paid (\$6) when a \$20 restocking fee is deducted from the amount refunded to the customer (\$100 + \$6 - \$20 = \$86 refunded)?	Yes. NOTE c	Yes, provided the restocking fee is consistently applied to all merchandise returns.	NOTE b	Yes (restocking fees are not taxable)	No. Any charge for the return of an item is a portion of the sales price that is not refunded to the customer. Nebraska Sales and Use Tax Regulation 1-025.03.	Yes, NAC 372.090	Yes. The restocking fee is not subject to tax. See N.J.S.A. 54:32B-3.	Yes	Yes
5. Can the seller obtain a refund of all tax paid (\$6) when a \$20 restocking fee is charged to the customer as a separate transaction (\$106 refunded and \$20 charged separately)?	Yes. NOTE c	Yes, provided the restocking fee is consistently applied to all merchandise returns.	NOTE b	Yes (restocking fees are not taxable)	No. Any charge for the return of an item, even if separately charged, is a portion of the sales price that is not refunded to the customer. Nebraska Sales and Use Tax Regulation 1-025.03.	Yes, NAC 372.090	Yes. The restocking fee is not subject to tax. See N.J.S.A. 54:32B-3.	Yes	Yes

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4. Can the seller obtain a refund of all tax paid (\$6) when a \$20 restocking fee is deducted from the amount refunded to the customer (\$100 + \$6 - \$20 = \$86 refunded)?	No NOTE d .	No, the sales tax refunded to the customer is on the net amount of the refund after any charge for the restocking fee. OAC 710:65-19-89(b).	No – per 44-18-30(58) – refund of tax is not allowed on restocking fees. Tax would be due on the \$20 restocking fee.	Depends on where the restocking is sourced to. If the restocking is at a location in SD then the restocking fee will be taxable. If the restocking is at a location outside SD then the restocking fee is not subject to SD tax & the customer receives a full refund of the tax paid. NOTE a	Yes, if the seller credits or refunds the tax to the customer for the returned merchandise, the seller may take a deduction on its return or file a claim for refund. Separately itemized fees or charges for restocking and handling of returned merchandise are not subject to sales tax.	The seller may obtain a refund of the amount of sales tax refunded to the customer (i.e. \$6). The restocking fee is not a taxable item. Tex. Tax Code Sections 151.010, 151.0101 and 151.4261	Yes	Yes	NOTE c
5. Can the seller obtain a refund of all tax paid (\$6) when a \$20 restocking fee is charged to the customer as a separate transaction (\$106 refunded and \$20 charged separately)?	This is considered two separate transactions and as such, the vendor is returning the entire purchase price. The vendor may claim a refund of the \$6. See Ohio Admin. Code 5703-9-11.	While the seller may obtain a refund of all tax paid (\$6), the seller should collect and remit sales tax on the \$20 restocking fee.	No – per 44-18-30(58) – refund of tax is not allowed on restocking fees. Tax would be due on the \$20 restocking fee.	Yes. The restocking charge will be taxable if the restocking is at a location in SD. SD Codified Law 10 45-4.1, services are subject to sales tax.	Yes, the restocking fees must be separately itemized from the credit for the returned merchandise on an invoice or other sales document that is given to the customer.	The seller may obtain a refund of the amount of sales tax refunded to the customer (i.e. \$6). The restocking fee is not a taxable item. Tex. Tax Code Sections 151.010, 151.0101 and 151.4261	Yes	Yes	Yes. NOTE d

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4. Can the seller obtain a refund of all tax paid (\$6) when a \$20 restocking fee is deducted from the amount refunded to the customer (\$100 + \$6 - \$20 = \$86 refunded)?	No	No, only a portion of the tax is refunded or \$4.80 (\$100 - \$20 = \$80 x 6% = \$4.80) sec. 11.32(2), Wis. Adm. Code	Yes. A restocking fee is a non-taxable service fee, because it is subsequent to the tax moment. WY Dept of Revenue Rules, Chapter 2, Sec 5(f)				
5. Can the seller obtain a refund of all tax paid (\$6) when a \$20 restocking fee is charged to the customer as a separate transaction (\$106 refunded and \$20 charged separately)?	Yes	Yes, the seller can obtain a refund of the entire \$6 on the first transaction. However, the restocking fee is subject to tax so tax will be charged on the second transaction (i.e., \$20). Therefore, the answer is the same as #4 as far as the net returned tax amount.	Yes. Same as #4				

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STATE	Alabama	Arizona	Arkansas	California	Connecticut	Georgia	Indiana	Iowa	Kansas	
<b>Modify the original fact pattern by adding that the seller charged a \$10 delivery fee on the original sale. The state includes delivery in its definition of "Sales Price". The seller collected \$116.60 (\$100 + \$10 + \$6.60 tax) from the customer.</b>										
<p>6. If the seller refunds \$100 to the customer for the product but does not refund the \$10 delivery fee, what tax amount can the seller obtain a refund of?</p> <p>a. All tax, \$6.60</p> <p>b. Only tax on the product, \$6</p> <p>c. No tax refund</p> <p>d. Other (explain)</p>			Option A. A seller may obtain a refund of all tax paid in this situation by keeping and preserving records to support that all tax on the original sale was refunded to the customer. Ark. Code Ann. § 26-18-506; Ark. Code Ann. § 26-18-507; Gross Receipts Rule GR-81.1	c. Regulation 1655 states that the full sales price, including the sales tax, less rehandling and restocking costs, must be refunded to the customer in order for the seller to qualify for a returned merchandise credit. In addition, the customer must not be required to purchase other property at a price greater than the amount charged for the property that is returned. As the shipping charges are included in the selling price, both the shipping and sales tax on the shipping must be refunded to the customer in order for the seller to qualify for a returned merchandise credit or refund	b. Only tax on the product, \$6, if returned within 90 days; Conn. Gen. Stat. § 12-407(a)(8)(B)(ii) and 12-407(a)(9)(B)(ii)		A seller cannot obtain a refund of sales/use tax collected unless the seller refunds those amounts to the purchaser. IC § 6-2.5-6-14.1. Assuming the sales tax is refunded to the customer, the maximum amount of refund for the seller is (b) Only tax on the product, \$6.	b. Only tax on the product, \$6. However, transportation and delivery charges are not subject to Iowa sales tax when separately contracted for. Iowa Admin. Code r. 701—219.14.	b. Only tax on the product, \$6. See K.A.R. 92-19-49b(2)	
	c. No tax refund.	N/A – Separately stated delivery charges are not subject to tax					b. Only tax on the product, \$6			
	NOTE d									

Streamlined Sales Tax - SLAC										
Post Transaction Survey - SL16001A01										
The following survey questions are based on this <b>original fact pattern</b> :										
Seller makes a \$100 sale in January, 2015 that is subject to the 5% state and 1% local sales tax for a total of 6%.										
Seller collects \$106 from the customer.										
Seller records the \$100 sale and remits \$6 in sales tax owed to the state and local jurisdiction.										
Customer returns the product at a later date.										
<i>The following survey questions:</i>										
1. Do not apply to sales of motor vehicles; and										
2. Intend that the word "tax" means the tax paid by the customer to the seller, and remitted by the seller to the state.										
STATE	Kentucky	Maine	Michigan	Minnesota	Nebraska	Nevada	New Jersey	North Carolina	North Dakota	
<b>Modify the original fact pattern by adding that the seller charged a \$10 delivery fee on the original sale. The state includes delivery in its definition of "Sales Price". The seller collected \$116.60 (\$100 + \$10 + \$6.60 tax) from the customer.</b>										
<p>6. If the seller refunds \$100 to the customer for the product but does not refund the \$10 delivery fee, what tax amount can the seller obtain a refund of?</p> <p>a. All tax, \$6.60</p> <p>b. Only tax on the product, \$6</p> <p>c. No tax refund</p> <p>d. Other (explain)</p>	<p>b. KRS 139.010(12)(a) and KRS 139.200</p>	<p>b. Tax on the product (\$6) is refundable, as the full value of the product was returned to the customer.</p>	<p>Assuming that the sales price of the item included delivery, the refund would only be a partial refund and the answer is b.</p>	<p>b.</p>	<p>d.</p>	<p>b. Only tax on the product</p>	<p>B. The seller must refund tax to the customer before receiving a refund of tax from the State. See N.J.S.A. 54:32B-20(a), N.J.A.C. 18:2-5.8.</p>	<p>Option b. If a customer is refunded the pro rata amount of the sales tax based on the taxable amount of the sales price refunded. NOTE c</p>	<p>A. All tax originally paid, \$6.60.</p>	
						NOTE b				

Streamlined Sales Tax - SLAC										
Post Transaction Survey - SL16001A01										
The following survey questions are based on this <b>original fact pattern</b> :										
Seller makes a \$100 sale in January, 2015 that is subject to the 5% state and 1% local sales tax for a total of 6%.										
Seller collects \$106 from the customer.										
Seller records the \$100 sale and remits \$6 in sales tax owed to the state and local jurisdiction.										
Customer returns the product at a later date.										
<i>The following survey questions:</i>										
1. Do not apply to sales of motor vehicles; and										
2. Intend that the word "tax" means the tax paid by the customer to the seller, and remitted by the seller to the state.										
STATE	Ohio	Oklahoma	Rhode Island	South Dakota	Tennessee	Texas	Utah	Vermont	Washington	
<b>Modify the original fact pattern by adding that the seller charged a \$10 delivery fee on the original sale. The state includes delivery in its definition of "Sales Price". The seller collected \$116.60 (\$100 + \$10 + \$6.60 tax) from the customer.</b>										
<p>6. If the seller refunds \$100 to the customer for the product but does not refund the \$10 delivery fee, what tax amount can the seller obtain a refund of?</p> <p>a. All tax, \$6.60</p> <p>b. Only tax on the product, \$6</p> <p>c. No tax refund</p> <p>d. Other (explain)</p>	b. NOTE e.	Oklahoma does not tax separately stated delivery charges and therefore cannot respond to this question.	B – since the delivery charge was not refunded tax would be due on the delivery charge only.	B. Delivery fees are taxable per SD Codified Law 10-45-1.14, Gross Receipts Defined.	Only the amount of tax credited or refunded to the customer. If the seller refunded the customer \$6.60 in tax, then (a). If the seller refunded the customer \$6.00, then (b). Tenn. Code Ann. § 67-1-1802(a)(1)(A).	b. NOTE c	d. \$6 UT does not tax delivery	b. Only tax on the product, \$6.	Assuming the seller also refunds the sales tax of \$6, Option (b). Washington would treat this as a return of the good, and refund only the tax on the product, or \$6. See WAC 458-20-278(2); see also WAC 458-20-108(2)(d).	

<b>Streamlined Sales Tax - SLAC</b>									
<b>Post Transaction Survey - SL16001A01</b>									
<p>The following survey questions are based on this <b>original fact pattern</b>:</p> <p>Seller makes a \$100 sale in January, 2015 that is subject to the 5% state and 1% local sales tax for a total of 6%.  Seller collects \$106 from the customer.  Seller records the \$100 sale and remits \$6 in sales tax owed to the state and local jurisdiction.  Customer returns the product at a later date.</p>									
<p><i>The following survey questions:</i></p> <p>1. Do not apply to sales of motor vehicles; and  2. Intend that the word "tax" means the tax paid by the customer to the seller, and remitted by the seller to the state.</p>									
<b>STATE</b>	<b>West Virginia</b>	<b>Wisconsin</b>	<b>Wyoming</b>						
<b>Modify the original fact pattern by adding that the seller charged a \$10 delivery fee on the original sale. The state includes delivery in its definition of "Sales Price". The seller collected \$116.60 (\$100 + \$10 + \$6.60 tax) from the customer.</b>									
<p>6. If the seller refunds \$100 to the customer for the product but does not refund the \$10 delivery fee, what tax amount can the seller obtain a refund of?</p> <p>a. All tax, \$6.60  b. Only tax on the product, \$6  c. No tax refund  d. Other (explain)</p>	Option b	b. (sec. 11.32(2), Wis. Adm. Code)	a. WY Dept of Revenue Rules, Chapter 2, Sec 5(f)						



Streamlined Sales Tax - SLAC										
Post Transaction Survey - SL16001A01										
The following survey questions are based on this <b>original fact pattern</b> :										
Seller makes a \$100 sale in January, 2015 that is subject to the 5% state and 1% local sales tax for a total of 6%.										
Seller collects \$106 from the customer.										
Seller records the \$100 sale and remits \$6 in sales tax owed to the state and local jurisdiction.										
Customer returns the product at a later date.										
The following survey questions:										
1. Do not apply to sales of motor vehicles; and										
2. Intend that the word "tax" means the tax paid by the customer to the seller, and remitted by the seller to the state.										
STATE	Alabama	Arizona	Arkansas	California	Connecticut	Georgia	Indiana	Iowa	Kansas	
<b>Modify the original fact pattern by adding that the seller charged a \$10 delivery fee on the original sale. The state includes delivery in its definition of "Sales Price". The seller collected \$116.60 (\$100 + \$10 + \$6.60 tax) from the customer.</b>										
<p>7. If the seller refunds \$110 for the product and delivery plus \$6.60 in tax, but charges the customer as a separate transaction \$15 return delivery fee (to ship the item back to the seller), what tax amount can the seller obtain a refund of?</p> <p>a. All tax (\$6.60)</p> <p>b. Only tax on the product (\$6)</p> <p>c. Only tax on the "net" amount, \$95 (\$110 - \$15)</p> <p>d. No tax refund</p> <p>e. Other (explain)</p>			Option A. A seller may obtain a refund of all tax paid in this situation by keeping and preserving records to support that all tax on the original sale was refunded to the customer. Ark. Code Ann. § 26-18-506; Ark. Code Ann. § 26-18-507; Gross Receipts Rule GR-81.1.	a. See response to question 6. In this case, the seller refunds the full sales price to the customer (price of product, delivery, and tax) and can qualify for a returned merchandise credit or refund of all the tax paid. NOTE b	c. Only tax on the "net" amount, \$95. Conn. Gen. Stat. § 12-407(a)(8)(B)(ii) and 12-407(a)(9)(B)(ii)	c. Only tax on the "net" amount, \$95 (\$110 - \$15)	a. All tax (\$6.60). IC § 6-2.5-1-5.	a. All tax (\$6.60). However, transportation and delivery charges are not subject to Iowa sales tax when separately contracted for. Iowa Admin. Code r. 701—219.14.	a. All tax (\$6.60). The return deliver fee would be treated as a reshelving fee and not taxed. See K.A.R. 92-19-49b(a)(4)	
	d. No tax refund.	N/A – Separately stated delivery charges are not subject to tax								

