

Liability Relief

Liability Relief is only given absent fraud. State's may give liability relief beyond what is listed.

Seller or CSP must have relied on erroneous data, the prior version of the taxability matrix, or the certification provided by the State to receive any Liability Relief.

Taxability Matrix	SSUTA, Rules	CSP Contract	Liability Relief	Explanation and Time Frames What is Relief Provided for? What time frame is relief provided for?	Who Receives Liability Relief
Taxability Matrix	SSUTA 328			States are required to complete the taxability matrix. States are required to provide notice of changes to taxability of products or services listed in the taxability matrix.	
Taxability Matrix: Library Section	SSUTA 328 Rule 317.B.1		Required	For having charged and collected the incorrect amount of sales or use tax resulting from relying on erroneous data provided by the member state in the Library section of the taxability matrix.	Seller CSP
Tax Administration Practices Section	SSUTA 328.D.		To the Extent Possible	For having charged and collected the incorrect amount of sales or use tax resulting from relying on erroneous data provided by the member state in the tax administration practices section of the taxability matrix.	Seller CSP
Amendment to an existing provision of the Taxability Matrix (Library or Tax Administration Practices Section)	SSUTA 328.C. SSUTA 328.D.		To the Extent Possible	A seller or CSP has until the first day of the calendar month that is at least 30 days after notice of a change to the taxability matrix is submitted to the governing board to conform to the changes if the seller or CSP relied on the prior version of the taxability matrix.	Seller CSP
Taxability Matrix: Library and Tax Administration Practices Section		E.3 (intro) E.3. (a)	Required	For having charged and collected the incorrect amount of sales or use tax resulting from relying on erroneous data provided in the taxability matrix provided by the Member State. CSP contract does not distinguish between Library and Tax Administration Practices section.	CSP and any Seller registered under the SSUTA with which the CSP contracts.
Changes and Corrections to Taxability Matrix: Library and Tax Administration Practices Section		E.3. (b)	Required	CSP has 10 business days after notification by a Member State to revise CAS to conform to changes to the taxability matrix. CSP is liable on 11 th day and in breach of contract if they do not. CSP contract does not distinguish between Library and Tax Administration Practices section.	CSP

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Tax Rates	SSUTA, Rules	CSP Contract	Liability Relief	Explanation and Time Frames	Applies to
State Tax Rate Change	SSUTA 304.C.		Required	Provide relief for 30 days after the enactment of rate change <i>if</i> : a. State did not provide 30 days between enactment and effective date of rate change, b. Seller collected tax at the prior effective rate, and c. Seller begins collecting new rate within 30 days of enactment.	Seller CSP
Local Tax Rate Change	SSUTA 305.A. SSUTA 305.B.		Required	Effective only on the first day of a calendar quarter after minimum 60 days' notice. Printed catalogs: Effective on first day of calendar quarter after minimum 120 days' notice when purchaser computed tax based on rate published in the catalog.	Seller
Rate Database	SSUTA 305.E. SSUTA 305.I.			Provide and maintain database of all rates for all jurisdictions levying taxes within the state. Must be available by first day of the month prior to the first day of a calendar quarter.	
Errors in Rate Database	SSUTA 306	E.3.	Required	For having charged and collected the incorrect amount of sales or use tax resulting from relying on erroneous data provided by a member state on tax rates .	Seller, CSP and any Seller registered under the SSUTA with which the CSP contracts.
Changes and Corrections to the Rate Database		E.3.	Required	CSP has 10 business days after notification by a Member State to revise CAS to conform to changes to the tax rates. CSP is liable on 11 th day and in breach of contract if they do not.	CSP
Boundary Database	SSUTA Section	CSP Contract	Liability Relief	Explanation and Time Frames	Applies to
Local Jurisdiction Boundary Changes	SSUTA 305.C. SSUTA 305.I.		Required	Effective only on first day of a calendar quarter after minimum 60 days' notice to seller.	Seller
Boundary Database	SSUTA 305.E. SSUTA 305.I.			Provide and maintain a database of all sales and use tax rates for all of the jurisdictions levying taxes within the state. Make databases available to a seller or CSP by the first day of the month prior to the first day of a calendar quarter .	

