

A motion by Tennessee to amend Section 304 related to notice of state tax rate changes:

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:

1. Provide sellers with as much advance notice as practicable of a rate change.
2. Limit the effective date of a rate change to the first day of a calendar quarter.
3. Notify sellers of legislative changes in the tax base and amendments to sales and use tax rules and regulations.

B. Each member state failing to provide for at least 30 days prior to the effective date of a rate change shall relieve the seller of liability for failing to collect tax at the new effective rate if:

- 1) the seller collected tax at the immediately preceding effective rate; and
- 2) the seller's failure to collect at the newly effective rate does not extend beyond 30 days after the date of enactment of the new rate.

C. Notwithstanding Paragraph B, if the member state establishes the seller fraudulently failed to collect at the new rate or solicits purchasers based on the prior effective rate this relief from liability does not apply.

D. Member states may provide for relief of liability for failing to collect tax as a result of a tax rate change beyond the liability relief required in Paragraph B.

E. 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.

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