Streamlined Sales Tax - SLAC										
Post Transaction Survey - SL16001A01										
The following survey questions are based on this <b>original fact pattern</b> :										
Seller makes a \$100 sale in January, 2015 that is subject to the 5% state and 1% local sales tax for a total of 6%.										
Seller collects \$106 from the customer.										
Seller records the \$100 sale and remits \$6 in sales tax owed to the state and local jurisdiction.										
Customer returns the product at a later date.										
The following survey questions:										
1. Do not apply to sales of motor vehicles; and										
2. Intend that the word "tax" means the tax paid by the customer to the seller, and remitted by the seller to the state.										
STATE	Kentucky	Maine	Michigan	Minnesota	Nebraska	Nevada	New Jersey	North Carolina	North Dakota	
<b>Modify the original fact pattern by adding that the seller charged a \$10 delivery fee on the original sale. The state includes delivery in its definition of "Sales Price". The seller collected \$116.60 (\$100 + \$10 + \$6.60 tax) from the customer.</b>										
<p>7. If the seller refunds \$110 for the product and delivery plus \$6.60 in tax, but charges the customer as a separate transaction \$15 return delivery fee (to ship the item back to the seller), what tax amount can the seller obtain a refund of?</p> <p>a. All tax (\$6.60)  b. Only tax on the product (\$6)  c. Only tax on the "net" amount, \$95 (\$110 - \$15)  d. No tax refund  e. Other (explain)</p>	<p>Yes. In this instance, if the merchandise is returned the seller would refund or credit \$116.60 to their customer (\$110.00 plus \$6.60 in sales tax). If the seller subsequently charges a delivery return fee as a separate transaction upon the return of the merchandise, the \$15.00 fee would not be subject to the sales tax as it is not a charge in connection with a taxable sale.</p>	<p>a. All the tax. The return delivery fee is a separate transaction.</p>	<p>If the return delivery fee is truly a separate transaction, the fee would represent a nontaxable service and the answer would be a.</p>	a.	e.	a. All tax	a. N.J.S.A. 54:32B-8.11.	Option a. N.C. Gen. Stat. § 105-164.11A(a)	A. All tax originally paid, \$6.60.	
							NOTE c			

Streamlined Sales Tax - SLAC										
Post Transaction Survey - SL16001A01										
The following survey questions are based on this <b>original fact pattern</b> :										
Seller makes a \$100 sale in January, 2015 that is subject to the 5% state and 1% local sales tax for a total of 6%.										
Seller collects \$106 from the customer.										
Seller records the \$100 sale and remits \$6 in sales tax owed to the state and local jurisdiction.										
Customer returns the product at a later date.										
<i>The following survey questions:</i>										
1. Do not apply to sales of motor vehicles; and										
2. Intend that the word "tax" means the tax paid by the customer to the seller, and remitted by the seller to the state.										
STATE	Ohio	Oklahoma	Rhode Island	South Dakota	Tennessee	Texas	Utah	Vermont	Washington	
<b>Modify the original fact pattern by adding that the seller charged a \$10 delivery fee on the original sale. The state includes delivery in its definition of "Sales Price". The seller collected \$116.60 (\$100 + \$10 + \$6.60 tax) from the customer.</b>										
<p>7. If the seller refunds \$110 for the product and delivery plus \$6.60 in tax, but charges the customer as a separate transaction \$15 return delivery fee (to ship the item back to the seller), what tax amount can the seller obtain a refund of?</p> <p>a. All tax (\$6.60)</p> <p>b. Only tax on the product (\$6)</p> <p>c. Only tax on the "net" amount, \$95 (\$110 - \$15)</p> <p>d. No tax refund</p> <p>e. Other (explain)</p>	a. NOTE f.	Oklahoma does not tax separately stated delivery charges and therefore cannot respond to this question.	C – the \$15 return fee is considered a restocking fee to the original transaction.	A. The \$15 return delivery fee will be assessed sales tax in the separate transaction. Per SD Codified Law 10-45-4.1, services are subject to sales tax.	Stand-alone delivery charges are not subject to sales tax. Therefore, the \$15 return delivery fee is not subject to tax and is not part of the sales price of a taxable product. The original tax amount credited or refunded to the customer for the returned merchandise is the amount the seller may obtain a credit or refund of. Tenn. Code Ann. § 67-1-1802(a)(1)(A).	The seller may take a credit or obtain a refund of the entire amount of sales tax refunded to the customer (i.e. \$6.60). The \$15 return delivery fee is not taxable. Tex. Tax Code Sections 151.007, 151.010, 151.0101 and 151.4261 34 Tex. Admin. Code Section 3.303	e. \$6 UT does not tax delivery	a. All tax	Option (a). This would be treated as two separate transactions. On return, the seller may obtain a refund of the full tax amount paid (\$6.60). The seller's \$15 delivery fee is not subject to retail sales tax; the seller would report income for this stand-alone delivery fee under the service and other activities B&O tax classification.	

**Streamlined Sales Tax - SLAC**

**Post Transaction Survey - SL16001A01**

The following survey questions are based on this **original fact pattern**:

Seller makes a \$100 sale in January, 2015 that is subject to the 5% state and 1% local sales tax for a total of 6%.

Seller collects \$106 from the customer.

Seller records the \$100 sale and remits \$6 in sales tax owed to the state and local jurisdiction.

Customer returns the product at a later date.

*The following survey questions:*

1. Do not apply to sales of motor vehicles; and

2. Intend that the word "tax" means the tax paid by the customer to the seller, and remitted by the seller to the state.

**STATE**

**West**

**Wisconsin**

**Wyoming**

**Virginia**

**Modify the original fact pattern by adding that the seller charged a \$10 delivery fee on the original sale. The state includes delivery in its definition of "Sales Price". The seller collected \$116.60 (\$100 + \$10 + \$6.60 tax) from the customer.**

7. If the seller refunds \$110 for the product and delivery plus \$6.60 in tax, but charges the customer as a separate transaction \$15 return delivery fee (to ship the item back to the seller), what tax amount can the seller obtain a refund of?

- a. All tax (\$6.60)
- b. Only tax on the product (\$6)
- c. Only tax on the "net" amount, \$95 (\$110 - \$15)
- d. No tax refund
- e. Other (explain)

c. The seller can obtain a refund of the entire \$6.60 on the first transaction. However, the delivery fee is subject to tax so tax will be charged on the second transaction (i.e., \$15). Therefore, the answer is the net returned tax amount. (sec. 11.32(2), Wis. Adm. Code)

a. The return delivery fee is a non-taxable service fee, because it is subsequent to the tax moment. WY Dept of Revenue Rules, Chapter 2, Sec 5(f)

a

Streamlined Sales Tax - SLAC									
Post Transaction Survey - SL16001A01									
The following survey questions are based on this <b>original fact pattern</b> :									
Seller makes a \$100 sale in January, 2015 that is subject to the 5% state and 1% local sales tax for a total of 6%.									
Seller collects \$106 from the customer.									
Seller records the \$100 sale and remits \$6 in sales tax owed to the state and local jurisdiction.									
Customer returns the product at a later date.									
<i>The following survey questions:</i>									
1. Do not apply to sales of motor vehicles; and									
2. Intend that the word "tax" means the tax paid by the customer to the seller, and remitted by the seller to the state.									
STATE	Alabama	Arizona	Arkansas	California	Connecticut	Georgia	Indiana	Iowa	Kansas
<b>Modify the original fact pattern adding that the customer returns the product for an even exchange.</b>									
8. What are the tax consequences if the seller provides the customer with store credit of \$106 (\$100 + \$6 tax) for the returned product and issues a new invoice for \$106 (\$100 + \$6 tax) for the newly selected product?	NOTE e	NOTE b	Tax is not refunded to the customer in an even exchange situation unless applicable tax rates have changed, resulting in less tax due on the new transaction. Then that portion of tax paid on the original sale must be refunded to the customer in order for the seller to apply for a refund.	The seller would qualify to claim a returned merchandise credit for the tax on the original sale as the qualifications in Regulation 1655 have been met (the full sales price was credited to the customer and the customer was not required to purchase a more expensive item). The subsequent invoice for the newly selected product is a separate transaction and the \$6 tax collected should be remitted to the state.	NOTE a	None	No tax consequences if the newly selected product sells for the same price as the returned item: \$100. IC § 6-2.5-1-5(b); IC § 6-2.5-6-7; IC § 6-2.5-4-2(c)(3)	In the filing period covering the initial sale, the seller should report the initial sale. In the filing period covering the exchange, the seller should claim credit from the initial sale and report the exchange as a new sale. For the example, the seller's net sales tax remitted is \$6.	The transaction would be treated as a wash, and the new sale would not be reported as part of the retailers gross receipts. See K.A.R. 92-19-49b(a)(3)

<b>Streamlined Sales Tax - SLAC</b>									
<b>Post Transaction Survey - SL16001A01</b>									
The following survey questions are based on this <b>original fact pattern</b> :									
Seller makes a \$100 sale in January, 2015 that is subject to the 5% state and 1% local sales tax for a total of 6%.									
Seller collects \$106 from the customer.									
Seller records the \$100 sale and remits \$6 in sales tax owed to the state and local jurisdiction.									
Customer returns the product at a later date.									
<i>The following survey questions:</i>									
1. Do not apply to sales of motor vehicles; and									
2. Intend that the word "tax" means the tax paid by the customer to the seller, and remitted by the seller to the state.									
STATE	Kentucky	Maine	Michigan	Minnesota	Nebraska	Nevada	New Jersey	North Carolina	North Dakota
<b>Modify the original fact pattern adding that the customer returns the product for an even exchange.</b>									
8. What are the tax consequences if the seller provides the customer with store credit of \$106 (\$100 + \$6 tax) for the returned product and issues a new invoice for \$106 (\$100 + \$6 tax) for the newly selected product?	NOTE d	No tax consequences NOTE b	NOTE c	None	The seller can take a credit for \$6 on the rescinded sale and then collect and remit \$6 on the new sale.	No tax consequence	See response to Question # 3.	The seller would be entitled to a refund of the amount of sales tax refunded to the customer for the returned product, and for collecting and remitting the sales tax for the newly selected product.	Each transaction is separate, but the new purchase transaction offsets the return transaction. Net tax impact is zero.

Streamlined Sales Tax - SLAC									
Post Transaction Survey - SL16001A01									
The following survey questions are based on this <b>original fact pattern</b> :									
Seller makes a \$100 sale in January, 2015 that is subject to the 5% state and 1% local sales tax for a total of 6%.									
Seller collects \$106 from the customer.									
Seller records the \$100 sale and remits \$6 in sales tax owed to the state and local jurisdiction.									
Customer returns the product at a later date.									
<i>The following survey questions:</i>									
1. Do not apply to sales of motor vehicles; and									
2. Intend that the word "tax" means the tax paid by the customer to the seller, and remitted by the seller to the state.									
STATE	Ohio	Oklahoma	Rhode Island	South Dakota	Tennessee	Texas	Utah	Vermont	Washington
<b>Modify the original fact pattern adding that the customer returns the product for an even exchange.</b>									
8. What are the tax consequences if the seller provides the customer with store credit of \$106 (\$100 + \$6 tax) for the returned product and issues a new invoice for \$106 (\$100 + \$6 tax) for the newly selected product?	No additional liability would be due by the vendor.	No tax consequences occur as a result of the described transaction.	Two separate transactions – refund of tax on returned product and subsequent tax due on 2nd sale. New invoice of \$100 is subject to tax. Seller entitled to credit of \$6 for amount of sales tax refunded on original sale.	As there was no refund or change of tax due, the transaction will not need to be reported; however, records will still need to be kept according to SD Administrative Ruling 64:06:01:35, Required records for sales, rentals, and leases.	No change. The tax amount credited or refunded to the customer of \$6.00 for the returned merchandise is the amount the seller may obtain a credit or refund of. The seller could take a deduction for the sales price of the returned merchandise on its return. The seller must report the new product sales of \$100.00 on its return and remit the \$6.00 in tax collected.	There are no tax consequences relating to an even exchange. The seller's books and records should clearly indicate the transaction involved an exchange. Tex. Tax Code Section 151.007(c)(5)	no tax due - offset	None	Assuming no tax rate differential, No tax consequence. This would be the treated as two transactions—a return where tax of \$6 is returned to the customer, and a new purchase for which tax of \$6 is collected from the same customer.

