

A motion by Kentucky and Washington to adopt a new Governing Board Rule 401.2 related to seller's registration and informing sellers of other possible taxes that may be due and owing.

Rule 401.2. REGISTRATION. CONTACTING SELLERS REGARDING OTHER TAXES

- A. The Streamlined Sales Tax Governing Board may assist in the education of sellers registered through the Streamlined Sales Tax Registration System (SSTRS) by providing information about other taxes sellers may be subject to in the member states.
- B. A member state may use the data a seller reported on the sales and use tax returns filed with that state as a basis for contacting and educating the seller about other possible taxes the seller may be subject to in that state.
- C. If a member state contacts a seller about other possible taxes it may be subject to based on the information reported on the sales and use tax returns filed with the state, the state must first work with the seller to determine if those taxes are due and owing prior to issuing a notice of amount due or similar type of notice. However, if the seller fails to timely respond to the state's inquiry, the state may make its determination (e.g., an assessment), based on the information it has available, which includes information reported on the sales and use tax returns filed with the state.

(Note: The purpose of this rule and the corresponding proposed amendment to Section 401.D of the Streamlined Sales and Use Tax Agreement is to clarify that sellers that register through the SSTRS may be provided information about other taxes in the member states and that once the seller actually files a return with a state, the state may use the data on the return as a basis for contacting the seller to make them aware of other possible taxes that may be owed in their state. States should not just automatically presume the seller owes the other taxes, but instead work with the seller to make that determination.)