

A motion by Michigan to amend Appendix E to adopt Disclosed Practice 8.1.n.

Appendix E

Note: States that base their calculation of economic nexus threshold on “taxable” sales in DP 8.1.c, do not answer DP 8.1.n.

Disclosed Practice 8.1.n. –If your state bases your economic nexus threshold calculation on gross sales or retail sales in DP 8.1.c, does your state require a remote seller that meets the economic nexus threshold in your state but does not have any taxable sales in your state to register and file?

8.1.n.i. The State requires a remote seller to register and file as provided in DP 8.1.j.

If yes, go to [the next DP-8.2.](#)

If no, go to DP 8.1.n.ii.

Example:

Facts:

- The state threshold is calculated based on gross sales or retail sales.
- The state requires a remote seller to register no later than the first day of the first calendar month that is at least 30 days after meeting the state’s economic nexus threshold.
- April 5 – Remote seller meets the state’s economic nexus threshold (gross or retail).
- August 19 – Remote seller makes first taxable sale.

Result:

The remote seller is required to register effective June 1. The remote seller is required to file a return beginning with the return that covers the June reporting period.

8.1.n.ii. The State requires a remote seller who has met the economic nexus threshold but has not made any taxable sales **to register** as provided in DP 8.1.j. however, the remote seller is **not required to collect and file until the remote seller makes a taxable sale.**

If yes, go to DP 8.1.n.ii.A. _____

If no, go to DP8.1.n.iii.

8.1.n.ii.A. When does the State require a remote seller described in 8.1.n.ii.A to begin collecting tax and filing after it makes its first taxable sale?

8.1.n.ii.A.1 Immediately upon making the first taxable sale.

Example:

Facts:

- The state threshold is calculated based on gross sales or retail sales.
- The state requires a remote seller to register no later than the first day of the first calendar month that is at least 30 days after meeting the state's economic nexus threshold.
- April 5 – Remote seller meets the state's economic nexus threshold (gross or retail)
- August 19 – Remote seller makes first taxable sale.

Result:

The remote seller is required to register effective June 1. The remote seller is required to collect tax beginning with the August 19 sale which is the first taxable sale made after the first day of the first calendar month no later than 30 days after meeting the threshold. The remote seller is required to file a return beginning with the return that covers the August reporting period. This may result in periods where registration will be active but no return is required.

8.1.n.ii.A.2. After meeting the period of time provided in DP 8.1.j. after making its first taxable sale.

Example:

Facts:

- The state threshold is calculated based on gross sales or retail sales.
- The state requires a remote seller to register no later than the first day of the first calendar month that is at least 30 days after meeting the state's economic nexus threshold.
- April 5 – Remote seller meets the state's economic nexus threshold (gross or retail)
- August 19 – Remote seller makes first taxable sale.

Result:

The remote seller is required to register effective June 1. The remote seller is required to collect tax beginning with the sales occurring after October 1 which is the first sale made after the first day of the first calendar month no later than 30 days after making the first taxable sale. The remote seller is required to file a return beginning with the return that covers the October reporting period. This may result in periods where registration will be active but no return is required.

8.1.n.iii. The State does not require a remote seller to register, collect or file as provided in DP 8.1.j. until the remote seller makes a taxable sale.

If yes, go to DP 8.1.n.iii.A.

8.1.n.iii.A. When does the State require a remote seller to register and collect tax after it makes its first taxable sale?

8.1.n.iii.A.1 Immediately upon making the first taxable sale.

Example:

Facts:

- The state threshold is calculated based on gross sales or retail sales.
- The state requires a remote seller to register no later than the first day of the first calendar month that is at least 30 days after meeting the state's economic nexus threshold.
- April 5 – Remote seller meets the state's economic nexus threshold (gross or retail)
- August 19 – Remote seller makes first taxable sale.

Result:

The remote seller is required to register effective August 19. The remote seller is required to collect tax beginning with the August 19 sale which is the first taxable sale made after the first day of the first calendar month no later than 30 days after meeting the threshold. The remote seller is required to file a return beginning with the return that covers the August reporting period.

8.1.n.iii.A.2. After meeting the period of time provided in 8.1.j. after making its first taxable sale.

Example:

Facts:

- The state threshold is calculated based on gross sales or retail sales.
- The state requires a remote seller to register no later than the first day of the first calendar month that is at least 30 days after meeting the state's economic nexus threshold.
- April 5 – Remote seller meets the state's economic nexus threshold (gross or retail)
- August 19 – Remote seller makes first taxable sale.

Result:

The remote seller is required to register effective October 1. The remote seller is required to collect tax beginning with the sales occurring after October 1 which is the first sale made after the first day of the first calendar month no later than 30 days after making the first taxable sale. The remote seller is required to file a return beginning with the return that covers the October reporting period.

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