<b>Streamlined Sales Tax - SLAC</b>								
<b>Post Transaction Survey - SL16001A01</b>								
The following survey questions are based on this <b>original fact pattern</b> :								
Seller makes a \$100 sale in January, 2015 that is subject to the 5% state and 1% local sales tax for a total of 6%.								
Seller collects \$106 from the customer.								
Seller records the \$100 sale and remits \$6 in sales tax owed to the state and local jurisdiction.								
Customer returns the product at a later date.								
<i>The following survey questions:</i>								
<i>1. Do not apply to sales of motor vehicles; and</i>								
<i>2. Intend that the word "tax" means the tax paid by the customer to the seller, and remitted by the seller to the state.</i>								
<b>STATE</b>	<b>West Virginia</b>	<b>Wisconsin</b>	<b>Wyoming</b>					
<b>Modify the original fact pattern adding that the customer returns the product for an even exchange.</b>								
8. What are the tax consequences if the seller provides the customer with store credit of \$106 (\$100 + \$6 tax) for the returned product and issues a new invoice for \$106 (\$100 + \$6 tax) for the newly selected product?		No tax consequences on an even exchange if both products are taxable. Tax is refunded on first transaction and charged on second resulting in a net tax of zero.	There is no tax consequence because there was an even exchange. Administrative practice as allowed under W.S. 39-11-102(b)					
N/A								



Streamlined Sales Tax - SLAC									
Post Transaction Survey - SL16001A01									
The following survey questions are based on this <b>original fact pattern</b> :									
Seller makes a \$100 sale in January, 2015 that is subject to the 5% state and 1% local sales tax for a total of 6%.									
Seller collects \$106 from the customer.									
Seller records the \$100 sale and remits \$6 in sales tax owed to the state and local jurisdiction.									
Customer returns the product at a later date.									
<i>The following survey questions:</i>									
1. Do not apply to sales of motor vehicles; and									
2. Intend that the word "tax" means the tax paid by the customer to the seller, and remitted by the seller to the state.									
STATE	Alabama	Arizona	Arkansas	California	Connecticut	Georgia	Indiana	Iowa	Kansas
<b>Modify the original fact pattern adding that the customer exchanges the \$100 product for a product with a selling price of \$150.</b>									
9. (Original) Can the seller collect and remit sales tax on the price difference only (\$50)?	Note f	The seller may take a deduction for the value of the returned merchandise; there would be no credit for the tax paid on the original \$100 purchase. Therefore, the taxable income on this transaction would be \$50, and tax would be imposed on that amount.	Yes. NOTE b	Assuming that the seller requires the customer to buy an item of greater value in order to process the exchange, the seller must collect and remit tax based on the \$150 selling price of the new product. Regulation 1654, subdivision (b)(a) states, in general, when merchandise is "traded in" on the purchase price of other merchandise, the retailer accepting the trade-in must include in the measure of tax the amount agreed upon between seller and buyer as the allowance for the merchandise traded in.	No. Tax is due on the full price of the more expensive replacement product; IP 2011(17).	Yes	Yes; IC § 6-2.5-1-5(b); IC § 6-2.5-6-7; IC § 6-2.5-4-2(c)(3)	See the answer for #8. For the example, the seller's net sales tax remitted is \$9.	Yes. See K.A.R. 92-19-49b(a)(3)
9. (Follow-up) What amount does the seller collect sales tax on? a. \$50 b. Other (explain)								b. Other. See the answer for #8. For the example, the seller's net sales tax remitted is \$9.	

Streamlined Sales Tax - SLAC									
Post Transaction Survey - SL16001A01									
The following survey questions are based on this <b>original fact pattern</b> :									
Seller makes a \$100 sale in January, 2015 that is subject to the 5% state and 1% local sales tax for a total of 6%.									
Seller collects \$106 from the customer.									
Seller records the \$100 sale and remits \$6 in sales tax owed to the state and local jurisdiction.									
Customer returns the product at a later date.									
<i>The following survey questions:</i>									
1. Do not apply to sales of motor vehicles; and									
2. Intend that the word "tax" means the tax paid by the customer to the seller, and remitted by the seller to the state.									
STATE	Kentucky	Maine	Michigan	Minnesota	Nebraska	Nevada	New Jersey	North Carolina	North Dakota
<b>Modify the original fact pattern adding that the customer exchanges the \$100 product for a product with a selling price of \$150.</b>									
9. (Original) Can the seller collect and remit sales tax on the price difference only (\$50)?	NOTE d. If the return is handled as a single transaction, the seller will collect and remit sales tax on the price difference (\$50.00) on their March 2015 Kentucky Sales and Use Tax Return.	No	NOTE c	Yes	No. Two separate transactions have occurred. The seller can take a credit for \$6 on the rescinded sale and then collect and remit \$9 (\$150 x 6%=\$9) on the new sale.	Yes	Yes. See response to Question # 3.	NOTE d	Yes, if the new invoice shows a sale of \$50 or if the new invoice shows a return of \$100 and a purchase of \$150 (for a net sale of \$50), the seller may collect tax on \$50.
9. (Follow-up) What amount does the seller collect sales tax on? a. \$50 b. Other (explain)	a. \$50			a. \$50		Other: the state does not have a trade in allowance so this exchange would have to be done in two separate transactions. (1). The seller returns the \$106 to the customer, (2). The seller charges the full tax on the \$150 purchase.	Option a	Note d (Follow-up)	NOTE a

Streamlined Sales Tax - SLAC									
Post Transaction Survey - SL16001A01									
The following survey questions are based on this <b>original fact pattern</b> :									
Seller makes a \$100 sale in January, 2015 that is subject to the 5% state and 1% local sales tax for a total of 6%.									
Seller collects \$106 from the customer.									
Seller records the \$100 sale and remits \$6 in sales tax owed to the state and local jurisdiction.									
Customer returns the product at a later date.									
<i>The following survey questions:</i>									
1. Do not apply to sales of motor vehicles; and									
2. Intend that the word "tax" means the tax paid by the customer to the seller, and remitted by the seller to the state.									
STATE	Ohio	Oklahoma	Rhode Island	South Dakota	Tennessee	Texas	Utah	Vermont	Washington
<b>Modify the original fact pattern adding that the customer exchanges the \$100 product for a product with a selling price of \$150.</b>									
9. (Original) Can the seller collect and remit sales tax on the price difference only (\$50)?	NOTE g.	Yes, the seller must record the net difference between the selling price of the item returned and the item delivered to the customer in the exchange as an addition to or deduction from gross sales, whichever is appropriate, on the current month report. For example, under the described scenario, the vendor must report the difference as an addition to gross sales and collect the appropriate amount of sales tax due thereon.	Yes – if the sales are netted out at the time of the \$150 purchase, sales tax is due on the price differential of \$50.	Yes, there are additional gross receipts to assess sales tax. Gross Receipts defined in 10-45-1.14.	Yes, issuing store credit for returned merchandise plus the tax to the customer that the customer then tenders along with an additional \$50 for the purchase of a newly selected product(s) does not alter the outcome. TENN. COMP. R. & REGS. 1320-5-1-.50; Tenn. Code Ann. § 67-1-1802(a)(1)(A).	The seller should collect and remit sales tax on the price difference. The seller's books and records should clearly indicate the transaction involved an exchange. Tex. Tax Code Section 151.007(c)(5)	Difference only	Yes	Assuming no rate differential, yes. This would be treated as a return and a new purchase, resulting in the seller reporting an additional tax on the \$50 difference in the sales prices. See WAC 458-20-278, Example 4(b).
9. (Follow-up) What amount does the seller collect sales tax on? a. \$50 b. Other (explain)	b. NOTE k	a. \$50	A. applies only if the exchange was made within 120 days of the original transaction date and with a receipt, otherwise the \$150.00 would be subject to sales tax.						NOTE g

**Streamlined Sales Tax - SLAC**

**Post Transaction Survey - SL16001A01**

The following survey questions are based on this **original fact pattern**:

Seller makes a \$100 sale in January, 2015 that is subject to the 5% state and 1% local sales tax for a total of 6%.

Seller collects \$106 from the customer.

Seller records the \$100 sale and remits \$6 in sales tax owed to the state and local jurisdiction.

Customer returns the product at a later date.

*The following survey questions:*

*1. Do not apply to sales of motor vehicles; and*

*2. Intend that the word "tax" means the tax paid by the customer to the seller, and remitted by the seller to the state.*

**STATE**

**West**

**Wisconsin**

**Wyoming**

**Virginia**

**Modify the original fact pattern adding that the customer exchanges the \$100 product for a product with a selling price of \$150.**

9. (Original) Can the seller collect and remit sales tax on the price difference only (\$50)?

Yes

Yes

No, the collection and remittance should follow each transaction for audit purposes. W.S. 39-15-107(a)(ii), WY Dept of Revenue Rules, Chapter 2, Sec 5(j)

9. (Follow-up) What amount does the seller collect sales tax on?

a. \$50

b. Other (explain)

Option a. \$50

**Streamlined Sales Tax - SLAC**  
**Post Transaction Survey - SL16001A01**

The following survey questions are based on this **original fact pattern**:  
 Seller makes a \$100 sale in January, 2015 that is subject to the 5% state and 1% local sales tax for a total of 6%.  
 Seller collects \$106 from the customer.  
 Seller records the \$100 sale and remits \$6 in sales tax owed to the state and local jurisdiction.  
 Customer returns the product at a later date.

*The following survey questions:*  
 1. Do not apply to sales of motor vehicles; and  
 2. Intend that the word "tax" means the tax paid by the customer to the seller, and remitted by the seller to the state.

STATE	Alabama	Arizona	Arkansas	California	Connecticut	Georgia	Indiana	Iowa	Kansas
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**Modify the original fact pattern such that the customer does not return the product but does request a refund of the tax paid claiming the purchase is not taxable.**

10. Can the seller receive a refund of tax from the state prior to refunding the tax to the customer?	Code Section 40-2A-7. File joint Petition	Yes if the purchaser can provide an exemption certificate or other documentation establishing that the original sale was exempt from tax, the seller may file an amended return and obtain a refund of the tax paid on the original sale.	No. A seller cannot receive a refund of tax prior to refunding the tax to the customer. Ark. Code Ann. § 26-18-507(d). The only exception allowed is when the seller obtains the consent of the customer to the allowance of the credit or refund to the seller. Ark. Code Ann. § 26-18-507(d)(3); Gross Receipts Rule GR-81.1 (C).	The seller may claim a refund of the tax paid and provide documentation to support that the sale was tax exempt prior to refunding the tax to the customer. NOTE c	No. Conn. Gen. Stat. § 12-425; Policy Statement 98(5), Sales and Use Tax Refund Policy	No. Ga. Comp. R. & Regs. 560-12-1-.25(2).	No; IC § 6-2.5-6-14.1.	The seller can receive a refund using the procedure described in the answer for #3.	No. If the tax is required to be refunded because the customer failed to provide an exemption certificate to the retailer at the time of sale, the retailer must document the fact that it refunded the tax to its customer in the manner required by K.S.A. 79-3693(b)(4) through (6). K.A.R. 92-19-49c
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<b>Streamlined Sales Tax - SLAC</b>									
<b>Post Transaction Survey - SL16001A01</b>									
The following survey questions are based on this <b>original fact pattern</b> :									
Seller makes a \$100 sale in January, 2015 that is subject to the 5% state and 1% local sales tax for a total of 6%.									
Seller collects \$106 from the customer.									
Seller records the \$100 sale and remits \$6 in sales tax owed to the state and local jurisdiction.									
Customer returns the product at a later date.									
<i>The following survey questions:</i>									
1. Do not apply to sales of motor vehicles; and									
2. Intend that the word "tax" means the tax paid by the customer to the seller, and remitted by the seller to the state.									
STATE	Kentucky	Maine	Michigan	Minnesota	Nebraska	Nevada	New Jersey	North Carolina	North Dakota
<b>Modify the original fact pattern such that the customer does not return the product but does request a refund of the tax paid claiming the purchase is not taxable.</b>									
10. Can the seller receive a refund of tax from the state prior to refunding the tax to the customer?	No. Tax collected will be refunded to the seller only in situations where they have refunded or credited their customers. The seller must maintain documentation to verify this fact. In no case will the seller be allowed a benefit from tax paid.	No. 36 M.R.S. §1814.	No	No- tax charged in error can be refunded if it is returned to the customer within 60 days. M.S 289A.50, Subd. 2(c)	No. The seller must first refund or credit the tax to the customer.	No. NAC 372.765	No. N.J.S.A. 54:32B-20(a).	No. N.C. Gen. Stat. § 105-164.11A(a)	No. The seller must refund the tax or provide a credit memo for the tax to the customer before applying for a credit from the state. N.D.C.C. § 57-39.2-27.