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Errors in Boundary Database	SSUTA 306	E.3.	Required	For having charged and collected the incorrect amount of sales or use tax resulting from relying on erroneous data provided by a member state on boundaries or taxing jurisdictions.	Seller, CSP and any Seller registered under the SSUTA with which the CSP contracts.
Changes and Corrections to Boundary Database		E.3. (b)	Required	CSP has 10 business days after notification by a Member State to revise CAS to conform to changes to the Boundary Database. CSP is liable on 11 th day and in breach of contract if they do not.	CSP
5 and 9-digit zip Boundary Database	SSUTA 306		May stop providing relief	After providing adequate notice, a member state that provides an address based database pursuant to Section 305, subsection (g) or (H) may stop providing liability relief for errors resulting from reliance on the database provided under Section 305 (F) (5 and 9-digit zip boundary databases)	
Seller hardship	SSUTA 306		May provide additional relief	If seller demonstrates the use of the address-based database creates an undue hardship, the state and governing board may extend the relief from liability to such for a designated period of time.	Seller
Certification	SSUTA Section	CSP Contract	Liability Relief	Explanation and Time Frames	Applies to
Certification by member state	SSUTA 502.A. Article V			State shall review software submitted for certification as a CAS. Review includes determining that the program accurately reflects the taxability of the product categories included in the program.	CSP
Certification by member state	SSUTA 502.B.		Required	For not collecting sales or use taxes resulting from the CSP or model 2 seller relying on the certification provided by the member state.	CSP Model 2 sellers
Certification of taxability of product categories		E.3. (a) and (b)	To the extent allowed by state law	From liability to the state and their local jurisdictions for having charged and collected the incorrect amount of sales or use tax resulting from relying on certification of erroneous data on the taxability of a category of items or transactions. The state shall review and certify that the CAS used by the CSP accurately reflects the taxability of the product categories. Product Categories do not include individual products. (CSP Contract E.4.(e))	CSP and any of its SSUTA-registered contracting Sellers
New Product Categories added after		E.4.(b), (c), and (d)	To the extent determined by state law	State is required to review and certify the taxability of product categories included in the CAS. State has to the first day of the month that is at least 30 days from the date state receives request to:	CSP

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initial certification				<ul style="list-style-type: none"> ▪ certify the tax treatment of the new product categories; ▪ request additional information from the CSP; or ▪ request additional time from the executive director. <p>The time frame begins when the CSP resubmits the request with additional information.</p> <p>If taxability of the new products categories is not certified within the time period allowed, the CSP is not liable for any sales or use taxes due for these product categories until the first day of the calendar month at least 30 days after the CSP is notified of the required change.</p>	
Changes and Corrections to taxability of a category of items or transactions		E.3.(b)	Required	<p>CSP has 10 business days after notification by a Member State to revise CAS to conform to changes to the taxability of a category of items or transactions.</p> <p>CSP is liable on 11th day and in breach of contract if they do not.</p> <p>Exception – new product categories state failed to certify.</p>	CSP
Item or transaction incorrectly classified as to its taxability	SSUTA 502.E.		Required	<p>CSP or Model 2 seller has 10 business days after notification by a Member State that an item or transaction is incorrectly classified as to its taxability to revise the classification.</p> <p>The CSP or Model 2 seller is liability on the 11th day.</p>	CSP Model 2 seller
Mapping	SSUTA 502.D.	E.3.(c)	No Relief	<p>Mapping is defined as classification of an item or transaction within a certified category.</p> <p>The state is not responsible for mapping.</p> <p>Relief of liability is not available to CSP or Model 2 seller that has incorrectly classified an item or transaction into a product category certified by a member state.</p> <p>(Section 502.D. Does not apply to the individual listing of items or transactions within a product definition approved by the governing board or the member states.)</p> <p>The CSP is liable for mapping errors and may require reimbursement from its sellers.</p>	CSP Model 2 seller
Section 317, Administration of Exemptions	SSUTA 502.C.		Required	<p>Relief provided in same manner as provided to sellers under the provisions of Section 317.</p>	CSP

Issue available for review but not discovered during certification process		E.4.(a)	To the extent allowed by state law	<p>For having remitted the incorrect amount of sales or use which resulted from reasonable reliance on an issue made available for review but not discovered in the certification process.</p> <p>The CSP has 10 business days after notification by a Member State to revise CAS to conform to correct the issue.</p> <p>CSP is liable on 11th day and in breach of contract if they do not.</p> <p>If state laws do not allow relief of liability the CSP is liable and has 10 days after written notice by the state to pay the amounts due.</p> <p>CSP can require reimbursement from Seller.</p>	CSP
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Section 304: NOTICE FOR STATE TAX CHANGES