Streamlined Sales Tax - SLAC									
Post Transaction Survey - SL16001A01									
The following survey questions are based on this <b>original fact pattern</b> :									
Seller makes a \$100 sale in January, 2015 that is subject to the 5% state and 1% local sales tax for a total of 6%.									
Seller collects \$106 from the customer.									
Seller records the \$100 sale and remits \$6 in sales tax owed to the state and local jurisdiction.									
Customer returns the product at a later date.									
<i>The following survey questions:</i>									
1. Do not apply to sales of motor vehicles; and									
2. Intend that the word "tax" means the tax paid by the customer to the seller, and remitted by the seller to the state.									
STATE	Ohio	Oklahoma	Rhode Island	South Dakota	Tennessee	Texas	Utah	Vermont	Washington
<b>Modify the original fact pattern such that the customer does not return the product but does request a refund of the tax paid claiming the purchase is not taxable.</b>									
10. Can the seller receive a refund of tax from the state prior to refunding the tax to the customer?	Yes. NOTE h.	No, proof that the sales tax has been refunded to the customer before a refund will be allowed.	No – tax must be refunded to customer before a seller can claim a refund.	No, per SD Administrative Ruling 64:06:01:37, Refunds to Customers.	No. Sales or use taxes which were collected from or passed on to customers by the taxpayer shall not be refunded, unless the taxpayer has refunded or credited the sales or use tax to its customers."	No, the seller must refund the sales tax to the customer prior to taking a credit or requesting a refund. The seller's books and records must establish the seller has refunded the sales tax to the customer or has issued a credit to the customer's account with the customer's approval. Tex. Tax Code Section 111.104(f) 34 Tex. Admin. Code Section 3.325(a)(2)(A) and 3.325(d)(2)(A)	No	No. 32 VSA § 9781(a).	No. The seller is required to first refund the tax to the customer before seeking a tax refund from the Department. However, the seller has the option to get a letter ruling from the Department to confirm the transaction's taxability before refunding the tax to the customer.

<b>Streamlined Sales Tax - SLAC</b>							
<b>Post Transaction Survey - SL16001A01</b>							
The following survey questions are based on this <b>original fact pattern</b> :							
Seller makes a \$100 sale in January, 2015 that is subject to the 5% state and 1% local sales tax for a total of 6%.							
Seller collects \$106 from the customer.							
Seller records the \$100 sale and remits \$6 in sales tax owed to the state and local jurisdiction.							
Customer returns the product at a later date.							
<i>The following survey questions:</i>							
<i>1. Do not apply to sales of motor vehicles; and</i>							
<i>2. Intend that the word "tax" means the tax paid by the customer to the seller, and remitted by the seller to the state.</i>							
STATE	West Virginia	Wisconsin	Wyoming				
<b>Modify the original fact pattern such that the customer does not return the product but does request a refund of the tax paid claiming the purchase is not taxable.</b>							
10. Can the seller receive a refund of tax from the state prior to refunding the tax to the customer?	No	Yes NOTE a	No, the vendor must first refund the tax to the taxpayer. W.S. 39-15-109(c)(ii) and WY Dept of Revenue Rules, Chapter 2, Sec 8(b)				



Streamlined Sales Tax - SLAC									
Post Transaction Survey - SL16001A01									
The following survey questions are based on this <b>original fact pattern</b> :									
Seller makes a \$100 sale in January, 2015 that is subject to the 5% state and 1% local sales tax for a total of 6%.									
Seller collects \$106 from the customer.									
Seller records the \$100 sale and remits \$6 in sales tax owed to the state and local jurisdiction.									
Customer returns the product at a later date.									
<i>The following survey questions:</i>									
1. Do not apply to sales of motor vehicles; and									
2. Intend that the word "tax" means the tax paid by the customer to the seller, and remitted by the seller to the state.									
STATE	Alabama	Arizona	Arkansas	California	Connecticut	Georgia	Indiana	Iowa	Kansas
<b>Modify the original fact pattern such that the customer does not return the product but only pays the seller \$100; claiming the sale is exempt.</b>									
11. Can the seller obtain a refund of the tax paid to the state? What documentation is needed to support the customer's exemption claim?	Yes. Note g	NOTE c	NOTE c	The seller may claim a refund if an overpayment has been made due to tax being remitted on an exempt sale. The specific documentation needed to support the refund may vary depending on the type of exemption claim. In general, the seller would need to submit whatever documentation the customer has to support the sale is tax exempt and evidence that the tax was paid.	Yes, but only after the customer has provided any required exemption certificate and after the seller has refunded the tax originally paid. PS 98(5).	Assuming the sale is in fact exempt, yes. O.C.G.A. § 48-2-35. To be relieved of burden of proof regarding taxability, seller must take from purchaser a certificate of exemption or resale. O.C.G.A. § 48-8-38.	Yes. The customer needs to provide an exemption certificate to the seller. If the seller receives such certificate, the seller does not need to provide evidence of non-taxability to receive a refund from the state. IC § 6-2.5-3-7.	The seller can receive a refund using the procedure described in the answer for #3. The seller should obtain an exemption certificate from the customer. Without an exemption certificate, the documentation needed depends on the facts and circumstances of the transaction.	Yes, if the customer has provided the retailer with an exemption certificate. Refunds are granted to retailers because of errors they made in tax computation, reporting, or for similar reasons. The required documentation for such refund request is set forth in K.S.A. 79-3693(b)

Streamlined Sales Tax - SLAC									
Post Transaction Survey - SL16001A01									
The following survey questions are based on this <b>original fact pattern</b> :									
Seller makes a \$100 sale in January, 2015 that is subject to the 5% state and 1% local sales tax for a total of 6%.									
Seller collects \$106 from the customer.									
Seller records the \$100 sale and remits \$6 in sales tax owed to the state and local jurisdiction.									
Customer returns the product at a later date.									
<i>The following survey questions:</i>									
1. Do not apply to sales of motor vehicles; and									
2. Intend that the word "tax" means the tax paid by the customer to the seller, and remitted by the seller to the state.									
STATE	Kentucky	Maine	Michigan	Minnesota	Nebraska	Nevada	New Jersey	North Carolina	North Dakota
<b>Modify the original fact pattern such that the customer does not return the product but only pays the seller \$100; claiming the sale is exempt.</b>									
11. Can the seller obtain a refund of the tax paid to the state? What documentation is needed to support the customer's exemption claim?	NOTE e	Only if supported by proper documentation from the customer of a valid exemption and credit is provided to the customer. 36 M.R.S. §1814	Yes. NOTE d	Yes- a valid exemption certificate assuming no up-front exemption exists.	Yes. If the customer provides the seller with a properly completed resale or exempt sale certificate within the timeframes noted in Nebraska Sales and Use Tax Regulations 1-013.08 or 1-014.08, the seller can take a creditor obtain a refund of the \$6.	A receipt and the name and address of the customer NAC 372.765	Yes. Fully completed exemption certificate. Proof tax was remitted to the State. Proof customer short-paid. N.J.S.A. 54:32B-20, N.J.A.C. 18:2-5.8(d)3.iv.	Yes. NOTE e	Yes, the retailer may apply for a credit or refund of tax paid on an exempt sale if the application is filed within the three year statute of limitations. N.D.C.C. 57-39.2-24 Documentation required is generally the original invoice and an exemption certificate.

Streamlined Sales Tax - SLAC									
Post Transaction Survey - SL16001A01									
The following survey questions are based on this <b>original fact pattern</b> :									
Seller makes a \$100 sale in January, 2015 that is subject to the 5% state and 1% local sales tax for a total of 6%.									
Seller collects \$106 from the customer.									
Seller records the \$100 sale and remits \$6 in sales tax owed to the state and local jurisdiction.									
Customer returns the product at a later date.									
<i>The following survey questions:</i>									
1. Do not apply to sales of motor vehicles; and									
2. Intend that the word "tax" means the tax paid by the customer to the seller, and remitted by the seller to the state.									
STATE	Ohio	Oklahoma	Rhode Island	South Dakota	Tennessee	Texas	Utah	Vermont	Washington
<b>Modify the original fact pattern such that the customer does not return the product but only pays the seller \$100; claiming the sale is exempt.</b>									
11. Can the seller obtain a refund of the tax paid to the state? What documentation is needed to support the customer's exemption claim?	NOTE i.	NOTE a.	Yes - Seller must provide a credit memo showing sales tax was refunded back to the customer in all cases. In addition, a seller may obtain an exemption certificate from the customer, or the item must be specifically exempt per RIGL 44-18-30.	Yes. The customer must provide a properly completed exemption certificate to show the purchase is tax exempt per SD Codified Law 10-45-61.	NOTE c	NOTE d	yes, exemption certificate	Yes. Any documentation sufficient to show sale was exempt.	Yes, a seller may file a refund claim. The required documentation would depend on the reason(s) for the exemption, which may include the customer's reseller permit, exemption certificate, credit notice, receipts, etc.

<b>Streamlined Sales Tax - SLAC</b>								
<b>Post Transaction Survey - SL16001A01</b>								
The following survey questions are based on this <b>original fact pattern</b> :								
Seller makes a \$100 sale in January, 2015 that is subject to the 5% state and 1% local sales tax for a total of 6%.								
Seller collects \$106 from the customer.								
Seller records the \$100 sale and remits \$6 in sales tax owed to the state and local jurisdiction.								
Customer returns the product at a later date.								
<i>The following survey questions:</i>								
<i>1. Do not apply to sales of motor vehicles; and</i>								
<i>2. Intend that the word "tax" means the tax paid by the customer to the seller, and remitted by the seller to the state.</i>								
<b>STATE</b>	<b>West</b>	<b>Wisconsin</b>	<b>Wyoming</b>					
	<b>Virginia</b>							
<b>Modify the original fact pattern such that the customer does not return the product but only pays the seller \$100; claiming the sale is exempt.</b>								
<b>11. Can the seller obtain a refund of the tax paid to the state? What documentation is needed to support the customer's exemption claim?</b>								
	Yes, notarized affidavit explaining prior tax payment but invoice short paid by customer	Yes, only if the item is determined to be nontaxable or if the seller receives a fully completed exemption certificate from the purchaser.	Yes. The documentation required is a properly completed Streamlined Sales and Use Tax Agreement Certificate of Exemption. WY Dept of Revenue Rules, Chapter 2, Sec 7(b)					

Streamlined Sales Tax - SLAC									
Post Transaction Survey - SL16001A01									
The following survey questions are based on this <b>original fact pattern</b> :									
Seller makes a \$100 sale in January, 2015 that is subject to the 5% state and 1% local sales tax for a total of 6%.									
Seller collects \$106 from the customer.									
Seller records the \$100 sale and remits \$6 in sales tax owed to the state and local jurisdiction.									
Customer returns the product at a later date.									
<i>The following survey questions:</i>									
1. Do not apply to sales of motor vehicles; and									
2. Intend that the word "tax" means the tax paid by the customer to the seller, and remitted by the seller to the state.									
STATE	Alabama	Arizona	Arkansas	California	Connecticut	Georgia	Indiana	Iowa	Kansas
<b>Using the original fact pattern, add that the customer returns the merchandise to a different taxing jurisdiction, i.e. different city, county or state.</b>									
12. (Original) The customer has the original sales receipt - What tax does the seller refund to the customer, the original tax paid or the tax at the location the exchange takes place?	Purchaser would be entitled to a refund or credit of the amount showing paid on the receipt.	Original tax paid.	NOTE d	To claim a returned merchandise credit and the amount of sales tax paid to the state, the retailer must refund the full sales price, including the portion designated as "sales tax", and the customer, in order to obtain the refund, is not required to purchase other merchandise at a price greater than the item returned. Regulation 1655. If the retailer wishes to claim a returned merchandise deduction on their return, they should refund the sales tax based on the original tax rate and not at the rate in effect in the jurisdiction in which the returned merchandise is received.	Connecticut only has a state sales tax. The seller can choose to refund the tax paid, but Connecticut will provide a credit to the seller only of Connecticut sales tax, not taxes of other jurisdictions.		The jurisdiction where the original tax is paid; IC § 6-8.1-9-1 (tax legally paid).	The seller refunds the original tax paid. If an exchange occurs, the seller refunds the original sales tax paid and collects sales tax based on the location of the exchange.	On a practical basis, it would be the tax in place at the location where the exchange takes place, whether the rate is higher or lower than the rate that was charged on the original sale. If the customer paid tax at a higher rate than the refund it receives, it should file an ST-21 following the directives set forth in KS-1220.
12. (Follow-up) The customer has the original sales receipt - What tax can the seller refund to the customer that the state would refund to the seller?								a. The original state, county, and/or city tax paid. The seller refunds the original tax paid. If an exchange occurs, the seller refunds the original sales tax paid and collects sales tax based on the location of the exchange.	
a. The original state, county, and/or city tax paid.									
b. The state, county, and/or city tax imposed at the location the exchange takes place.									
c. Other (explain).									

Streamlined Sales Tax - SLAC									
Post Transaction Survey - SL16001A01									
The following survey questions are based on this <b>original fact pattern</b> :									
Seller makes a \$100 sale in January, 2015 that is subject to the 5% state and 1% local sales tax for a total of 6%.									
Seller collects \$106 from the customer.									
Seller records the \$100 sale and remits \$6 in sales tax owed to the state and local jurisdiction.									
Customer returns the product at a later date.									
<i>The following survey questions:</i>									
1. Do not apply to sales of motor vehicles; and									
2. Intend that the word "tax" means the tax paid by the customer to the seller, and remitted by the seller to the state.									
STATE	Kentucky	Maine	Michigan	Minnesota	Nebraska	Nevada	New Jersey	North Carolina	North Dakota
<b>Using the original fact pattern, add that the customer returns the merchandise to a different taxing jurisdiction, i.e. different city, county or state.</b>									
12. (Original) The customer has the original sales receipt - What tax does the seller refund to the customer, the original tax paid or the tax at the location the exchange takes place?	Kentucky will allow for refunds of Kentucky tax collected and remitted to our jurisdiction. If a customer presents an original sales receipt to a Kentucky retailer from a different taxing jurisdiction, then the store should handle in a manner to credit the proper refund to the customer while reconciling with its corporate office regarding multijurisdictional transactions. There are no local taxes.	The original tax paid, adjusting the return for the registration on which the original transaction was reported.	This is an issue for the seller and not the Department.	Original tax paid	The original tax paid should be refunded.	The original tax paid	Original tax paid is refunded. New Jersey does not have local taxing jurisdictions.	The seller should refund the original tax paid shown on the original sales receipt.	The seller must refund the original tax paid and as shown on the sales receipt.
12. (Follow-up) The customer has the original sales receipt - What tax can the seller refund to the customer that the state would refund to the seller?	The original state tax paid which the seller should seek credit for from the original taxing jurisdiction. Kentucky will not refund any tax to the seller that was not remitted by the seller to the state when filing the Kentucky sales tax return on the original sale.			Option a		The original tax paid	Option a	a. The original state, county, and/or city tax paid.	The seller must refund the original tax paid and as shown on the sales receipt.
a. The original state, county, and/or city tax paid.									
b. The state, county, and/or city tax imposed at the location the exchange takes place.									
c. Other (explain).									

Streamlined Sales Tax - SLAC									
Post Transaction Survey - SL16001A01									
The following survey questions are based on this <b>original fact pattern</b> :									
Seller makes a \$100 sale in January, 2015 that is subject to the 5% state and 1% local sales tax for a total of 6%.									
Seller collects \$106 from the customer.									
Seller records the \$100 sale and remits \$6 in sales tax owed to the state and local jurisdiction.									
Customer returns the product at a later date.									
<i>The following survey questions:</i>									
1. Do not apply to sales of motor vehicles; and									
2. Intend that the word "tax" means the tax paid by the customer to the seller, and remitted by the seller to the state.									
STATE	Ohio	Oklahoma	Rhode Island	South Dakota	Tennessee	Texas	Utah	Vermont	Washington
<b>Using the original fact pattern, add that the customer returns the merchandise to a different taxing jurisdiction, i.e. different city, county or state.</b>									
12. (Original) The customer has the original sales receipt - What tax does the seller refund to the customer, the original tax paid or the tax at the location the exchange takes place?	NOTE j.	The proper amount to be refunded is the original tax paid.	Original tax paid – tax credit must be taken by the seller in the state the original tax was remitted to.	The original tax paid as the customer provided documentation for tax paid. The seller needs to keep a copy for documentation per SD Administrative Ruling 64:06:01:35, Required records for sales, rentals, and leases.	Credit or refund should be given to the customer for the returned merchandise on the original sales price and tax amount collected from the customer. Tenn. Code Ann. § 67-1-1802(a)(1)(A). The purchase of newly selected products should be reported and tax collected and paid for the jurisdiction where the sale was made.	The seller should refund the actual sales tax paid by the customer.	Original tax	Original tax paid.	The seller should refund the original tax paid to the customer, and not the tax that would have been charged at the location where the exchange takes place.
12. (Follow-up) The customer has the original sales receipt - What tax can the seller refund to the customer that the state would refund to the seller?	a. NOTE I	a. The original state, county, and/or city tax paid.	A. applies only if the return was made within 120 days						NOTE h
a. The original state, county, and/or city tax paid.									
b. The state, county, and/or city tax imposed at the location the exchange takes place.									
c. Other (explain).									

<b>Streamlined Sales Tax - SLAC</b>							
<b>Post Transaction Survey - SL16001A01</b>							
The following survey questions are based on this <b>original fact pattern</b> :							
Seller makes a \$100 sale in January, 2015 that is subject to the 5% state and 1% local sales tax for a total of 6%.							
Seller collects \$106 from the customer.							
Seller records the \$100 sale and remits \$6 in sales tax owed to the state and local jurisdiction.							
Customer returns the product at a later date.							
<i>The following survey questions:</i>							
1. Do not apply to sales of motor vehicles; and							
2. Intend that the word "tax" means the tax paid by the customer to the seller, and remitted by the seller to the state.							
STATE	West Virginia	Wisconsin	Wyoming				
<b>Using the original fact pattern, add that the customer returns the merchandise to a different taxing jurisdiction, i.e. different city, county or state.</b>							
12. (Original) The customer has the original sales receipt - What tax does the seller refund to the customer, the original tax paid or the tax at the location the exchange takes place?	Original tax paid	Original tax paid	With the original sales receipt, the original tax paid should be refunded. Administrative practice as allowed under W.S. 39-11-102(b)				
12. (Follow-up) The customer has the original sales receipt - What tax can the seller refund to the customer that the state would refund to the seller?		a. The original state, county, and/or city tax paid					
a. The original state, county, and/or city tax paid.							
b. The state, county, and/or city tax imposed at the location the exchange takes place.							
c. Other (explain).							



**Streamlined Sales Tax - SLAC**

**Post Transaction Survey - SL16001A01**

The following survey questions are based on this **original fact pattern**:

Seller makes a \$100 sale in January, 2015 that is subject to the 5% state and 1% local sales tax for a total of 6%.

Seller collects \$106 from the customer.

Seller records the \$100 sale and remits \$6 in sales tax owed to the state and local jurisdiction.

Customer returns the product at a later date.

*The following survey questions:*

1. Do not apply to sales of motor vehicles; and

2. Intend that the word "tax" means the tax paid by the customer to the seller, and remitted by the seller to the state.

STATE	Alabama	Arizona	Arkansas	California	Connecticut	Georgia	Indiana	Iowa	Kansas
13. (Original) The customer does not have the original receipt - What tax does the seller refund to the customer, the original tax paid or the tax at the location the exchange takes place?	Amount paid when originally purchased. The seller required to keep electronic records to show what was paid on the original receipt	Location where exchange takes place.	If the customer does not have the original receipt, it is unclear how a seller would know the amount of the original tax paid. Therefore, if a seller refunded tax at the rate in the jurisdiction of return, absent evidence of fraud, the seller could request a refund of the amount of tax refunded to the customer at the time of the return.	To claim a returned merchandise credit, retailer must refund the full purchase price, including sales tax, to the customer. Without a receipt, the retailer would be unable to determine the full purchase price and would be unable to claim the credit. Annotation 490.0228 provides additional guidance.	Whether the seller refunds tax is up to the seller's policies. Connecticut will not credit any tax that the seller chooses to refund, because the customer did not present the original receipt.	Location where the exchange takes place	The jurisdiction where the original tax is paid; IC § 6-8.1-9-1 (tax legally paid).	If the seller knows the location of the original transaction, see the answer for #12. If not, the seller may presume the original transaction occurred at the location of the return or exchange and refund sales tax accordingly.	Same as Response #12
13. (Follow-up) The customer does not have the original sales receipt – What tax can the seller refund to the customer that the state would refund to the seller? Also, what documentation, if any, is needed for the seller to receive a refund or credit from the state?								Option a. NOTE c	
a. The state, county, and/or city tax imposed at the location the exchange takes place.									
b. Other (explain).									

**Streamlined Sales Tax - SLAC**

**Post Transaction Survey - SL16001A01**

The following survey questions are based on this **original fact pattern**:

Seller makes a \$100 sale in January, 2015 that is subject to the 5% state and 1% local sales tax for a total of 6%.

Seller collects \$106 from the customer.

Seller records the \$100 sale and remits \$6 in sales tax owed to the state and local jurisdiction.

Customer returns the product at a later date.

*The following survey questions:*

1. Do not apply to sales of motor vehicles; and

2. Intend that the word "tax" means the tax paid by the customer to the seller, and remitted by the seller to the state.

STATE	Kentucky	Maine	Michigan	Minnesota	Nebraska	Nevada	New Jersey	North Carolina	North Dakota
13. (Original) The customer does not have the original receipt - What tax does the seller refund to the customer, the original tax paid or the tax at the location the exchange takes place?	See response to #12	The tax at the location the exchange takes place. Note: Maine does not have local or county taxes.	This is an issue for the seller and not the Department.	Tax at the location the exchange takes place	No tax refund because there is no proof tax was paid.	The tax at the location the exchange takes place	Without proper documentation tax would be refunded based on the location where the exchange takes place.	Without the original receipt or proof of the amount of sales tax paid, the seller should not refund tax.	The seller must refund the original tax paid, if known. If the seller accepts a return without a receipt and the original tax is not known, the retailer should refund tax from the location where the return takes place.
13. (Follow-up) The customer does not have the original sales receipt - What tax can the seller refund to the customer that the state would refund to the seller? Also, what documentation, if any, is needed for the seller to receive a refund or credit from the state?	NOTE g			A: An accurate journal entry in their books and records		a. The tax imposed at the location the exchange takes place. They would need a return receipt or invoice showing how much was returned to the customer.	a. Among other requirements, the seller must provide proof that tax was refunded to the customer. See N.J.A.C. 18:2-5.8.	Other - Without the original receipt or proof of the amount of sales tax paid, the seller should not refund tax. The seller would not receive a refund or credit from the State where tax is not refunded to the customer.	The seller must refund the original tax paid, if known. If the seller accepts a return without a receipt and the original tax is not known, the retailer should refund tax from the location where the return takes place.
a. The state, county, and/or city tax imposed at the location the exchange takes place.									
b. Other (explain).									

Streamlined Sales Tax - SLAC									
Post Transaction Survey - SL16001A01									
The following survey questions are based on this <b>original fact pattern</b> :									
Seller makes a \$100 sale in January, 2015 that is subject to the 5% state and 1% local sales tax for a total of 6%.									
Seller collects \$106 from the customer.									
Seller records the \$100 sale and remits \$6 in sales tax owed to the state and local jurisdiction.									
Customer returns the product at a later date.									
<i>The following survey questions:</i>									
1. Do not apply to sales of motor vehicles; and									
2. Intend that the word "tax" means the tax paid by the customer to the seller, and remitted by the seller to the state.									
STATE	Ohio	Oklahoma	Rhode Island	South Dakota	Tennessee	Texas	Utah	Vermont	Washington
13. (Original) The customer does not have the original receipt - What tax does the seller refund to the customer, the original tax paid or the tax at the location the exchange takes place?	The location where the exchange takes place is appropriate because the vendor would not have any additional documentation to support a refund of a different tax.	The proper amount to be refunded is the original tax paid.	If the customer does not have a receipt and therefore cannot prove what state tax was paid, there is no refund of tax at the location of the return.	The tax at the location exchange tax place as documentation was not provided for tax paid. The seller needs to keep documentation of transaction per SD Administrative Ruling 64:06:01:35, Required records for sales, rentals, and leases.	NOTE d	If the customer cannot show the amount of sales tax actually paid, the seller should refund sales tax based on the location at which the merchandise is returned	At the location the exchange takes place	Tax at the location the exchange takes place.	NOTE e
	Option a. The location where the exchange takes place is appropriate because the vendor would not have any additional documentation to support a refund of a different tax.	b. Other – To receive a refund from the state, the seller must provide documentation from their records of the amount of sales tax actually paid by the purchaser, the corresponding state and local jurisdictions attributable thereto and that the established amount was refunded to the customer.	None. The customer must be able to show proof of sales tax paid in RI in order to receive a refund. Pursuant to 44-18-30(58)						
a. The state, county, and/or city tax imposed at the location the exchange takes place.									
b. Other (explain).									

**Streamlined Sales Tax - SLAC**

**Post Transaction Survey - SL16001A01**

The following survey questions are based on this **original fact pattern**:

Seller makes a \$100 sale in January, 2015 that is subject to the 5% state and 1% local sales tax for a total of 6%.

Seller collects \$106 from the customer.

Seller records the \$100 sale and remits \$6 in sales tax owed to the state and local jurisdiction.

Customer returns the product at a later date.

*The following survey questions:*

*1. Do not apply to sales of motor vehicles; and*

*2. Intend that the word "tax" means the tax paid by the customer to the seller, and remitted by the seller to the state.*

**STATE**

**West**

**Wisconsin**

**Wyoming**

**Virginia**

13. (Original) The customer does not have the original receipt - What tax does the seller refund to the customer, the original tax paid or the tax at the location the exchange takes place?

Original tax paid if known; tax at the location if unknown

The seller is not required to return the tax if the customer does not have a receipt showing the tax was paid.

Without the original receipt, the seller would refund the tax at the appropriate rate for the location where the exchange takes place. Administrative practice as allowed under W.S. 39-11-102(b)

13. (Follow-up) The customer does not have the original sales receipt - What tax can the seller refund to the customer that the state would refund to the seller? Also, what documentation, if any, is needed for the seller to receive a refund or credit from the state?

NOTE c

a. The state, county, and/or city tax imposed at the location the exchange takes place.

b. Other (explain).