- A. Each member state shall lessen the difficulties faced by sellers when there is a change in a state sales or use tax rate or base by making a reasonable effort to do all of the following:
 - Provide sellers with as **much advance notice as practicable** of a rate change.
 - **Limit the effective date of a rate change to the first day of a calendar quarter.**
 - Notify sellers of legislative changes in the tax base and amendments to sales and use tax rules and regulations.
- B. Failure of a seller to receive notice or failure of a member state to provide notice or limit the effective date of a rate change shall not relieve the seller of its obligation to collect sales or use taxes for that member state.
- C. Each member state **failing to provide for at least thirty days between the enactment of the statute providing for a rate change and the effective date of such rate change shall relieve the seller of liability for failing to collect tax at the new rate if:**
 - the seller **collected tax at the immediately preceding effective rate;** and
 - the seller's **failure to collect at the newly effective rate does not extend beyond thirty days** after the date of enactment of the new rate.
- D. Notwithstanding subsection (C), if the member state establishes the seller fraudulently failed to collect at the new rate or solicits purchasers based on the immediately preceding effective rate this relief does not apply.
- E. Member states may provide for relief of liability for failing to collect tax as a result of a tax change beyond the liability relief required by subsection (C).

Section 305: LOCAL RATE AND BOUNDARY CHANGES

Each member state that has local jurisdictions that levy a sales or use tax shall:

- A. Provide that local **rate changes** will be effective only on the first day of a calendar quarter after a minimum of **sixty** days' notice to sellers.
- B. Apply local sales tax rate changes to purchases from **printed catalogs** wherein the purchaser computed the tax based upon local tax rates published in the catalog only on the first day of a calendar quarter after a minimum of **one hundred twenty** days' notice to sellers.
- C. For sales and use tax purposes only, apply **local jurisdiction boundary changes only on the first day of a calendar quarter after a minimum of sixty days' notice** to sellers.
- E. Provide and maintain a **database of all sales and use tax rates** for all of the jurisdictions levying taxes within the state. For the identification of states, counties, cities, and parishes, codes corresponding to the rates must be provided according to Federal Information Processing Standards (FIPS) as developed by the National

Institute of Standards and Technology. For the identification of all other jurisdictions, codes corresponding to the rates must be in the format determined by the governing board.

I. Make databases provided pursuant to subsections (E), (F), (G) and (H) **available to a seller or CSP by the first day of the month prior to the first day of a calendar quarter.** Databases must be in a format approved by the governing board and available on each state's website or other location determined by the governing board.

Section 306: RELIEF FROM CERTAIN LIABILITY

Each member state shall relieve sellers and CSPs using databases pursuant to subsections (F), (G) and (H) of Section 305 from liability to the member state and local jurisdictions for having charged and collected the incorrect amount of sales or use tax resulting from the **seller or CSP relying on erroneous data** provided by a member state on **tax rates, boundaries, or taxing jurisdiction assignments.** After providing adequate notice as determined by the governing board, a member state that provides an address-based database for assigning taxing jurisdictions pursuant to Section 305, subsection (G) or (H) may cease providing liability relief for errors resulting from the reliance on the database provided by the member state under the provisions of Section 305, subsection (F). If a seller demonstrates that requiring the use of the address-based database would create an undue hardship, a member state and the governing board may extend the relief from liability to such seller for a designated period of time.

SSUTA Section 328: TAXABILITY MATRIX

C. A member state **shall relieve sellers and CSPs** from liability to the member state and its local jurisdictions for having charged and collected the incorrect amount of sales or use tax resulting from the seller or CSP relying on **erroneous data** provided by the member state in the Library section of the taxability matrix.

If a member state **amends an existing provision of the Library section of the taxability matrix, the member state shall, to the extent possible, relieve sellers and CSPs from liability to the member state and its local jurisdictions until the first day of the calendar month that is at least 30 days after notice of a change** to a member state's Library section of the taxability matrix is submitted to the governing board, provided the seller or CSP relied on the prior version of the taxability matrix.

D. **To the extent possible,** the member state shall relieve sellers and CSPs from liability to the member state and its local jurisdictions for having charged and collected the incorrect amount of sales or use tax resulting from the seller or CSP relying on **erroneous data** provided by the member state in the **tax administration practices** section of the taxability matrix.