Streamlined Sales Tax - SLAC									
Post Transaction Survey - SL16001A01									
The following survey questions are based on this <b>original fact pattern</b> :									
Seller makes a \$100 sale in January, 2015 that is subject to the 5% state and 1% local sales tax for a total of 6%.									
Seller collects \$106 from the customer.									
Seller records the \$100 sale and remits \$6 in sales tax owed to the state and local jurisdiction.									
Customer returns the product at a later date.									
<i>The following survey questions:</i>									
<i>1. Do not apply to sales of motor vehicles; and</i>									
<i>2. Intend that the word "tax" means the tax paid by the customer to the seller, and remitted by the seller to the state.</i>									
STATE	Alabama	Arizona	Arkansas	California	Connecticut	Georgia	Indiana	Iowa	Kansas
<b>Other questions:</b>									
14. Does your state allow the customer to request a refund of tax paid to a seller directly from the state (i.e. buyer's claim for refund)? If so, please describe the circumstances and process.	NOTE h	No	Yes. A customer can request a refund of tax paid to a seller if the seller assigns its right to the refund to the customer using a vendor assignment form. Gross Receipts Rule GR-81.1(C)(1)(a)(2).	The retailer who collected and remitted the tax must file the claim for a sales tax refund with the state. Any refund determined to be due would be refunded to the retailer. The amount refunded must be paid or credited to the purchaser. When use tax applies, the purchaser must file a claim for refund directly with the state.	Yes. PS 98(5) provides details of how such requests are to be made.	Yes, the customer may request the refund directly from the state. Alternatively, the customer may request the refund first from the seller, and if the seller refuses or cannot refund the tax paid, the customer may then request the refund from the state. O.C.G.A. § 48-2-35, -35.1.	Yes. NOTE b	Yes, a purchaser may obtain a refund of sales tax paid directly from the state. The purchaser must file form IA 843 Claim for Refund with supporting documentation	Yes. See K.A.R. 92-19-49c
15. Please share additional comments.									NOTE b

Streamlined Sales Tax - SLAC									
Post Transaction Survey - SL16001A01									
The following survey questions are based on this <b>original fact pattern</b> :									
Seller makes a \$100 sale in January, 2015 that is subject to the 5% state and 1% local sales tax for a total of 6%.									
Seller collects \$106 from the customer.									
Seller records the \$100 sale and remits \$6 in sales tax owed to the state and local jurisdiction.									
Customer returns the product at a later date.									
<i>The following survey questions:</i>									
1. Do not apply to sales of motor vehicles; and									
2. Intend that the word "tax" means the tax paid by the customer to the seller, and remitted by the seller to the state.									
STATE	Kentucky	Maine	Michigan	Minnesota	Nebraska	Nevada	New Jersey	North Carolina	North Dakota
<b>Other questions:</b>									
14. Does your state allow the customer to request a refund of tax paid to a seller directly from the state (i.e. buyer's claim for refund)? If so, please describe the circumstances and process.	NOTE f	Yes. The customer can request a refund directly from the state by providing evidence that the retailer has not and will not refund the customer.	Generally, no. In certain limited situations such as the seller has gone bankrupt and is out of business, the Department may permit a direct refund.	Yes. NOTE a	Yes, the buyer would need to file a Form 7 "Claim for Overpayment of Sales and Use Tax". The refund claim needs to be for \$2.00 or more. See Nebraska Sales and Use Tax Regulation 1-110.	NOTE a	Yes. NOTE b	Generally, no. The customer must request a refund of tax paid to a seller directly from the seller as the State does not generally allow a refund to a third party. NOTE f	No, except for specific transactions identified in the sales tax law. For returned products or when tax is collected/paid in error, North Dakota will refund only to the retailer that remitted it to the state. N.D.C.C. 57-39.2-24.
15. Please share additional comments.	The sales tax rate is 6%. KRS 139.200 The Kentucky Constitution does not allow for a local sales tax.	Maine has no local taxes							

Streamlined Sales Tax - SLAC									
Post Transaction Survey - SL16001A01									
The following survey questions are based on this <b>original fact pattern</b> :									
Seller makes a \$100 sale in January, 2015 that is subject to the 5% state and 1% local sales tax for a total of 6%.									
Seller collects \$106 from the customer.									
Seller records the \$100 sale and remits \$6 in sales tax owed to the state and local jurisdiction.									
Customer returns the product at a later date.									
<i>The following survey questions:</i>									
1. Do not apply to sales of motor vehicles; and									
2. Intend that the word "tax" means the tax paid by the customer to the seller, and remitted by the seller to the state.									
STATE	Ohio	Oklahoma	Rhode Island	South Dakota	Tennessee	Texas	Utah	Vermont	Washington
<b>Other questions:</b>									
14. Does your state allow the customer to request a refund of tax paid to a seller directly from the state (i.e. buyer's claim for refund)? If so, please describe the circumstances and process.	Yes, customers are permitted to file customer direct refunds, per R.C. 5739.07. See also Ohio Admin. Code 5703-9-07.	Yes, customers may seek a refund directly from the state. A refund application may be made by forwarding with supporting documentation, Form 13-19 Application for Credit or Refund of State and Local Sales or Use Tax.	No – proper refunds are allowed to the seller only.	No, only the person/business that paid the tax directly to the state may request a refund.	No. Refunds can only be made to parties paying the tax directly to the State of Tennessee (except for those persons paying directly to the County Clerks and/or those refunds that involve certain pollution control claims.) TENN. COMP. R. & REGS. 1320-5-1-.79	NOTE e	Yes	Yes. The customer may always request a refund of tax erroneously paid by submitting an Application for Refund to the state.	Yes, under limited circumstances. NOTE f
15. Please share additional comments.	Vendor synonymous with seller								

<b>Streamlined Sales Tax - SLAC</b>							
<b>Post Transaction Survey - SL16001A01</b>							
The following survey questions are based on this <b>original fact pattern</b> :							
Seller makes a \$100 sale in January, 2015 that is subject to the 5% state and 1% local sales tax for a total of 6%.							
Seller collects \$106 from the customer.							
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Customer returns the product at a later date.							
<i>The following survey questions:</i>							
<i>1. Do not apply to sales of motor vehicles; and</i>							
<i>2. Intend that the word "tax" means the tax paid by the customer to the seller, and remitted by the seller to the state.</i>							
<b>STATE</b>	<b>West Virginia</b>	<b>Wisconsin</b>	<b>Wyoming</b>				
<b>Other questions:</b>							
14. Does your state allow the customer to request a refund of tax paid to a seller directly from the state (i.e. buyer's claim for refund)? If so, please describe the circumstances and process.	Yes In cases of over-taxation, etc., customers including individuals may file a tax paid to vendor in error claim, copies of the receipt/invoice must be provided as support	Note b	No. The customer must request a refund from the seller. WY Dept of Revenue Rules, Chapter 2, Sec 8(b)				
15. Please share additional comments.							



## **NOTES:**

### **Alabama:**

a. Generally. A petition for refund shall be filed with the department or an automatic refund issued pursuant to Section 40-29-71, or a credit allowed, within (i) three years from the date that the return was filed, or (ii) two years from the date of payment of the tax, whichever is later, or, if no return was timely filed, two years from the date of payment of the tax.

b. Provided that the tax return filed and paid by the seller for the period in question is sufficient to cover the amount of tax showing collected on the invoice. Section 40-2A-3, "Unless otherwise provided by law, the request [for refund] shall include sufficient information to identify the type and amount of tax overpaid, the taxpayer, the period included, and the reasons for the refund."

c. Seller may file a petition for refund with the department. If the entire amount of the sale, including tax, was refunded or credited to the customer, the seller may file a direct petition for refund with the State. If the seller retains any portion of the sale as a "restocking fee" no refund would be due. Code Section 40-2A-7; DOR Rule 810-6-1-.147

d. If delivery was made by means other than common carrier, the delivery fee is part of the gross sales price. No refund would be due if the entire amount was not refunded to the customer.

e. Seller would amend his/her original tax return or take credit on current return and charge tax on the new transaction, remitting the tax return and payment in the current period in which the transaction occurred.

f. It would depend on the seller's records. If the original transaction was voided and the money refunded to the customer, the new product would show up on the cash receipt as a new sale. The seller would show the return as a deduction on his/her return and the new sale as a taxable transaction.

g. Seller would need to obtain a copy of the customer's documentation from the state to show why the product/customer is exempt. If the product/customer is exempt, seller may handle refund/credit as described in #3.

h. Only under our Simplified Sellers Use Tax Remittance Program. A purchaser may file a direct petition for refund of tax overpaid to the Eligible Seller participating in the program when the rate of tax in the purchaser's jurisdiction is less than the 8% tax required to be collected under the program guidelines.

### **Arizona**

a. It is possible that a seller may have factored the tax from a flat sales price. If the sales receipt did not show a tax amount, but records indicate that the seller filed returns for the period reporting

retail sales, it is possible a refund would be appropriate. Arizona Administrative Code R15-5-2210

b. A deduction for the returned item (\$100) is allowed, and the seller would be refunded \$6 in tax. Therefore, the issuance of \$106 in store credit is appropriate. The subsequent redemption of the \$106 store credit for the new \$100 item is subject to the \$6 tax. Therefore, it has been an even exchange.

c. Unless the item sold is exempt from tax due to its nature and a specific statutory deduction (i.e. a prescription drug), the seller must obtain an exemption certificate or other satisfactory documentation that the sale is exempt from tax. The burden of proving a sale is exempt from tax is on the seller.

### **Arkansas**

a. A seller's paper or electronic sales receipt showing tax was charged is sufficient documentation to establish and support that the customer paid sales tax. Taxpayers are required to keep and preserve suitable records as are necessary to determine the amount of tax due or to prove the accuracy of any return. Ark. Code Ann. § 26-18-506; Gross Receipts Rule GR-79.

b. The seller can only collect and remit sales tax on the price difference because a seller collects and remits tax only upon the amount of consideration received for the sale. Ark. Code Ann. § 26-52-103(13); Gross Receipts Rule GR-3(H). In this situation, tax was previously collected at the time of the first sale upon consideration of \$100, therefore only \$50 of additional consideration has been received by the seller.

c. If a customer claims an exemption from taxation after the transaction has taken place and the seller has remitted tax to the state, a seller may obtain a refund of all tax paid by keeping and preserving records to support that tax was paid by the seller. A customer's exemption claim is documented by the submission of a completed exemption certificate to the seller. The exemption certificate must include information identifying the purchaser and the reason the purchase is exempt from taxation. Ark. Code Ann. § 26-52-517; Gross Receipts Rule GR-79(E) and (F).

d. The seller must refund the amount of tax collected at the time of the first transaction because it was the place of receipt for sourcing purposes. Ark. Code Ann. § 26-52-521; Gross Receipts Rule GR-76. In the case of an interstate transaction, the tax refund claim should be filed with the State to which the tax was remitted on the first transaction.

### **California**

a. Regulation 1655[1] states that the amount upon which tax is computed does not include the amount charged for merchandise returned by customers if (1) the full sale price, including that portion designated as "sales tax", is refunded either in cash or credit, and (2) the customer, in

order to obtain the refund or credit, is not required to purchase other property at a price greater than the amount charged for the property that is returned. A refund or credit of the entire amount is deemed to be given when the purchase price, less rehandling and restocking costs, is refunded or credited to the customer. As long as the requirements stipulated in Regulation 1655 are met, the length of time between the sale of merchandise and the return does not matter when it comes to the seller qualifying for a returned merchandise credit. The length of time does matter, however, if the seller wishes to file a claim for refund rather than a returned merchandise credit.

b. Annotation 490.0380 Transportation Charges. Deductions for returned merchandise should be disallowed where the seller fails to refund or credit that portion of the sales price represented by delivery charges occurring prior to the sale as well as the tax thereon. The delivery charges referred to are for the delivery of the goods to the customer and not for retaking it.

c. Regulation 1700[1], Reimbursement for Sales Tax, subdivision (b)(2) explains that whenever the board ascertains that a person has collected excess tax reimbursement, the person will be afforded an opportunity to refund the excess collections to the customers from whom they were collected. Regulation 1700, subdivision (b)(3)(B) further states that if a person has not already made sales tax reimbursement to each customer but desires to do so rather than incur an obligation to the state, the person must obtain and retain for verification by the board an acknowledgement from the customer that the customer has received notice of the amount of indebtedness of the person to the customer.

## **Connecticut**

If a retailer gives the customer cash or store credit for the exchange instead of an identical or similar item and the customer uses the cash or store credit to purchase an identical or similar item at no additional cost, the purchase is not taxable provided the retailer can track or show that the cash or credit was used to purchase an identical or similar item of the same price. If, however, the customer purchases a newly selected product that is not identical or similar to the original item, tax must be collected on that purchase. See IP 2011(17)

## **Indiana**

a. Assuming that the seller's books show a credit to the sales account for \$100 then separately shows a \$20 restocking fee, then a refund of the full tax amount would be due. If the books simply show a sale of \$100 and a credit of \$80 then Indiana would expect that the seller's books show a sale of \$20 and that tax should be remitted on the \$20.

b. Under IC § 6-2.5-6-13, a person is entitled to a refund from the Indiana Department of Revenue if:

(1) a seller erroneously or illegally collects state gross retail or use taxes under IC 6-2.5 from the person;

- (2) the retail merchant remits the taxes to the department;
- (3) the retail merchant does not refund the taxes to the person; and
- (4) the person properly applies for the refund under the refund provisions contained in IC 6-8.1-9.

## **Iowa**

- a. The seller may claim a non-refundable credit for sales tax remitted on any subsequent filing, within the statute of limitations, if the credit claimed does not exceed the total amount of sales tax and retailer's use tax remitted for that subsequent filing period. If the seller wants or needs to request a refund of sales tax remitted, the seller must amend the filing that covers the initial transaction. Iowa Admin. Code r. 701—15.8.
- b. If the restocking fee is separately stated, the seller can obtain a refund of all sales tax collected and remitted. Restocking is not a taxable service. In the Matter of Owens & Minor Med. Inc., Iowa Dep't of Revenue Declaratory Order No. 01-30-6-0078 (July 10, 2001), available at <http://itrl.idr.iowa.gov/mx/hm.asp?id=01300100>. If not separately stated, the seller can only obtain a prorated refund of the amount refunded to the customer (i.e., the seller refunded \$86, of which \$81.13 was the sales price and \$4.87 was the sales tax).
- c. The state, county, and/or city tax imposed at the location the exchange takes place. If the seller does not know the location of the original transaction, the seller may presume the original transaction occurred at the location of the return or exchange and refund sales tax accordingly. The seller must be able to document the return occurred.