If a member state **amends** an existing provision of the tax administration practices section of its taxability matrix, the member state shall, to the extent possible, relieve sellers and CSPs from liability to the member state and its local jurisdictions until the first day of the calendar month that is at least **30 days after notice of a change** to a member state's tax administration practices section of the taxability matrix is submitted to the governing board, provided the seller or CSP **relied on the prior version of the taxability matrix.**

Section 502: STATE REVIEW AND APPROVAL OF CERTIFIED AUTOMATED 3 SYSTEM SOFTWARE AND CERTAIN LIABILITY RELIEF

- A. Each member state shall review software submitted to the governing board for certification as a CAS under Section 501. Such review shall include a review to determine that the program accurately reflects the taxability of the product categories included in the program. Upon approval by the state, the state shall **certify to the governing board its acceptance of the determination of the taxability of the product categories** included in the program.
- B. Each member state shall relieve CSPs and model 2 sellers from liability to the member state and local jurisdictions for not collecting sales or use taxes resulting from the CSP or model 2 **seller relying on the certification provided by the member state.**
- C. Each member state shall provide relief from liability to CSPs for not collecting sales and use taxes in the same manner **as provided to sellers under the provisions of section 317. (administration of exemptions)**
- D. The governing board and the member states shall not be responsible for **classification of an item or transaction within the product categories certified.** The relief from liability provided in this section shall not be available for a CSP or model 2 seller that has incorrectly classified an item or transaction into

a product category certified by a member state. This paragraph shall not apply to the individual listing of items or transactions within a product definition approved by the governing board or the member states.

- E. If a member state determines that an **item or transaction is incorrectly classified as to its taxability**, it shall notify the CSP or model 2 seller of the incorrect classification. The CSP or model 2 seller shall have ten (10) days to revise the classification after receipt of notice from the member state of the determination. Upon expiration of the ten (10) days, CSP or model 2 seller shall be liable for the failure to collect the correct amount of sales or use taxes due and owing to the member state.

E.3. Relief from Liability: Erroneous Data. Each Member State, Contingent Member State and Associate Member State shall, pursuant to the terms of SSUTA Sections 306 and 328, relieve the Contractor, and any Seller registered under the SSUTA with which the latter contracts, from liability to the states and their local jurisdictions for having charged and collected the incorrect amount of sales or use tax resulting from the Contractor or any of its SSUTA-registered contracting Sellers **relying on erroneous data on tax rates, boundaries, or taxing jurisdiction assignments** which have been listed in the **state's rates and boundaries databases, and erroneous data provided in the taxability matrix** provided by the Member State, Contingent Member State or Associate Member State pursuant to Section 328.

(a) In accordance with the SSUTA, each Member State, Contingent Member State and Associate Member State shall review and certify that the CAS utilized by the Contractor accurately reflects the **taxability of the product categories** included in the CAS in accordance with each state's law. To the **extent allowed by the laws** of each Member State, Contingent Member State and Associate Member State, Member States, Contingent Member States and Associate Member States shall relieve the **Contractor, and any Seller registered under the SSUTA with which the latter contracts**, from liability to the state and their local jurisdictions for having charged and collected the incorrect amount of sales or use tax resulting from the Contractor or any of its SSUTA-registered contracting Sellers **relying on certification of erroneous data on the taxability of a category of items or transactions**.

(b) The Contractor shall have **ten (10) business days after the date of notification** by a Member State, Contingent Member State or Associate Member State to **revise the CAS to conform with changes to: the tax rates, boundaries, or taxing jurisdiction assignments** which have been listed in the state's rates and boundaries databases; **the taxability matrix** provided by the Member State, Contingent Member State or Associate Member State pursuant to Section 328 of the SSUTA; **and the classification of the taxability of a category of items or transactions** pursuant to Section 502 of the SSUTA. In the event the Contractor **fails to make such changes, beginning on the eleventh after notification the Contractor shall be liable** for failure to collect the correct amount of Seller Taxes owed to the Member State, Contingent Member State or Associate Member State, plus any additional charges or amounts that the laws of the Member State, Contingent Member State or Associate Member State impose for the nonpayment of sales and use taxes, and shall be in Breach of this Contract. Nothing prohibits a state from providing the Contractor additional time to make these changes.

(c) The Governing Board, Member States, Contingent Member States and Associate Member States **are not responsible for mapping, which is defined as classification of an item or transaction within a certified category**. Regardless of who does the mapping, the Contractor is liable for mapping errors resulting in failure to collect the correct amount of Seller Taxes owed to the Member State, Contingent Member State or Associate Member State, plus any additional charges or amounts that the laws of the Member State, Contingent Member State or Associate Member State impose for the nonpayment of sales and use taxes. Nothing herein shall prohibit the Contractor from providing, in its contracts with Sellers, for indemnification from Sellers to reimburse the Contractor for liability resulting from mapping errors to the extent that such errors are due to the actions or inactions of a Seller.

E.4. Relief from Liability: Certification Compliance. The Contractor shall not be liable for the failure to remit Seller Taxes when due, or for any additional charges or amounts that the laws of the Member State, Contingent Member State or Associate Member State impose for the nonpayment of sales and use taxes, **to the extent that (a) the laws** of a Member State, Contingent Member State or Associate Member State relieve the Contractor or the Seller from liability to the state and its local jurisdictions for having remitted the incorrect amount of sales or use tax and **(b) the incorrect amount resulted from the Contractor's reasonable reliance on an issue made available for review but not discovered in the certification process**. If both (a) and (b) are satisfied, the Contractor's sole obligation and liability for such unpaid taxes shall be to **correct the issue within a reasonable amount of time (not to exceed ten (10) business days after the date of notification** by a Member

State, Contingent Member State or Associate Member State unless an extension is granted by the Executive Committee) from receipt of the Member State's, Contingent Member State's and Associate Member State's notice of the incorrect amounts. In the event the Contractor is unable to correct the issue causing the incorrect amounts to be charged and collected, beginning on the first day after the time allotted in the previous sentence the Contractor shall be liable for failure to collect the correct amount of Seller Taxes owed to the Member State, Contingent Member State or Associate Member State, plus any additional charges or amounts that the laws of the Member State, Contingent Member State or Associate Member State impose for the nonpayment of sales and use taxes, and **shall be in Breach of this Contract**. Nothing prohibits a state from providing the Contractor additional time to make these changes.

(a) If the incorrect amount resulted from the Contractor's **reasonable reliance on an issue made available for review but not discovered in the certification process, but the laws** of a Member State, Contingent Member State or Associate Member State **do not relieve the Seller** from liability to the state and its local jurisdictions for having collected the incorrect amount of sales or use tax, the **Contractor shall be liable for failure to collect** the correct amount of Seller Taxes owed to the Member State, Contingent Member State or Associate Member State, plus any additional charges or amounts that the laws of the Member State, Contingent Member State or Associate Member State impose for the nonpayment of sales and use taxes. A Member State, Contingent Member State or Associate Member State that has not received the correct amount shall **provide written notice** to the Contractor. If the Member State, Contingent Member State or Associate Member State **has not received the unpaid amount within ten (10) business days after receipt of the notice, the Contractor shall be in Breach of the Contract**. Nothing herein shall prohibit the Contractor from providing, in its contracts with Sellers, for indemnification from Sellers to reimburse the Contractor for its liability under this paragraph.

(b) If a Contractor **adds additional product categories to its CAS after its initial certification by** the Member States, Contingent Member States and Associate Member States, the Member States, Contingent Member States and Associate Member States **shall have until the first day of the calendar month that is at least 30 days from the date Testing Central notifies the Member States, Contingent Member States and Associate Member States** of the Contractor's request to certify the proposed sales and use tax treatment of these new product categories. If a Member State, Contingent Member State or Associate Member State is not able to certify some or all of the new product categories because inadequate descriptions and citations are provided by the Contractor, the Member State, Contingent Member State or Associate Member State **shall request the additional information that is needed and the time period provided for in this section for those items shall not begin until the Contractor resubmits the request with additional information to Testing Central and Testing Central provides such to the Member State, Contingent Member State or Associate Member State**.

(c) If a Member State, Contingent Member State or Associate Member State **needs additional time** to certify the sales and use tax treatment of the product categories being added to the CAS, the Member State, Contingent Member State or Associate Member State shall **notify the Executive Director in writing and be allowed until the first day of the calendar month that is at least 60 days from the date Testing Central notified** the Member States, Contingent Member States and Associate Member States of the Contractor's request to certify the proposed sales and use tax treatment of these new product categories.

(d) If a Member State, Contingent Member State or Associate Member State **fails to certify the sales and use tax treatment of these new product categories within the time period described in pars. (b) and (c) above, the Contractor shall not be liable to the extent determined by each state** for any sales or use taxes due to the Member State, Contingent Member State or Associate Member State for these product categories until **the first day of the calendar month that is at least 30 days after the Contractor is notified of the required change in accordance with Section E.3.(b) above**.

(e) **"Product categories" does not include individual products.**