## **Kansas**

- a. A "refund claim" is defined as an application for the refund of sales taxes, penalties, or interest submitted in writing or electronically. A refund claim may include a claim for payment, a credit, or an entitlement to a deduction. K.S.A. 79-3693(a), K.A.R. 92-19-49c(a)(1) Each refund application is treated as an application to adjust or amend a return. K.S.A. 79-3693(b)(3).K.A.R. 92-19-49c(b)(2): "Each refund claim filed by an entity that files sales or compensating use tax returns shall be treated as an application to adjust or amend the return. The amended tax return shall be subject to verification by examination of the taxpayer's records."
- b. At the time the refund procedure was adopted, the department was inundated with undocumented refund claims where no supporting documentation was provided until the due process, evidentiary hearing was scheduled and the department requested production of the documentation. The department attempted to fashion its refund procedure to require the needed documentation to be submitted at the time the request was made, rather than submitted in a response to discovery made years later at a due process hearing.

## **Kentucky**

a. Pursuant to KRS 134.580, no refund shall be made except within four (4) years of the date prescribed by law for the filing of a return including any extension of time for filing the return, or the date the money was paid into the State Treasury, whichever is the later. A retailer can take a deduction within the four (4) year statute of limitations period for returned merchandise on Line 11 of the Kentucky Sales and Use Tax Return (Form 51A102) of the amount refunded or credited to the customer provided tax was previously reported in prior months.

b. Preferably, a seller would take the deduction for returned merchandise on Line 11 of their March 2015 Kentucky Sales and Use Tax Return (Form 51A102) of the amount refunded or credited to the customer provided tax was previously collected and remitted in January 2015. A seller could also file a Sales and Use Tax Refund Application (Form 51A209) to request a refund of the sales tax amount refunded or credited to the customer in March 2015 provided tax was previously reported in prior months. The seller would need to submit substantiation of the details of the refund request (verification of January 2015 sale with proof of sales tax collected, verification of tax remitted to Kentucky on January 2015 sale and verification of refund of sales price and tax made to customer in March 2015) along with the Sales and Use Tax Refund Application . The refund request must be made within the four (4) year statute of limitations period.

c. The seller can obtain a refund of all tax collected and remitted to the state, in this instance \$6.00. Under no circumstance is a seller allowed to profit from the tax collected on the original sale amount retained as a restocking charge. Regulation 103 KAR 31:050 If a seller were to incorrectly refund their customer \$84.80 (\$100.00 less \$20.00 restocking fee = \$80.00 plus \$4.80 tax), the seller would be entitled to a refund of only the \$4.80 in tax actually refunded to their customer.

d. As this fact pattern breaks the return into two separate transactions (store credit for the initial return and then a subsequent purchase of a newly selected product under a new invoice), the seller will need to follow the refund/credit procedures listed under Question 3 for the initial return and then report the subsequent sale (including tax) on their March 2015 Kentucky Sales and Use Tax Return.

e. If the fact pattern dictates that the customer only pays the seller \$100.00, there is no tax being paid by the customer or remitted by the seller that would be subject to refund. If the fact pattern dictates that the seller remitted the 6% tax on the \$100.00 sale which the customer subsequently short pays and claims as exempt, then the seller could obtain a refund of tax paid on an exempt sale. The seller would need to submit substantiation of the details of the refund request (verification of January 2015 sale, verification of tax remitted to Kentucky on January 2015 sale and a copy of the resale or exemption certificate obtained from the customer) along with the Sales

and Use Tax Refund Application and any other applicable proof necessary to document the exemption. The refund request must be made within the four (4) year statute of limitations period.

f. No. The customer must obtain a refund or credit from the seller who in turn must make the claim to the Department of Revenue. The Department can authorize refunds only to the person who paid the tax into the state treasury, pursuant to KRS 139.580. To facilitate communications between customers and retailers, an “Information Disclosure Agreement” may be executed between the seller, purchaser and Department with the filing of the refund claim by the seller. This document allows the purchaser/customer to exchange information directly with the Department about the circumstances of the refund. The Department will also directly contact the seller about the determination by the Department. Both the seller and purchaser are then notified when the refund has been issued to the seller.

g. The assumption here is that the seller will allow an exchange of merchandise but not a refund without the original sales receipt. There is no refund of tax in this case, but the tax due on the subsequent transaction after the credit is applied will be the net sales price.

[If however, the seller issues a gift card to the customer who has no receipt, then the tax refunded is based upon the state tax imposed at the location where the exchange occurs. The seller must maintain record of the gift card exchange to support any return deduction claimed on the state sales tax return reported for the month in which the exchange occurred.]

## **Maine**

a. A seller may obtain a refund of the tax within 3 years from the date of overpayment if the refund was made pursuant to a warranty or the full purchase price was refunded to the customer. 36 M.R.S. §§1752, sub-§14.B, 1811, and 2011

b. This is treated as two transactions. 1) A full refund of the purchase price, providing the retailer with an allowable credit of \$6. 2) The purchase of a new item where the retailer collects \$6 tax.

c. This is treated as two transactions. 1) A full refund of the purchase price, providing the retailer with an allowable credit of \$6. 2) The purchase of a new item where the retailer collects \$9 tax.

## **Michigan**

a. If the seller provides a full refund or credit of the purchase price of the returned goods and provides a full refund or credit of tax on the purchase price, the seller may claim a refund or credit of the tax paid to the Michigan department of treasury within 4 years of the date set for the filing of the original return for the period in which the tax was due.

If the seller provides a partial refund or credit on returned goods within the time period for returns stated in the seller's refund policy or 180 days after the initial sale, whichever is sooner, the seller shall refund tax on that portion of the purchase price that was refunded or credited.

The seller may claim a refund of the tax paid to the Michigan department of treasury on that portion of the purchase price that was refunded or credited to the seller's customer. The seller's claim for refund must be submitted to the Michigan department of treasury within 4 years of the date set for the filing of the original return for the period in which the tax was due. MCL 205.60; MCL 205.101; Mich. Admin. Code R205.16

b. The issue here is whether this scenario is really a partial return [the fee is to account for some diminution in the value of the product ] or a separate fee related to the cost of restocking. If the scenario involves a partial refund, only the tax on the amount paid to the customer will be eligible for a refund. If its a fee for the service cost involved in restocking the item, the seller would be eligible for a full refund of the tax. The restocking fee would be considered a nontaxable service. MCL 205.60; MCL 205.101; Mich. Admin. Code R205.16

c. What is meant by “tax consequences”? If the seller wants to know if they can obtain a refund of the \$6 that was credited to the customer the answer would be yes. A new invoice for the newly selected product would be a separate transaction and tax on that transaction would need to be remitted. If the reporting occurs all in the same reporting period the effect would be to net out the tax obligation.

d. Section 12 of the General Sales Tax Act [MCL 205.62] and Section 14b of the Use Tax Act [MCL 205.14b] set forth requirements for sellers and purchasers with respect to documentation of claims for exemptions. If a purchaser claims an exemption under the Sales or Use Tax Acts, the seller shall obtain identifying information of the purchaser and the reason for claiming the exemption at the time of the purchase or at a later date. The seller shall obtain the same information for a claimed exemption regardless of the medium in which the transaction occurs. A purchaser is not required to provide a signature to claim an exemption unless a paper exemption form is used.

## **Minnesota**

a. If you're requesting a purchaser refund, the requested refund must be over \$500. If the refund you're requesting is \$500 or less, request the refund from your vendor. If requesting purchaser and capital equipment refunds, the combined refund must be over \$500. You can only file two purchaser refund requests and two capital equipment refund requests per calendar year.

## **Nebraska**

a. If a customer has erroneously paid sales tax to a retailer, the customer must first seek a credit or refund of the tax from the retailer. If the customer attempts, but is unable, to receive the credit or refund from the retailer, the customer may apply for the credit or refund directly from the Department.

b. Since only a portion of the original “sales price” is refunded, \$100 of the \$110, the seller can obtain a refund of tax based upon the portion refunded. In this case, 91% of the original sales price was refunded ( $\$100/\$110=91\%$ ). Therefore, the seller can obtain a refund of 91% of \$6.60 or \$6.01. Nebraska Sales and Use Tax Regulation 1-025.01.

c. When the customer is charged for the return of an item, whether as a separate item or as a deduction from the original sales price, the charge represents a portion of the original sales price that is not refunded. Since only a portion of the original “sales price” is refunded ( $\$110 - \$15 = \$95$  refunded to customer), the seller can obtain a refund of tax based upon the portion refunded. In this case, 86% of the original sales price was refunded ( $\$95/\$110=86\%$ ). Therefore, the seller can obtain a refund of 86% of \$6.60 or \$5.86. Nebraska Sales and Use Tax Regulation 1-025.01.

### **Nevada**

a. Sellers may only obtain a refund of tax for returned merchandise when the sale is entirely rescinded. The statute of limitations for claiming a refund or credit is three years from the required filing date following the close of the period for which the overpayment was made. See Nebraska Sales and Use Tax Regulation 1-025 and Neb. Rev. Stat. § 77-2708(2)(b).

### **New Jersey**

a. If a seller makes an error on a monthly sales tax remittance statement, he or she should correct the error by adjusting the amounts when the quarterly return is filed. This can only be done on the return for the same calendar quarter in which the error occurred. If the error resulted in an overpayment of tax, a refund of the overpayment must be requested by filing Form A-3730. N.J.A.C. 18:2-5.8(d)1 Overpayments cannot be credited forward.

b. If a customer has been charged tax incorrectly, he or she may apply for a refund of the tax paid to either the seller or the State of New Jersey. To request a refund from New Jersey, a Claim for Refund (Form A-3730) must be filed. The application for a refund must be filed within four years from the date of payment of the sales tax. The customer must enclose all documentation to substantiate the claim, including proof of the sales tax paid. N.J.S.A. 54:32B-20(c)(1); N.J.A.C. 18:2-5.8(d)(2).

### **North Carolina**

a. In general, yes. N.C. Gen. Stat. § 105-164.7 provides, in part, “[t]he tax must be stated and charged separately on the invoices or other documents of the retailer given to the purchaser at the time of the sale except for either of the following:

(1) Vending machine sales.

(2) Where a retailer displays a statement indicating the sales price includes the tax.”



For purposes of the use tax statutes, N.C. Gen. Stat. § 105-164.6(c) provides, in part, “[a] credit is allowed against the tax imposed by this section for the following:

(1) The amount of sales or use tax paid on the item to this State, provided the tax is stated and charged separately on the invoice or other document of the retailer given to the purchaser at the time of the sale, except as otherwise provided in G.S. 105-164.7. . . .”

N.C. Gen. Stat. § 105-164.11(a)(a) provides, in part, “[t]he Secretary may allow the refund only if the seller gives the purchaser credit for or a refund of the overcollected tax. The Secretary shall not refund the overcollected tax to the seller if the seller has elected to offset a use tax liability on a related transaction with the overcollected sales tax” in specific circumstances.”

b.N.C. Gen. Stat. § 105-164.11A(a) provides in part: “A retailer entitled to a refund under [G.S. 105-164.11A] may reduce taxable receipts by the taxable amount of the refund for the period in which the refund occurs or may request a refund of an overpayment as provided in G.S. 105-241.7, provided the tax has been refunded to the purchaser.”

N.C. Gen. Stat. § 105-241.7(b) provides in part: “A taxpayer may request a refund of an overpayment made by the taxpayer by taking one of the actions listed in this subsection within the statute of limitations for obtaining a refund. . . . The actions are:

(1) Filing an amended return reflecting an overpayment due the taxpayer.

(2) Filing a claim for refund. The claim must identify the taxpayer, the type and amount of tax overpaid, the filing period to which the overpayment applies, and the basis for the claim. The taxpayer’s statement of the basis of the claim does not limit the taxpayer from changing the basis.””

c. N.C. Gen. Stat. § 105-164.11A(a) provides in part: “A sale is rescinded when the purchaser returns an item to the retailer and receives a refund, in whole or in part, of the sales price paid, including a refund of the pro rata amount of the sales tax based on the taxable amount of the sales price refunded. . . . A retailer is entitled to a refund . . . provided the tax has been refunded to the purchaser.”

d. It will depend on the point of the manner in which the sales transaction is processed by the seller. If the transaction is processed in a manner that only the additional \$50 is due from the customer, the seller may collect tax on only the \$50.00. If the transactions are treated as two separate transactions

d. (Follow-up) It will depend on the point of the manner in which the sales transaction is processed by the seller. If the transaction is processed in a manner that only the additional \$50 is due from the customer, the seller may collect tax on only the \$50.00. If the transactions are

treated as two separate transactions, they would stand on their own and how accounted for would depend on one of the following methods chosen by the seller:

- (1) Deduction may be taken in the filing period the merchandise was returned in.
- (2) Amendment made to the January 2015 tax filing.
- (3) File a claim for refund using the applicable refund claim form.

e. If the purchaser provides a properly executed certificate of exemption or other certain data required data elements electronically, the seller can issue a credit memo or tax, take a credit on a return, or file a request for refund.

f. The customer must request a refund of tax paid to a seller directly from the seller as the State does not generally allow a refund to a third party.

Exception pursuant to N.C. Gen. Stat. § 105-164.11A(b)(2): “If the purchaser receives a refund on any portion of the sales price for a service contract from a person other than the retailer required to remit the tax on the retail sale of the service contract, then the amount refunded to the purchaser by the person does not have to include the sales tax on the taxable amount of the refund. If the amount refunded to the purchaser by the person does not include the sales tax paid, then the purchaser may apply to the Department for a refund of the pro rata amount of the tax paid based on the taxable amount of the service contract refunded to the purchaser. The application for a refund by a purchaser must be made on [Form E-588SC, Claim for Refund for Certain Cancelled Service Contracts], supported by documentation on the taxable amount of the service contract refunded to the purchaser from the person who refunded that amount, and filed within 30 days after the purchaser receives a refund. An application for a refund filed by the purchaser after the due date is barred. Taxes for which a refund is allowed directly to the purchaser for sales tax paid on a service contract are not an overpayment of tax and do not accrue interest as provided in G.S. 105-241.21.”

### **North Dakota**

a. If the exchange invoice shows a sale of \$50 or a net sale of \$50, the seller should collect tax on \$50. The seller may also treat the return and the purchase as separate transactions if they wish to invoice separately, return the entire \$106, and collect tax on the separate sale of \$150.

### **Ohio**

a. Pursuant to R.C. 5739.07(D), an application for refund shall be filed with the Tax Commissioner on the form prescribed by the Commissioner within four years from the date of the illegal or erroneous payment of the tax, unless the vendor waives the time limitation under R.C. 5739.16 (A)(3). If the time limitation is waived, the refund application period shall be extended for the same period as the waiver.

b. The vendor's paper or electronic sales receipt is one part of the supporting documentation requested by the Tax Commissioner. An application filed by a vendor must show that the tax was remitted to the state. Acceptable documents may consist of sales journals, cash register receipts, summary reports used to prepare the tax return, or any other document used to report its Ohio sales tax liability. See R.C. 5739.07 and Ohio Admin. Code 5703-9-07.

c. A vendor may amend the return for the January 2015 tax period and request a refund on the ST AR (Request for Sales Tax Refund). Alternatively, an adjustment may be made on the return due for March 2015 tax period. In no event may a current return be reported as negative liability. See Ohio Admin. Code 5703-9-11(A).

d. If the vendor does not refund the entire purchase price to the customer; a refund of sales tax is denied to either the vendor or customer. See R.C. 5739.01(I) and Ohio Admin. Code 5703-09-11

e. Delivery fee is deemed part of the price. See R.C. 5739.01 (H)(1)(a)(iv). The delivery fee must be returned to the customer for the customer to receive a full refund of the sales tax, per Ohio Admin. Code 5703-09-11. However, R.C. 5739.03(F) authorizes a return of tax paid that is associated with the amount of tax attributable to the tangible personal property, if the vendor refunds the price, minus any separately stated delivery charge and the amount of tax attributable to the delivery charge.

f. This is two separate transactions so since the vendor is returning the entire purchase price, the vendor or customer may claim a refund of the \$6.60, per Ohio Admin. Code 5703-09-11. As the \$15 return delivery fee is for return delivery and not for delivery associated with the sale and receipt of tangible personal property it is not taxable.

g. The vendor may treat this transaction in different manners. If it is treated as two transactions, there is liability due on the product with a selling price of \$150 at the applicable tax rate. The vendor may provide a credit of the amount previously paid by the customer, but the vendor must show that there was a refund of a full purchase price. If there is a return in a different jurisdiction, the return and subsequent purchase needs to account for the change in jurisdiction and rate. The original transaction jurisdiction must be provided any applicable (legal) credit of the tax and the jurisdiction of the additional purchase would be taxed at the applicable rate on the full purchase price.

h. The vendor is not obligated to refund the customer the sales tax prior to being refunded the tax from the State. In this situation, a vendor must obtain a statement from the customer agreeing to await reimbursement of the tax until final determination of the refund claim. See Ohio Admin. Code 5703-9-07(A)(3)(b).

i. The vendor should provide the return detail showing they paid the tax to the State which includes sales journals or accruals, and any other documentation including the customer's fully completed exemption certificate obtained within ninety days of the sale and a document showing

the customer paid \$100. See R.C. 5739.07(D) and Ohio Admin. Code 5703-09-07. See also R.C. 5739.03(B)(4) for time limitations on fully completed exemption certificates if obtained after the consummation of the sale.

j. If the vendor desires to receive a refund or to receive credit on the next return of the tax paid, the vendor is obligated to return to the customer the full amount of the taxes paid. See R.C. 5739.01(I) and Ohio Admin. Code 5703-09-11. As such, the amount refunded should be the tax reflected at the original purchase location. If there is a return in a different jurisdiction, the return and subsequent purchase needs to account for the change in jurisdiction and rate. The original transaction jurisdiction must be provided any applicable (legal) credit of the tax and the jurisdiction of the additional purchase would be taxed at the applicable rate on the full purchase price.

k. The return and subsequent purchase needs to account for the change in jurisdiction and rate. The original transaction jurisdiction must be provided any applicable (legal) credit of the tax and the jurisdiction of the additional purchase would be taxed at the applicable rate on the full purchase price.

l. The return and subsequent purchase needs to account for the change in jurisdiction and rate. The original transaction jurisdiction must be provided any applicable (legal) credit of the tax and the jurisdiction of the additional purchase would be taxed at the applicable rate on the full purchase price.

### **Oklahoma**

a. The seller can obtain a refund by filing an amended sales tax report for January 2015 or by providing a completed Form 13-9 Application for Credit or Refund of State and Local Sales or Use Tax with supporting documentation. Supporting documentation includes: resale permits, manufacturers exemption permits, agricultural exemption permits, cards/letters issued other exempt entities or an explanation of the reasons that the sales tax was erroneously paid.

### **Rhode Island**

a. RIGL 44-18-30(58) allows an exemption from sales tax on the amount charged for property returned by customers upon rescission of contract of sale when the entire amount exclusive of handling charges is refunded within 120 days from the date of delivery (sale).

### **South Dakota**

a. SD Codified Law 10-45-4.1, services, including the restocking fee, are subject to sales tax.

### **Tennessee**

a. A seller may take a credit on its return or file a refund claim when the retailer refunds (fully or partially) the sales price and associated tax collected to the purchaser for returned merchandise. Tenn. Code Ann. § 67-6-507(c)

b. The records must document: 1) the amount of the sales price and tax, 2) that the tax was collected from the customer, 3) the tax account and tax return period for which the tax was remitted, and 4) that the customer was refunded (fully or partially) the tax. A receipt documenting the customer's name, address, date and description of merchandise returned, and sales price and tax amount credited or refunded to the customer. TENN. COMP. R. & REGS. 1320-5-1-.50; Tenn. Code Ann. § 67-1-1802(a)(1)(A).

c. Seller is liable for the sales tax imposed by sales and use tax laws on sales of tangible personal property or furnishing any of the taxable things or services. Tenn. Code Ann. § 67-6-501.

Seller's requirements regarding documentation for an exemption claimed by a purchaser can be found in Tenn. Code Ann. § 67-6-409. Purchaser's obligations regarding qualifying for and receiving exemptions and the process to claim an exemption can be found in the sales and use tax statutes that provide for that exemption and on the Department's website.

d. If the seller does not refund or issue in store credit for returned merchandise then the seller may not receive a credit or refund from the Department for returned merchandise. It is not clear from the question how the seller would know the amount of the original tax paid by a customer that does not have a receipt. If the customer is only allowed to exchange a product for another product but cannot receive a refund or credit for returned merchandise, the additional amount charged the customer exchanging one taxable product for another newly selected taxable product(s) should be reported and tax paid for the jurisdiction making the sale of the newly selected taxable product.

## **Texas**

a. The seller's receipt establishes that the seller charged sales tax. In order to claim a refund, the seller's books and records must also establish that the seller: collected sales tax; remitted the tax to the state; and refunded the tax to the customer (or credited the tax refund to the customer's account with consent by the customer). 34 Tex. Admin. Code Section 3.325(a)(2)(A) and 3.325(d)(2)(A), Tex. Tax Code Section 111.104(f)

b. The seller may: take a deduction in the filing period in which the merchandise was returned; amend the return for the filing period in which the sale was originally included; or request a refund of the sales tax paid from the state at any time prior to the expiration of the statute of limitations Tex. Tax Code Section 151.426 and 151.4261

c. The seller may take a credit or obtain a refund for the amount of sales tax attributable to the product only (i.e. \$6). The return of the merchandise is a separate transaction. Delivery charges

are taxable only in conjunction with the sale of a taxable item. Tex. Tax Code Section 151.007(a)(3) and (4), Tex. Tax Code Section 151.4261, 34 Tex. Admin. Code Section 3.303

d. If the original sale was subject to an exemption, the seller may take a credit or obtain a refund of the sales tax refunded to the customer. The customer must provide a valid, properly completed exemption certificate to the seller demonstrating the basis for the exempt sale. If the seller accepts the exemption certificate in good faith, then the seller is not liable for tax on the sale. Tex. Tax Code Section 151.155, 34 Tex. Admin. Code Section 3.287

e. It depends upon whether or not the customer holds a Texas Sales and Use Tax Permit. If the customer holds a sales tax permit, the customer can claim a credit on its return. If the customer is not permitted, the customer must first request a refund from the seller. If the seller refuses to refund the sales tax to the customer and the seller provides an Assignment of Right to Refund to the customer then the customer may request a refund from the state. Tex. Tax Code Section 111.104(b), 34 Tex. Admin. Code Section 3.325(a)(1)

## **Washington**

a. RCW 82.32.060 provides that no refund or credit may be made for taxes, penalties, or interest paid more than four years before the beginning of the calendar year in which a refund application is made or examination of records by the department is completed. See WAC 458-20-229; see also DOR's website on "Apply for a tax refund." However, if the full selling price is not refunded or credited to the buyer, a presumption is raised, subject to rebuttal by a preponderance of the evidence, that the property returned is not a returned good but is an exchange or a repurchase by the seller. See WAC 458-20-278.

b. Subject to rate change between the original purchasing tax period and the subsequent returning tax period, in returned goods situations a seller has the option to (1) claim a returns deduction, (2) amend their excise tax return for the period affected, or (3) complete an Application for Refund or Credit form. See WAC 458-20-278, Example 1; see also Washington's combined excise tax return (e.g. October 2015 return's deduction detail page) to report retail sales tax adjustments for returns and allowances.

c. If the seller properly accepts the returned goods and refunds the selling price with sales tax to the customer, the seller may claim a refund from the Department for the \$6 in sales tax even though the seller retains the \$20 restocking fee. Washington defines "restocking fee" to mean a fee intended to cover the cost, by the seller, of restoring returned items to saleable condition and returning them to inventory; the restocking fee is the same regardless of when a purchased item is returned to the seller by the buyer. Such restocking fee is not subject to retail sales tax; and the seller would report this income under the service and other activities B&O tax classification. See WAC 458-20-278(2); see also DOR's website on "Merchandise Returns with Restocking Fees." A restocking fee is distinguished from a charge for repurchase.

d. If the seller properly accepts the returned goods and refunds the selling price with sales tax to the customer, the seller may claim a refund from the Department for the \$6 in sales tax. The \$20 restocking fee is treated as a separate transaction and not subject to retail sales tax; the seller would report income from restocking fees under the service and other activities B&O tax classification. See the answer for survey question 4 above.

e. In order to seek a refund from the Department, the seller must be able to demonstrate what amount of Washington sales tax was collected (and remitted) on the original sale, and not just that the tax was refunded to the customer. If there is no receipt or other documentation to support that Washington's sales tax was collected on the original sale, the seller may not be able to get a refund from the Department. Otherwise, it is at the seller's discretion, based on its business practices, whether it would or would not refund the tax.

f. For tax paid in error – See WAC 458-20-229(4); DOR's website on "Applying for a tax refund." For goods returned to the seller – a buyer must request a refund directly from the seller, and then the seller may seek refund from the Department. If the buyer is a business entity, the buyer may seek a refund for a "taxable amount for tax paid at source" deduction directly from the Department for purchases of consumer goods which were subject to tax, and which were later determined to be wholesale purchases. See RCW 82.08.130, WAC 458-20-102(12); DOR's website on "Taxable Amount for Tax Paid at Source "

g. Assuming no tax rate change and the seller allowing a full credit of \$100 towards the new product, the seller would collect sales tax on \$50. Washington treats this as two transactions—a return and a new purchase, resulting in sales tax on the \$50 difference. See WAC 458-20-278, Example 4(b).

h. Different city or county within Washington – The seller should refund the original tax paid, as shown on the receipt, to the customer.

Different state – If the original purchase occurred in another state, Washington would not refund the tax to the seller. If the original purchase occurred in Washington and the customer returned the merchandise in another state, the seller should refund the original tax paid to the customer and then may seek a refund from the Department for the same amount.

## **Wisconsin**

a. A seller may file a claim for refund for taxes paid in error. If a seller is refunded tax and interest by the Department of Revenue for tax collected from a buyer, the seller must return the tax and interest to the buyer or to the Department of Revenue within 90 days after the date of the refund or offset. Failure to return the tax and related interest to the buyer or the Department of Revenue within the 90 day period results in a penalty of 25% of the amount not returned, or may result in a penalty of 100% if due to fraud. (sec. 77.59(5m), Wis. Stats.)

b. Yes, under any of the following four conditions:

1. The claim for refund totals \$50 or more of tax.

(Note: The \$50 requirement does not apply to conditions 2-4)

2. Seller has ceased operating business.

3. Buyer is being field audited.

4. Periods covered in the claim for refund are within the statute of limitations for buyer, but are closed to seller.

c. The seller is not required to return the tax if the customer does not have a receipt showing the tax was paid. However, if tax is refunded to the buyer, Wisconsin allows a deduction from taxable sales on its current return sales for the amount refunded. The seller must be able to verify that it reported the price in a prior return and paid the tax on such price, as provided in sec. 77.585(4), Wis. Stats. (2013-14).